Not So Fast—Building Resilience in Place:  
BRAC (Bangladesh) and the Rise of Social Enterprise in the World’s Largest  
Non-Governmental Nonprofit Organization

by

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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF  
DOCTOR OF PHILOSOPHY

in

THE FACULTY OF GRADUATE AND POSTDOCTORAL STUDIES  
(Geography)

THE UNIVERSITY OF BRITISH COLUMBIA  
(Vancouver)

April 2018

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Abstract
Against a backdrop of accelerating globalization, poverty in the Global South has declined over the past thirty years. However, a singular focus on short-term economic gain has advanced socio-economic-environmental injustices, as evidenced by the growing income inequality gap, greater job insecurity, and environmental degradation. To address these issues, government, businesses, and civil society need to find scalable approaches that are inclusive of the broader needs of society and the environment.

This study is ‘solution-seeking’. It examines one non-profit organization (NPO), BRAC, founded and headquartered in Dhaka, Bangladesh. BRAC fosters locally based and globally significant ways to achieve durable economic, environmental, and social initiatives. Its work is accomplished through both charitable programs and revenue generating mission-aligned social enterprises operated from within the NPO.

This research investigates qualities of resilience and place in BRAC. In reviewing literatures that engage with resilience, I observed that most resilience literature is directed at social-ecological systems and place as a local-scale, community phenomenon; there is scant mention of social-economic place linked to cross-scale interactions.

Through two separate case studies, I examine how BRAC:

• Uses *place* to build organizational resilience and greater resilience in the lives of its clients;

• Engages in *cross-scale interaction*;

• Employs both *slow and fast variables* in its work in pursuit of transformation toward more inclusion.

My research demonstrates that for BRAC place matters. This is not quaint, nostalgic localism but essential and difficult work to create lives of dignity in a globalized world.
My research findings indicate that attending to slower variables in resilience building in BRAC is more challenging today due to the pressure of market-based enterprise activities and the need to reduce dependence on aid and philanthropy.

My research further shows that operating social enterprises within charitable NPO offers a strong platform for continuously including the most marginalized. In order to do this, BRAC needs to promote risk taking and experimentation in its enterprises just as it does in its development programs. Building inclusive social enterprises is challenging work that takes time and significant donor support to be inclusive, scalable, and sustainable over time.
Lay Summary

This ‘solution-seeking’ research investigates qualities of place and resilience and how they manifest in the work of non-profit organizations (NPO). It is set against a backdrop of globalization’s successes (poverty reduction) and challenges (socio-economic-environmental injustices). Previous research investigated place as local, as community-based; there is scant research about dynamic social-economic place. I researched BRAC, a large, place-based, and successful NPO in Bangladesh.

BRAC’s mission is to empower the poor through both community mobilization and productive livelihood initiatives. This study examines specific dynamic, interdependent charitable and social enterprise initiatives within BRAC. Their mission-focused interdependency has provided BRAC with sustainable income generation enabling it to scale its work beyond the limitations of grants.

My research demonstrates that resilience building in a nonprofit organization and in the lives of the poor is unpredictable and takes time; operating social enterprises within the NPO provides financial strength to serve the most marginalized.
Preface

Jacqueline Laura Koerner identified, developed, conducted, and analysed all research for this dissertation.

This research received approval from the University of British Columbia’s Human Ethics Board on 27 February 2013. The project title is “Scale, Resilience and NPOs” and the certificate number is H12-03013.
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<td>Artisan Development Initiative</td>
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<tr>
<td>AAF</td>
<td>Ayesha Abed Foundation</td>
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<td>BDT</td>
<td>Bangladesh Taka</td>
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<td>BRAC</td>
<td>Bangladesh Rehabilitation Assistance Committee; Bangladesh Rural Advancement Committee; Building Resources Across Communities (in chronological order); today simply “BRAC” given its operations in multiple Global South countries.</td>
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<tr>
<td>CAD</td>
<td>Canadian Dollar</td>
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<td>DECC</td>
<td>Disaster Environment and Climate Change Program</td>
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<tr>
<td>EMC</td>
<td>Executive Management Committee</td>
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<tr>
<td>ENGO</td>
<td>Environmental NGO</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IP</td>
<td>Independent Producer</td>
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<td>LICO</td>
<td>Low income cut-off</td>
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<td>MF</td>
<td>Microfinance</td>
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<td>MSY</td>
<td>Maximum sustained yield</td>
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<td>NGOAB</td>
<td>Non-Governmental Organizations Affairs Bureau</td>
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<tr>
<td>NGO</td>
<td>Nongovernment Organization (a NPO category)</td>
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<td>NPO</td>
<td>Nonprofit Organization</td>
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<tr>
<td>OPEC</td>
<td>Organization of Petroleum Exporting Countries</td>
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<tr>
<td>PRGF</td>
<td>Program Poverty Reduction and Growth Facility</td>
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<td>PSE</td>
<td>Program Support Enterprise</td>
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<td>RMG</td>
<td>Ready Made Garments</td>
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<td>RED</td>
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<td>SAP</td>
<td>Structural Adjustment Program</td>
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<td>SCPR</td>
<td>Social Compliance Producer Relations</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SE</td>
<td>Social Enterprise</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<td>SIL</td>
<td>Social Innovation Lab</td>
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<td>SME</td>
<td>Small-to-Medium size Enterprises</td>
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<td>SPA</td>
<td>Special Partnership Agreement</td>
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<td>TUP</td>
<td>Targeting Ultra Poor Program</td>
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<td>USD</td>
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Acknowledgements

I am deeply indebted to the many people who have supported this research project over the past several years. I now understand why there are so many people to thank along the PhD path.

My journey has been long and I am incredibly grateful to my academic mentors who demanded rigor, pushed me to grow as a student and as a writer, and provided much appreciated support during some tough days and months when life upended.

Deepest thanks to my supervisor, Graeme Wynn, whose steadfastness, expert guidance, and incisive feedback nurtured and challenged me throughout this degree. I am grateful. Thank you.

My gratitude further extends to Moura Quayle, my committee member throughout this journey as well. Thank you for your astute insights, visual processing, and your ability to get me “unstuck” at many points along the way.

A warm thank you to Jessica Dempsey for joining my committee later in this degree when John Robinson took on a new role at the University of Toronto. Jessica, thank you for your smart, discerning, and clear feedback on my work. John, thank you for your early support, critical teaching, and study group meetings. They were enriching.

I am indebted to BRAC and each member of the BRAC community who gave generously of their time to be interviewed, to translate, to accompany me, and to assist me in navigating the enormity and complexity that is BRAC. I am so grateful for your interest in and support of my research.

I am also thankful to the Ecotrust Canada family (staff and board) current and past for thinking boldly about solutions that benefit society, environment, and economy; and the constant insights, learning and joy that each of you brings to the organization’s work. Ecotrust Canada’s experiences provided a rich foundation from which to explore my studies at UBC and more specifically the work of BRAC.
To Barbara Mulvey Little who supported me with great patience and warmth in formatting my research; even as I continued to mess up versions of the drafts, citations and sources. Thank you. All errors and omissions are mine.

Finally, I would like to thank my family and friends. Your love and support has anchored me throughout the adventures of this degree. As is often stated, you know who you are and it is so very true. Sally Hermansen, though, needs special mention here for her constant encouragement, deep friendship (that originated in shared geography classes at Queen’s University where we were under-graduate students), generosity of spirit and expert map making. There were many late nights when your texts arrived, many, many morning coffees, encouragement, conversations, and impromptu meals at your kitchen table—thank you too, Chris and Gracie!

Rob, we had no idea when I started this degree the twists and turns of life that were to be a part of it. Thank you for being such an inspirational partner in life, for your encouragement and love, for making sure that I had the room to indulge in this degree, for providing feedback at our kitchen counter, for keeping me well caffeinated, and for telling me to get back to writing! To our four: Mira, Jana, Neilson, and Milan—thank you for your love, and for your support of my many and ongoing adventures in life, your candid conversations, your inquisitiveness, and the pursuit of your passions in life.

My gratitude also extends to two much loved, strong women who are with me in spirit. To my sister Alexandra Koerner Yeo and my cousin Erin Williams Hyman: your love of family and zest for learning, life and travel inspired me and continues to do so.

Portuguese writer José Saramago in his last book, *The Notebook* ranks three words: charity, kindness and justice: “If I were asked to put charity, kindness, and justice in order of precedence, I would give first place to kindness, second to justice, and third to charity. Because kindness already dispenses justice and charity of its own accord, and
because a fair system of justice already contains sufficient charity within it. Charity is what is left when there is neither kindness or justice".¹

Dedication

To Oma

The germ of this dissertation was planted decades ago when I was 10 years old holding on tightly to the hand of my maternal Peruvian grandmother as we made our way through the slums of Lima where she volunteered at a convent. Oma opened my eyes and my heart all those years ago and I am so very grateful that she did.
Chapter 1: Introduction

1.1 Problem statement: complex global challenges — social, ecological, and economic

Social, ecological, and economic challenges abound globally—intractable poverty, environmental degradation, globalized terrorism, millions of refugees seeking safety, and accelerating climate change. The rise of neoliberalism in the Global North in the 1980s, and its subsequent global expansion, has played a role in many of these challenges and continues to alter life fundamentally—socially, economically, and ecologically.² The combination of: short-term profit maximization enshrined in most corporate practices; highly mobile globalized capital; and the rapid growth of all forms of technology, is manifest in today’s global marketplace. This globalization is defined by supply chains that now stretch into the furthest reaches of distant countries in search of the best quality inputs or services for the cheapest cost. However, whose cost and who pays in the long-term?

Jobs are less secure today, environmental degradation accelerates, and the greatest gains are often returned not to workers or communities but to corporate executives and shareholders—as evidenced by the growth in inequality over the past three decades globally.³ An Oxfam report, titled “An economy for the 99 percent” (2017), stated that eight men have the same amount of wealth as the poorest half of humanity, 3.6 billion people.⁴ Oxfam calls for a “human economy”, one that will demand fundamental

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² The terms Global North and Global South are premised on the use of the “Brandt Line” identified by Willy Brandt in the 1980s. Countries north of this imaginary line (the line did go around Australia and New Zealand) comprise the rich north and those south constitute the poor nations. This term is less useful today as there are a growing number of Global South countries that are no longer poor, for example, Malaysia, Colombia, and Argentina (The Brandt Report: http://www.sharing.org/information-centre/reports/brandt-report-summary, accessed 16 September 2016).


changes such that economic activities work for all members of society, not just a few.\textsuperscript{5} This report was published to coincide with the World Economic Forum (WEF), 2017, an annual gathering of global economic and political leaders. At this year’s gathering, the WEF ranked rising inequality and wealth disparity as the number one underlying trend that will shape the world over the next decade.\textsuperscript{6}

Despite these challenges, significant improvement in human wellbeing has occurred in the last 30 years. Economic growth under globalization has led to a reduction in poverty in the Global South. In 1990 35\% of the world’s population lived in poverty.\textsuperscript{7} By 2012, that number had been reduced to 12.4\%. In 2013, only 10\% of the world’s population lived on less than USD$1.90 per day. However, this remarkable progress will be stubbornly difficult to continue. Hundreds of millions of new jobs need to be created each year in the Global South simply to maintain the economic gains already achieved.

The poor are not a homogeneous population. Some are benefitting from economic growth—others have been left behind by economic progress and are poorer. The “ultra-poor”—those unable to participate in daily societal activities—are too hungry, ill, and isolated to improve their situation. This grinding poverty is facilitated, in many cases, by denial of basic human rights, leaving entire segments of people powerless and willing to work at anything to survive. Adding to these challenges, environmental degradation and the effects of climate change are wreaking havoc on societal wellbeing. For poverty reduction to continue within the current paradigm, there needs to be continued growth and this growth will need to be inclusive of the broader needs of society.\textsuperscript{8}


\textsuperscript{6} Climate change was ranked second, polarization of society, third.


Poverty is relative. It is assessed using both qualitative and quantitative measures. While the World Bank uses a USD amount per day to denote extreme poor and poor status, Canada employs a low-income cut-off based on an annual income. A poor person in Canada would appear wealthy in Bangladesh, with an annual income below CAD $24,328.00. However, in the Canadian context this person is at risk, spending most of their income of food, shelter and clothing—“a useful gauge of economic well-being no matter which income concept is used”.

As a Canadian researcher, I point out here some of Canada’s struggles in issues of inequality and poverty, to underscore that the existence of poverty and other exclusions is not simply a Global South “issue”. Further, I include commentary on the Canadian NPO sector in Chapter 2 to contextualize issues for Canadian readers. While this dissertation is directed at BRAC, it is my hope that this research can offer insights and new thinking for broader audiences including Canadian academics, practitioners, and policymakers interested in the Canadian NPO sector.

In Canada, even with its social safety nets and publicly funded programs (education, health, income assistance), 9.9% of Canadians are classified as below the "low income cut-off—after tax", with British Columbia exhibiting a higher than average rate of 10.4%. Fifteen percent of Canadian children live in poverty, while a shocking 50% of Indigenous children do so. Indigenous persons comprise just over 4% of all

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In Canada, Indigenous peoples—also referred to as Aboriginal peoples—are comprised of First Nations, Métis and Inuit.
Canadians—totaling 1.4 million persons in 2011—and their population is young and growing rapidly.\textsuperscript{13}

Egregious poverty and the exclusions faced by most Indigenous Peoples in Canada are well documented. James Anaya, former United Nations Special Rapporteur on the Rights of Indigenous Peoples, states in his 2014 report: “The most jarring manifestation of human rights problems is the distressing socio-economic conditions of indigenous peoples in a highly-developed country”.\textsuperscript{14} Further he stresses that there have not been any improvements in the socio-economic conditions of Indigenous people since the last report in 2004. Indigenous Peoples in Canada suffer in multiple ways including a lack of access to: housing; potable water and sanitation; adequate mental and physical health services; education and skills training; and employment.

The plight of Indigenous Peoples becomes yet more reprehensible when one considers that Canada ranked 8\textsuperscript{th} in the world in the United Nations country rankings (2014). This ranking is a composite assessment of people’s wellbeing, comprised of life expectancy, education and income per capita. If the same indicators were applied to Indigenous Canadians, “they would place 63\textsuperscript{rd} on the list”.\textsuperscript{15} Much of Canada’s vast reserves of oil, gas, and precious metals are located on Indigenous traditional territories. Yet, few Indigenous communities benefit from this wealth in a way that improves their socio/cultural, economic, and environmental wellbeing, underscoring how poverty often co-exists with extreme wealth.

\textsuperscript{13} “Aboriginal Peoples in Canada: First Nations People, Métis and Inuit”, Statistics Canada, September 15, 2016.


Globally, poverty and environmental degradation are also deeply intertwined. Whether industrial toxins or unpredictable and intensifying effects of climate change, the poor suffer the most.\textsuperscript{16} Commodification of products, short-term profit obsession, weak or unenforced labour laws and rights, and weak or non-existent enforcement of environmental regulations facilitate the increase in environmental damage and human rights abuses.

Calls for sustainability and sustainable development have become part of popular discourse and activism over the past 30 years. Concerns over social and environmental issues have produced conflict in the past. Currently, the scale of environmental, social, and economic problems is unprecedented in its complexity and seriousness.\textsuperscript{17} Furthermore, changes are “occurring at an increasingly faster rate than previously experienced in human history”\textsuperscript{18} leading some to call for a new ‘operating system’ for the planet.\textsuperscript{19}

According to economist and Nobel Laureate, Amartya Sen, author of\textit{Development as Freedom}, these challenges “call for institutions that take us beyond the capitalist market economy” by addressing the compatibility of the pure market mechanism with a broad range of values.\textsuperscript{20} The NPO sector is one expression of Sen’s sentiments and its continued expansion is directed at this growing breach. It is to the NPO sector that I turn in my research.


1.2 Why this research?

The growth in the NPO sector is part of what Lester M. Salamon, professor and director of Johns Hopkins Center for Civil Society Studies, has termed the “global associational revolution”.21 According to Salamon, this revolution is comprised of a wide array of organizations seeking “a middle way between sole reliance on the market and sole reliance on the state”.22 In pursuit of their public benefit purposes these organizations direct their financial resources at maintaining and growing their effectiveness and reach to serve societal needs unmet by the state and for-profit entities. This global associational revolution has experienced “exponential growth…in…activity and influence…in almost every country in the world”.23 It is comprised of different legal forms, including volunteer run grassroots activist organizations, volunteer and professionally staffed charitable organizations, nonprofit organizations, cooperatives, social enterprises, and low-profit limited liability corporations.24

I first encountered revenue-generating NPOs in the mid-1980s in my work with microfinance (MF) in South America and Africa.25 I investigated programs on behalf of donor organizations interested in providing grant support. The institutional revolution in microfinance is generally located in two Bangladeshi organizations, BRAC and the Grameen Bank in the 1970s.26 However, the practice of extending very small loans to

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25 Microfinance is not the same as micro-credit. Credit is only one financial service. Microfinance encompasses a range of services, usually both credit and savings, and also can include other services such as insurance and pensions. See Maria May, “Taylor Swift, Zombies, and why Microfinance isn’t evil”, 59 Minutes of Development, June 15, 2015: http://59minutedevelopment.blogspot.ca/2015/06/taylor-swift-zombies-and-why.html?m=1.

26 The Grameen Bank is a Bangladesh bank founded by Bangladeshi Professor Muhammad Yunus in 1976. Grameen Bank and Yunus won the Nobel Peace Prize in 2006, a brief history can be found here: http://grameenresearch.org/history-of-grameen-bank/, accessed October 20, 2015. While Grameen is widely believed to be the founder of microcredit, BRAC started its microfinance activities in 1974:
the poor, and others excluded from formal institutional credit, was not new. Small-scale lending circles and other informal lending practices have existed for centuries in many parts of the world. What was new was the institutionalization of these practices so that many more clients could benefit. By the mid-1980s, the MF field was growing rapidly in many countries of the Global South. There was great demand to build out programs and national and multilateral donors were on side, investing millions into this sector.

Microfinance operations differed from the aid and development donor-funded smallholder agricultural credit schemes of the 1950-1970s—which were often public sector-based, heavily subsidized, and yielded poor financial results. With learning from these earlier credit-based programs and experimentation with group-based (rather than individual-based) lending, microfinance programs took a different approach—directing new energy at credit as part of a greater “financial systems approach” in the lives of the poor.

Three other qualities defined the emergence of microfinance programs in the 1970s and 1980s. They were independent of governments and generally housed in an NPO. Second, they were targeted at women who were seen as more reliable than men as stewards of personal and family socio-economic development and well-being. In the

http://microfinance.brac.net/, accessed October 10, 2015. What is unique is the two Bangladesh born NPOs started work in this field so quickly after the country’s independence in 1971, and continue to grow and build out their programs today.


29 Ibid., no pagination.

30 In 1979 the Convention of the Elimination of All Forms of Discrimination against Women (CEDAW) was adopted by the United Nations General Assembly. This ushered in a shift toward specific attention to women’s issues in matters of development. As support for women grew—education, skills training, empowerment and direct services such as microfinance—women were found to be powerful actors in improving their lives and the lives of their children. Today BRAC directs most of its programming at women and their children.
absence of affordable credit, traditional moneylenders charged women usurious interest rates on loans to their microenterprises. The women could never get ahead of their indebtedness. MF offered an alternative. Last, MF programs charged higher interest rates to borrowers (as compared to established corporate lending rates) in order to cover the higher transaction costs incurred in lending very small amounts of money to many clients, and to recoup capital and operating costs. Heavily subsidized at the outset with both grants and low-interest loans for capital provision and operating grants, today many MF programs are independent of subsidy and are financially successful.\footnote{The microfinance industry is not without its challenges and critics. Ananya Roy’s book, \textit{Poverty Capital} offers a critical review of microfinance in the lives of the poor.}

Such programs aimed for ‘financial self-sufficiency’ since the language of social enterprise and scale was not common in development parlance of the mid-1980s. Microfinance providers sought to attract clients into programs to reduce poverty and foster more economically viable self-employment. Growth was swift—programs quickly recovered their costs making them operationally and financially sustainable. It was a heady time in a new field; outright commercialization was yet to come.\footnote{MFI Solutions, LLC, USA, “The Implications of Increased Commercialization of the Microfinance Industry”, Lancaster, PA, July 2008, accessed May 26, 2017: \url{http://www.microfinancegateway.org/sites/default/files/mfg-en-paper-the-implications-of-increased-commercialization-of-the-microfinance-industry-what-can-we-learn-from-the-discussions-that-followed-the-compartamos-ipo-jul-2008.pdf}. In microfinance, commercialization is generally understood to signal microfinance services that fall along a spectrum from financial self-sufficiency to a formal sector, for profit, financial institution. It is that latter that has provoked vigorous debates in the industry regarding what is an appropriate level of profit-making and who should benefit from the profits. See Elizabeth Malkin, “Microfinance’s Success Sets Off a Debate in Mexico”, \textit{The New York Times}, 05 April 2008: \url{http://www.nytimes.com/2008/04/05/business/worldbusiness/05micro.html}.} I left international work in 1987, but this early experience of blending charitable programming with enterprise activities to transform socio-economic systems in favour of inclusion continues to be the North Star in my work.

In this dissertation, I direct my attention to grant-receiving NPOs and their social enterprises. In carrying out their work, most NPOs are largely dependent on grants and fee-for-service contracts that leave them vulnerable to the vicissitudes of donors, both public and private. In an effort to build more self-reliance in revenue streams, and to scale their work for greater impact, many NPOs engage in revenue-generating
initiatives, increasingly referred to as social enterprises. This research focuses specifically on BRAC, one NPO that has moved from 100% donor-dependency initially to greater organizational financial independence today through increasing its revenue generating initiatives in order to augment its programmatic scale and impact.

There is growing interest globally in social enterprise activity within NPOs. In this research, I take an organizational view rather than a community-based or client-based one in order to investigate BRAC. BRAC is an organization mostly unheard of in the Global North, yet it is a global NPO leader. I am interested in how understanding BRAC can contribute to insights into policies and practices within the NPO sector more broadly. With attention to place and resilience in BRAC’s initiatives, my research calls attention to the dynamic, multi-scalar, and non-linear nature inherent in BRAC’s work and in that of creating more inclusive societies. My research contributes to those academics, practitioners, and policymakers interested in the accelerating roles of NPOs and their revenue-generating initiatives, and how considerations of place and resilience enliven our understanding of some of these processes at work in the NPO sector.

Revenue-generating initiatives are not new to the NPO sector per se. What is notable is the scale and possible system transforming results. Some organizations are making profound and sustainable positive changes in the lives of the poor and are doing so, increasingly or completely, with social enterprises that are financially independent from donors.33 I am interested in the interactivity between charitable and social enterprise initiatives within an NPO as one possible solution path to building greater inclusion in society. Inclusion can apply to all societal parameters—social, environmental, economic and political. The over-arching goal of inclusion is to enable all citizens to live lives of dignity and wellbeing, express their capabilities, and participate fully in society.

Inclusive economies are defined as those in which economic growth occurs in “sectors in which the poor work…where the poor live…us[ing] factors of production that the poor

possess...[to] reduce the prices of consumption goods that the poor consume”.34

Attention to ‘inclusion’ in development has risen with the acknowledgement by many of rising inequality, the failure of trickle down effects, and the tenacity of poverty.35

With my interest in building inclusive economies, I am curious about the interface between charity and social enterprise because it brings up two over-arching questions. First, how are longer-term, non-economic individual needs addressed within mission-based competitive enterprises? Are these enterprises able to help the most marginalized in society while remaining economically viable? What, if any, trade-offs are entailed in the movement of many NPOs toward financial independence, and what approaches might mitigate them?

Second, does a combination of charitable and enterprise initiatives within a NPO provide a viable pathway for NPOs to be a significant part of the societal change that we need in order to address current global challenges? With their mandate to serve public benefit, can charities create, test, deliver, and scale sustainable approaches toward more inclusive economies? If charities were granted more ‘room’ to engage in enterprise initiatives, might they become change agents themselves, as non-distributing, values based, social enterprises serving public benefit? Not all charities would want to follow this arc and the very nature of the demand for “charity” would make it difficult. We will always have some need for charity in our world—disasters strike—but charities are being under-utilized within the strictures of regulatory frameworks and long-held social-cultural perceptions and beliefs of what is a charitable act and what is not.


1.3 Place and resilience: literatures supporting research

My research is principally informed by two literatures, that on place and that on resilience. Place and resilience are both geographic terms, rooted in human-environment interactions. They are dynamic and relational terms that are contested and engaged frequently in the effort to understand and address complex global problems. In the search for justice, dignity, and sustainability, the uneven distributions of power, money, information, and time inform how people produce place and resilience. The terms interweave.

Intertwined with this study are literatures on neoliberalism and on the non-profit sector. Neoliberal policies and practices have profoundly re-shaped the global economy and societies over the past three decades. Neoliberal policies reflect the belief that unfettered markets are the most efficient allocator of resources and benefits in society, underpinned by the reification of competitive self-interest and individualism.

Neoliberalism involves a re-shaping of the state so that its role is minimized in some spheres—including social and environmental support programming—as it is expanded in others to pursue greater attention to market-making. Such expansion includes labour-based welfare strategies and their enforcement, de-regulation of financial services, and reduction in taxation.

Neoliberal policies and practices have had an extensive impact on the NPO sector. The nature of charitable grants and the approach of donors, both public and private (whether corporate or philanthropic) have changed. Grants have become more project-oriented (rather than organizational) and shorter-term, impacting both the structure and work of the NPO sector. The overwhelming shift toward neoliberalism has brought business thinking and practices into the operations of NPOs. NPOs must pursue their missions in this changed environment in which there is both less stability and increased competition within a leaner funding environment. Changes in the NPO sector are proactive as well

as reactive, though. The rise in enterprise initiatives within the NPO sector also reflects the desire by NPOs to have more self-determination in revenue generation and the opportunity to scale their work for greater impact beyond the capacity of grant funding.

1.3.1 Place

Place in daily English language use denotes location, meaning, and/or social hierarchy. Since the humanistic turn in Geography in the 1970s, understanding of place has broadened from a positivist one based on quantitative measurements such as geographic location to a humanistic one embracing both human subjectivity and ongoing change. The late geographer, Doreen Massey expanded further our conceptualization of place by actively moving beyond place as ‘local’, linking the local and the global— “a global sense of place”. It is in local places that global actions occur.\(^{37}\) Massey spoke to the multiplicity of the world and the need for us to open our minds to it, to be outward looking, “not self-enclosing and defensive”.\(^{38}\)

Massey’s work was informed by the rise of neoliberalism and globalization. She was concerned with how changing flows and connections in a globalized economy empowered some and not others, how mobility was changing—by choice or necessity—and how the locus of control of these processes was shifting away from the ‘local’.

My research is embedded in “place”—in which stories and activities are enacted in a material way in dynamic processes of change. I engage, though, with Massey’s global sense of place—that place does not always mean ‘local. Rather, place is multi-scalar, born of “integrations of space and time…[place] as spatio-temporal events”\(^{39}\). Place is contingent and scale is an inherent quality.

Like place, scale underwent a social turn in geography expanding beyond quantitative characteristics of measurement and description (for example, cartographic scale, or “a

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\(^{38}\) Ibid. p. 1.

pre-determined platform” such as local, provincial, or federal governments) to one in which today there is wide consensus in human geography that scale is socially constructed, fluid, and contingent.\(^4^0\) The social construction of scale attempts to move away from the binaries such as local/global and regional/national toward a blurring between these binaries and the social-spatial processes occurring within and between multiple scales. Scale, like place, is made real by developing an understanding of “complex and dynamic relationships and processes in context.”\(^4^1\)

In my research these fundamental multi-scalar processes of place intersect with cross-scale qualities essential to resilience, in which resilience is expressed as the tension between persistence and transformation in dynamic complex systems.

1.3.2 Resilience

Resilience is the capacity of a system to bounce back and persist in the face of disturbance. Resilience is not a new word. It is used in psychology and health (raising a resilient child), in engineering and metallurgy (the ability of metal to absorb energy while remaining structurally unchanged), and with respect to issues of sustainability (managing natural resources for future generations). Over the past two decades, the use of the term resilience has exploded, initially in ecology and natural resource management. More recently, resilience scholars have pursued investigations into climate change, urban planning, and disaster management.

Ecologist C.S. (Buzz) Holling challenged prevailing views of resilience as a system’s ability to bounce back (now known as engineering resilience) in the early 1970s when his work on spruce budworm infestations revealed that there were multiple stability regimes. Further, Holling discovered that a system’s ability to respond was dependent


\(^4^1\) Richard Howitt, “Scale”, in *A Companion …”, p. 151.
on “its particular context, its connections across scale and its current state”. This was contrary to beliefs at that time in ecology in which systems were understood to work in a linear fashion, reaching a singular mature state over time.

Holling and colleagues later developed the concept of social-ecological resilience to address the coupled nature of human and ecological systems. Social-ecological resilience is grounded in the understanding that humans are a part of nature—or more formally, that there are interdependent social and ecological systems (SES). SES resilience is founded on the ongoing unpredictability of change in social and ecological systems. Embracing change is at the heart of resilience.

Resilience is not a metric or an asset. Resilience is a concept comprised of processes and parameters focused on long-term wellbeing. There are qualities known to enhance resilience in systems. In particular, SES resilience emphasizes the importance of slow—or slow-moving—big variables. Slow variables include culture, long-lived institutions, values, and legal systems. They appear to control system resilience and, therefore, play an important role in a system’s transformability. Slow variables co-exist with faster, smaller variables—such as a cyclone, a forest fire, or a political coup. Both slow and fast variables interact in ways that are dynamic and context dependent.

Resilience’s processes are embedded in place, yet place is frequently incorporated in resilience studies as ecological or social-ecological and most often as local and community-based, not as multi-scalar and inclusive of socio-economic qualities. The rise of disaster and social resilience literature does include consideration of place,

43 Ibid., p. 9.
48 Ibid., np.
specifically, qualities of sense of place, place identity or place attachment.\textsuperscript{49} However, there is a gap in investigations directed at the fine granularity of place—physical spaces with people, filled with hopes, opportunities and constraints in daily living and place as dynamic and multi-scalar. In my research I engage with place as a physical site of human meaning-making and being in the world. With the import of slow variables in processes of resilience, attending to people, their culture, practices and institutions in place is critical to understanding and augmenting resilience qualities.

1.3.3 NPOs as the focus of my research

The focus of my research is the non-profit sector (NPO), and specifically, social enterprise activities within charitable NPOs. The term non-profit organization is an umbrella term for several different types of organizations. They can be an association, religious organization, club or society that is “organized and operated solely for social welfare, civic improvement, pleasure or recreation and any other purpose except profit”.\textsuperscript{50} NPOs do not necessarily imply public benefit or inclusion beyond their members. They are often identified with their non-taxable status.

I am interested in one sub-set of the NPO sector, charitable grant-receiving NPOs—commonly referred to as charitable organizations or charities. In order to receive charitable status, an organization must demonstrate that its mission is charitable and that it meets any other specific regulations, such as those relating to governance structure, established by legislative provision. Charities serve public benefit and cannot engage in any private gain (beyond salaries and reasonable expenses). Once registered, charities raise their operating funds through charitable grants. Charitable grants are supported by favourable tax treatment for donors. In my research I use the term NPO broadly to encompass the hybrid and integrated nature of the charitable and social enterprise initiatives in my research study.


\textsuperscript{50} “Non-profit organizations”, Canada Revenue Agency (CRA), last modified April 28, 2017, \url{https://www.canada.ca/en/revenue-agency/services/tax/non-profit-organizations.html}. 
I have selected charities operating social enterprises because these are a growing phenomenon. Generally little-to-no specific regulatory framework has been established for these hybrid operations. I am interested in how charities are participating in and reacting to today’s globalized economy while attending to their charitable mission through direct service delivery. I am interested in charities that serve client needs in place, including in their homes, in their communities, or in their workplaces (rather than those that engage in research or association-based services). Specifically, I am interested in how charities create enterprise-based approaches that are deeply integrated with broader issues of empowerment and system change toward inclusion in response to, and/or collaborating with, the forces of globalization.

With their focus on service delivery, charities must still interact with the state. These interactions fall into two broad approaches. First, charities provide an advocacy and education component to service delivery that informs and empowers their clients so that they can access better services for themselves and their families. Second, charities address appropriate government agencies to seek support for their clients and/or to seek regulatory changes for more effective and efficient inclusion of marginalized individuals and groups. In recent years in Canada, the social change and advocacy functions of NPOs have been curtailed and state contracts (or donors) exert more control over their activities than before the rise of neoliberalism.\(^{51}\)

1.4 Research questions

C.S. (Buzz) Holling, conceptual founder of ecological economics and credited with setting “resilience thinking in motion”, once posed this question: “How can communities innovate and test [approaches] in ‘real life’ and then, if successful, build them into adaptive, sustainable entities, working cross-scale to impact current economic practices, and to build, rather than deplete, social and ecological resilience?”\(^{52}\)

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\(^{52}\) Walker and Salt, Resilience thinking: Sustaining Ecosystems and People in a Changing World, p. 156.
I believe that this question is timely and that the rapidly growing NPO sector is a useful lens through which to explore it. Demand for NPO-delivered services has increased over the decades with the rise of neoliberal states and their downsizing of government services and budgets, and their out-sourcing of critical services. As well, neoliberal practices are reflected in changed donor grant-making; philanthropists have adopted more project based, shorter-term, and often market-based approaches for grant funding. At the same time, NPOs are seeking increased independence from this augmented instability in funding as they pursue their social change goals, through the development of more revenue-generation strategies, increasingly through social enterprises.

Yet, caution is needed here. Market-based solutions are important notwithstanding that for those citizens at greatest risk they can only be a partial solution. Service delivery runs the risk of serving only clients able to take advantage of the services offered. What about those clients who are too economically marginalized, too poor, too ill, and too hungry to participate fully in NPO enterprise-based programming?

I view this ‘neoliberal’ shift in funding and market-based approaches in the NPO sector as promoting efficiency to the detriment of longer-term social-ecological resilience. In attending to changed donor practices toward NPO programming, how is the slower, longer-term work of inclusion addressed in a sustained way?

I seek to understand how one NPO, BRAC, founded and headquartered in Bangladesh, addresses these issues. I investigate BRAC through a case study of specific initiatives undertaken and implemented by BRAC, an organization known for both its charitably-funded and social enterprise work. I investigate the particular, the messy, and the nuanced practices that are integral to BRAC.53

53 For resilience case studies, The Resilience Alliance website lists research publications and one can see the attention to ecological systems as the unit of analysis: http://www.resalliance.org/publications. Also see Walker and Salt, Resilience Thinking, p. 206. There is much case research on NPOs directed at particular programs from an evaluation point of view, rather than a system point of view. See BRAC publications for an overview of the type of research publication written on behalf of programs: http://research.brac.net/new/publications. See Harvard Business School case (#9-715-414): Khanna, Tahilyani, Roy and Sesia, “BRAC in 2014”, November 19, 2014.
In particular, I ask:

1. What is the role of place in resilience building in BRAC and how does BRAC use its historical knowledge and understanding of the community to empower its clients toward lives of dignity, beyond poverty?

2. What is the role in BRAC of cross-scale interaction in resilience building and in lifting individuals and communities out of poverty? How do slow variables interact with scale to affect success in building viable programs that empower previously poor individuals and communities toward social equity, economic prosperity, and environmental sustainability?

1.5 Research design and methods:

I carried out two case studies situated within BRAC. I gathered my data through document review, semi-structured interviews and meetings with BRAC staff, and participant observation over three separate visits to Bangladesh between 2013 and 2015.

1.5.1 Why BRAC

BRAC is widely regarded as a “best in class” example in both charitable and social enterprise work. Voted ‘Number one NGO in the world’ for the second time in a row in 2017 by NGO Advisor, BRAC has been called “a sort of chaebol (South Korean conglomerate) for social development”. The breadth of its work and its more than four

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decades of experience provide extensive opportunities to examine different activities and approaches within one organization—specifically the interplay between charitable and social enterprise initiatives and insights into the role of place and resilience building therein.

It is difficult to comprehend the size of BRAC. It has 100 000 employees in Bangladesh who provide services to 120 million persons (in a national population of about 165 million) throughout the country. BRAC’s annual expenditures in Bangladesh total US $909 million. It has over 110 000 community health workers, 48 622 one-room elementary schools, 5.3 million microfinance borrowers and the world’s largest non-profit legal aid services.\(^5^5\)

BRAC has worked at the intersection of charitable development programming and enterprise work since the mid-1970s. It started out 100% donor-funded in 1972 as a relief organization. Within a couple of years, BRAC began its longer-term work of poverty reduction and began experimenting with revenue generating initiatives—microcredit, poultry rearing, and printing (education materials, books and materials for BRAC—flyers, information leaflets). Today BRAC is only about 24% donor funded.

In the transition toward financial independence, there continues to be ample evidence that BRAC is a catalyst in transforming both the sectors in which it operates and the lives of the poor it serves.\(^5^6\) This combination of economic expansion and transformation of the poor intersects with my research interests in resilience and place. What are the strengths and tensions of this charitable and enterprise approach in the lives of the clients and in the organization?

BRAC works with people where they live. It begins its work with and in communities, researching, defining, experimenting, refining and delivering services that meet the


\(^{56}\) See The Lancet, Volume 382, Number 9909, December 14, 2013 for a series of articles on Bangladesh and the role of NPOs including BRAC. Also see BRAC’s Research and Evaluation division publications list for further reading on the impacts of BRAC’s programming accessed April 10, 2017: [http://research.brac.net/new/](http://research.brac.net/new/).
articulated needs of its clients. BRAC believes that empowering people and communities to secure their futures allows them to become agents of change in their own lives with and beyond BRAC and its supportive services.

With very few exceptions the social enterprises (SEs) of BRAC grew out of charitably funded work and they are intended to take this mission-aligned work forward to an even larger number of clients. The charitably funded work offers insights necessary for interventions to build more inclusive economies. BRAC decided early on that building inclusive value chains in which its clients are producers—in industries such as dairy, poultry, fisheries, silk and garments—is central to the clients’ empowerment and income generation. A value chain encompasses the full range of activities that add value to a product and that need to happen to bring that product to market. Inclusive value chains, or value chain interventions, have emerged as one market-based approach to development in which the focus on production is to benefit the producer and, more broadly, society. Inclusive value chains are in contrast to efficiency-based supply chains that are generally premised on the lowest cost structure in order to maximize profit generation to benefit management and shareholders.

BRAC today has a large array of social enterprises. BRAC’s SEs originated as part of specific BRAC development programs and, until 2007, were known as Program Support Enterprises. As such, they were interwoven with BRAC development programs, grant-subsidized, and monitored and evaluated as part of the particular development program’s requirements. In 2007 the SEs were corporatized, meaning that they were separated out of their development program “homes” and organized as “free-standing” social enterprises, still within BRAC, the NPO. The goal was to boost their performance independent of grant subsidy to create more jobs and empowerment possibilities for the poor—the producers and/or workers—and to create more discretionary income for BRAC to re-invest in its development programs.

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From a research perspective, there is very little written on BRAC’s SEs. Since their 2007 corporatization, there has been no research about, or evaluation of, them. Documentation includes internal performance reports, BRAC’s consolidated financial statements, BRAC webpage summaries of its social enterprises, BRAC blog posts, and Annual Report brief entries. This surprised me because reporting is so strong on the “development” side of BRAC, most of it donor required.

With a focus on enterprise growth and without donor assistance, the SEs are pushing forward in competitive Bangladesh industries including dairy, garment, poultry, animal feed, and seed. I became curious about how these corporatized SEs were interacting with BRAC’s development programs and how their interaction might offer insights into leveraging BRAC’s overall impact at yet a greater scale. My research does not evaluate specific enterprises, but rather seeks to understand how they foster long-term individual and societal change while remaining competitive. I am trying to understand how the linkages between charitable and enterprise initiatives might illuminate resilient approaches to economic inclusion.

1.5.2 My position as researcher

My professional experiences have been shaped by larger questions of how development should work, how it should take place. My concerns have grown out of global events of imperialism, interdependent development, disparities between the North and South, and structural problems in Global South economies. As well, my work has been informed by structural inequalities in Canadian society, both in indigenous and non-indigenous communities, and by inattention to and abuse of our physical resources. I have a decades long interest in the power of markets and economies to build inclusion or exclusion—in particular, who has access to resources and opportunity and who does not. As well, I have a long-time interest in revenue-generating NPOs. This research is informed by my work experience in NPOs that engage in both charitable and enterprise

initiatives to meet their mission by developing market-based approaches, tools and services to augment economic, social, and environmental inclusion.

This research is motivated by constraints that I have encountered in my professional journey and my passion for seeking solutions. Specifically, in its efforts to scale its work for greater impact, how does a NPO not go “up-market”—drift away from the most marginalized clients—as it seeks to increase revenue-making capabilities? Related to this concern is how NPOs navigate increased independence from the instability and rising costs involved in soliciting donor (public and private) and/or foundation grants. How does a NPO stay true to its clients? How does it continue to build organizational resilience and resilience in the lives of its clients even as it seeks to grow its revenues and independence?

Ecotrust Canada (EC), a Vancouver-based charity of which I am a founder (1995) has provided much grist. EC works with communities to design economic strategies that “benefit people in the places they call home”. Its approach is to work with communities to design initiatives in which economic inclusion, environmental sustainability, and social-cultural justice values are embedded in initiatives such that they bring greater value to local producers and communities.

EC utilizes the tools of Geographic Information Systems (GIS) maps, resource planning, sector expertise (for example, forestry and fisheries), and software development (traceability and electronic monitoring) to engage in its work. A foundational value of Ecotrust Canada’s work is that of information democracy in pursuit of creating futures of well-being for community members. To that end, EC creates and analyzes GIS datasets with a community such that the community can participate in industry and government negotiations with robust documentation in pursuit of creating futures of well-being for its community members.

Today Ecotrust Canada has a small cluster of social enterprises in addition to the charity and continues to navigate this hybrid space of charitable and social enterprise

59 Ecotrust Canada website accessed May 26, 2017: http://ecotrust.ca/. The website has examples of Ecotrust Canada’s initiatives.
initiatives. Its work is challenging for several reasons. It requires long-term donor funding and time to design, test, and implement initiatives. Yet donors have moved increasingly to shorter-term, project granting cycles with annual renewal or re-application cycles, not the multiple years necessary to design, build, and enact change.

“Environmental” agendas are still seen as separate from economic ones in mainstream society—“jobs versus the environment” is still debated and NPOs that engage in environmental issues are called ENGOs—environmental NGOs—further creating a bifurcation in thinking about building more inclusive economies.60 The many layers of public policy, government departments, and regulatory frameworks do not always support inclusion over time, but rather favour shorter-term solutions or run counter to one another. The Canada Revenue Agency (CRA) approves, oversees, and de-registers charities in Canada. The CRA has a very narrow definition of a charitable act, particularly regarding revenue-generating initiatives.

My research is shaped by this set of experiences. I am part of what I am studying—personally, professionally, and academically. In order to ensure new learning during my PhD studies, I committed to carrying out research beyond any prior experiences, both geographically and organizationally. I reached out to long-time mentors and friends, Ron Gryzwinski and Mary Houghton, two of the four founders of Shorebank Corporation in Chicago and dedicated board members to various entities that form part of the larger Ecotrust family of organizations.61 Over telephone calls and in person, we discussed possible organizations for my research. Ron and Mary had both advised BRAC in the late 1980s and Ron is a current director of BRAC USA (a US-based affiliate of BRAC). He suggested that I might be interested in researching BRAC and, in turn, BRAC might be interested in my research.

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60 NGOs are non-governmental organizations and are a category within the NPO sector.
61 Oregonian Spencer Beebe founded Ecotrust in 1991 in Portland, OR. Ecotrust partnered with Shorebank to form the world’s first environmental bank, Shorebank Pacific, in 1997 in Ilwaco, WA. Ron and Mary were instrumental in this partnership and provided years of oversight and governance. Ron continues to serve on the board of both Ecotrust and Ecotrust Canada.
Ron reached out to then BRAC USA President Susan Davis and asked how, and with whom in BRAC, I might communicate to inquire about my research interest in BRAC in Bangladesh. I then submitted a brief summary of my research intent to Susan Davis and had a follow-up call with her. Following that, she forwarded my inquiry to Maria May, then head of BRAC’s Social Innovation Lab (SIL) in Dhaka. Maria and I had a telephone call and she subsequently offered me the opportunity to come to BRAC. BRAC invites researchers working on topics that are of interest to BRAC’s own learning and programming. Once my project was approved, BRAC provided a warm welcome and access to the people, including field visits, necessary to fulfilling my research mandate. Ishtiaque Hussain of SIL was my initial guide, teacher and translator so that I could establish my bearings and engage fully at BRAC.

1.6 Research approach

Case studies are a useful research approach when investigating a contemporary real-life event or phenomenon. In his 2009 book, *Case Study Research*, Robert K. Yin writes: “The essence of a case study is to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what results”. 62 Yin mentions that case studies are the preferred approach when 1) ‘how’ and ‘why’ questions are posed, 2) the researcher has little control over events and 3) the focus is on contemporary phenomena. 63 I was committed to a case study approach before I set out to Bangladesh.

I did not expect nor did I plan for the political situation into which I landed in November 2013. I arrived into a paralyzed Bangladesh to discover that BRAC had just put a moratorium on field visits for all staff. 64 Bangladesh was in the midst of ongoing politically motivated, often violent, national strikes that had escalated into a national

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63 Ibid. p. 13.

64 Brenda Kuecks, then President of Ecotrust Canada, utilized her vacation to accompany me on my first visit to BRAC. Her curiosity, smarts, analytical mind and sense of humour added much to this initial research trip and fun to our days in Dhaka.
crisis. Disappointed in the moment and concerned for a country that I did not yet know, I was forced to re-frame my research by this turn of events.

During my first week at BRAC, I attempted to learn all that I could through reading BRAC materials, holding information meetings with staff in the Social Innovation Lab, and participating in meetings with a variety of BRAC staff. Only with this work done could I begin to determine the parameters and emphases of my case study.

I decided to focus on BRAC’s social enterprises, rather than embark on a case study including them as part of a larger narrative. The Social Innovation Lab (SIL) was engaged in a project at that time—Doing While Learning—investigating how programs ‘scale’—or grow—in several South Asian NPO programs. However social enterprises were not part of this project. Second, the more I asked about social enterprises, the more separate I realized they were from “development” programming at BRAC. There was no research on them post-2007. SIL did not engage with the social enterprises at BRAC. The more I learned about the history of the social enterprises at BRAC and how they had been separated from the organization’s development programs in 2007 as part of a corporatization strategy, the more interested I became in BRAC as a whole, as a system of resilience building, and the ongoing evolution in its social enterprises as a part of this whole.

Instead of viewing BRAC as a linear series of programs—Health, Education, Migration Services, Disaster planning—that add up to the whole of BRAC, I view BRAC as a complex adaptive system. I see BRAC operating at multiple scales, in time and space, and at different speeds (from slow variables such as behaviour change, to fast variables such as a cyclone striking). Two specific social enterprises, and the inter-linkages between various BRAC development programs with the SEs, became the focal point of my research. I chose to examine how BRAC can create viable pathways to improving resilience in the lives of the poor and within BRAC, the organization. This is particularly important to BRAC as it moves toward financial independence, relying on its own

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revenue generation from its social enterprises and fee-for-service/cost recovery approaches in most of its development services.

I selected Aarong (garments and handicrafts) and BRAC Dairy & Food Project (BRAC Dairy) as the two social enterprises. Both social enterprises operate in competitive and growing domestic industries so that market driven challenges are omnipresent, pressing hard on the “developmental” values of the enterprises. With these two SEs, I was connected to many facets of BRAC. Some overlapped and others did not. With two case studies within the larger BRAC, I could look at similarities and differences between them, thereby offering me different ways of seeing and understanding BRAC through different portals of activity.66

To learn about the case study approach, I reviewed the approaches of three prominent case study scholars: Sharan Merriam, Robert E. Stake and Robert K. Yin. They describe case studies slightly differently, but they agree on some key features. Case studies are bounded and the boundaries may be defined in many ways, including by the number of people interviewed, the timeframe of the research project, and/or the research issue under review.67 Case studies seek to describe, explain, and interpret the phenomenon under study and are of value in refining theory, “suggesting complexities for further investigation as well as helping to establish limits of generalizability”.68 They are holistic, directing researchers to the inseparability between the phenomenon being investigated and its particular context.69

Finally, case study design varies. Yin emphasizes the importance of pre-work to a case study (the literature review and theoretical concerns) and approaches case studies as an empirical inquiry, influenced by his positivist stance. Stake and Merriam advocate a

69 Ibid. p. 460.
more flexible, iterative approach in case study design and execution than Yin. They employ a constructivist approach and rely on qualitative data sources.

My case study experience was iterative and progressive, developing and shifting as I spent time in BRAC, both adapting to the circumstances into which I landed in November 2013 and honing in on the particular social enterprises to investigate. I established the boundaries of the case studies through ongoing interviews, triangulation of information, an analysis of data collected and my own observations. In order to capture the interactivity between BRAC development programs and the social enterprises, the boundaries to my case studies needed to be broad enough to capture the breadth but not too broad to miss the more nuanced information. This was a constant challenge given BRAC’s size and complexity.

I carried out my fieldwork over 3 visits to BRAC between 2013 and 2015. In each visit I was based at BRAC Centre, BRAC’s compound in Dhaka. BRAC Centre contains BRAC’s executive and administrative offices for BRAC’s “development’ programming and those of BRAC International; a residence for visitors; a cafeteria and dining hall; a daycare; and a floor with conference-style meeting rooms. The executive and administrative offices for BRAC’s 16 social enterprises are located in buildings nearby BRAC Centre.

With the moratorium on BRAC field travel during my first visit, I was limited to Greater Dhaka geographically and, for much of the time, to BRAC Centre only. However, given that I was staying in BRAC Centre, I had remarkable opportunities for interviews and access to BRAC’s urban-based programs in Dhaka’s slums. Despite political and social instability (garment worker riots), I managed one day of field visits to a village not far from Savar, just outside of Dhaka city. Observing several of BRAC’s core development programs in this setting gave me a brief sense of a rural village in Bangladesh and how BRAC’s programs and services are delivered there.

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70 Savar is 64 kilometres outside of Dhaka and has a high concentration of garment factories. Rana Plaza, the garment factory complex that collapsed in April 2013, is located in Savar.

Dhaka is the capital city of Bangladesh, located in the division of Dhaka, one of 8 divisions in country of Bangladesh. Savar is located within the division of Dhaka.
I left BRAC after this initial visit with many publications, reports, and books in hand, hours of interviews to transcribe, and extensive notes and journal entries. A couple of months later, the Social Innovation Lab (SIL) contacted me asking if I would like to return to participate as a resource person in a field trip with the Doing While Learning project. They also invited me to participate in the Frugal Forum—an annual two-to three-day event in Savar at BRAC’s Centre for Development Management. BRAC SIL invites about 100 Global South practitioners to the Frugal Forum to share learning and approaches around a theme selected by BRAC. In accepting this invitation, I was expanding my role from interviewer/student to that of participant and resource person. This opportunity offered me greater possibility for deeper learning and cross checking of my learning and observations from my first visit.

When I landed in Dhaka in March 2014, not quite four months after my previous visit, I encountered an entirely different Bangladesh. National elections had occurred two months earlier, the most violent in the history of Bangladesh.\(^7\) The aftermath was an “exhausted calm” achieved through stepped up police crackdown on opposition and violence thereby temporarily quelling the endless hartals (large-scale strikes) of 2013.

The streets were vibrant with business being transacted in every possible corner. We were free to walk about and able to get to the field. This one-month visit was spent mostly outside of BRAC Centre in both rural and urban field visits. I spent time in the most northern division of Bangladesh, Rangpur, and in Rajshahi Division south of Rangpur, as well as in the division of Dhaka, which encompasses significantly more than the sprawling capital city of Dhaka. (See Chapter 4, Map 2: Bangladesh Reference Map.). It was a rich month that both broadened and deepened my research. To see Bangladesh in this light was to see its remarkable strengths and vitality and its on-going deep-seated struggles.

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I was fortunate to return again to BRAC in 2015 and found yet another Bangladesh. It had been over a year since my second visit and, once again, hartals and violence had marred the start of the year, a reaction to the one-year anniversary of the January 2014 elections that were disputed by the opposition. There was political tension in the air amidst politically and religiously motivated attacks and killings. The country was not paralyzed as it had been on my first visit in 2013, but tentativeness and caution prevailed. I was mainly in and around Greater Dhaka for this visit, focused on deepening my knowledge of Aarong and BRAC Dairy.

1.7 Research methods

Initially I intended to cover two to three NPOs in this research, but the early invitation to return to BRAC started to focus my research on BRAC. I recognized the value in following my research interests over a longer period of time rather than on a single snapshot. I determined that I would examine BRAC alone: the breadth and depth of the organization’s initiatives allowed me to explore significantly different examples that shared the same organizational mission and vision.

A case study approach allowed me to conduct an exploratory yet intensive, in-depth examination of selected initiatives within the larger BRAC. Given the size of the organization and the separation of the social enterprises from the core development services, case studies within BRAC could offer insight into the specific contextual environments in which these initiatives operate and how BRAC is adapting to the changing realities of its clients.

1.7.1 Archives, documents, articles, and news media:72

I carried out research in BRAC’s one-room library in which there are historical reports and documents on BRAC dating back to 1972. I read local and international press on Bangladesh, and articles and books on Bangladesh and BRAC. I found the Internet indispensable to my research in three distinct ways. I used it to “find” research articles

through key words; to read various on-line journals and blogs; and to keep up with current events on Bangladesh and on developments in thinking about BRAC, NPOs, social enterprise and resilience.

1.7.2 Observation

I jotted in my journal frequently during the day—comments, word prompts, sounds, smells, observations of people and the place. I was often involved in conversations/meetings in which only Bengali was spoken so I studied faces, people and the surroundings, clients’ reactions to BRAC staff, and to each other. Each evening, I wrote in my journal, re-visiting my notes and expanding them while my memory was fresh.

I noted in my journal in the second week of my first visit: “I am feeling much more landed now. Somehow, Dhaka is becoming normal-ish on the one hand and still shocking on the other. Ishtiaque Hussain (BRAC Social Innovation Lab employee) responded to this comment that this is the best state to be in here because at the next level one does not see the shocking anymore; it all becomes normal.” What was shocking? It emanated from a combination of the constant crush of humanity in such a dense living space; the inability of the infrastructure to support the population—roads, water, electricity each with demands far greater than current capacity; the scale and intensity of the slums; and the remarkable energy, talent, and spirit of the Bangladeshis in the midst of such apparent chaos. Each time I returned to Bangladesh, it felt more familiar, yet there were always surprises.

It was not simply Dhaka and Bangladesh’s surprises that demanded attention, observation, and consideration in my research. I needed to acknowledge and reflect upon my role in this research project as a western, white, educated, non-Muslim woman conducting research in a Bengali organization in a Muslim country. I view my foreignness at BRAC as complex and dynamic, rather than simply as a binary of local (Bengali) and foreign (Canadian). This complexity emanates from the diversity of the BRAC staff I interviewed, the ways in which my experiences at BRAC and in Bangladesh affected me, and my prior professional experience working cross-culturally.
BRAC’s staff, governance, and program composition reflects the fact that it is a Bangladesh-founded, home grown organization. There are few non-Bangladeshis in BRAC overall and those who are working with BRAC are almost exclusively located in Dhaka working in one of three capacities: as interns assigned to particular programs; as contractors working, again, in a specific capacity; or as researchers investigating a particular topic/issue.

For most Bangladeshis, being Bengali means being a Muslim (90% of the population). Although Bangladesh is considered a conservative Muslim country, patterns of religious observance are not homogeneous. BRAC’s staff mirror the diversity of Bangladesh in encompassing liberal secular ways as well as more conservative practices of Islam. There are also great differences between BRAC’s head office and its myriad regional/local offices distributed throughout Bangladesh (only 2000 of BRAC’s 100,000 staff in Bangladesh work at head office). In the rural areas in which BRAC delivers most of its programming, more conservative ways prevail.

Bengali is the national language. Although many citizens speak other languages (regional and/or indigenous languages), English is not widely spoken in Bangladesh. Those proficient in English are largely middle and upper class and learned English through enrolment at private English-medium schools. Bengali is the language at BRAC. There is significant English proficiency amongst staff at head office, specifically amongst senior program managers/executive and young professionals hired into BRAC directly following university. English is viewed, increasingly, as important to advancement within the organization. There are separate BRAC websites, Bengali and English. Programs are delivered in Bengali and very little, if any, English is spoken away from BRAC’s head office.

I entered this diverse and dynamic environment in 2013. I carried out this research project at mid-life, with well-developed interview skills and with experience working cross-culturally. Yet, Bangladesh and BRAC were wholly new to me. Thus, I was dependent on the support of BRAC staff for translation, and, as well, for orientation, mobility, and safety considerations.
So, how did my personal “position” shape my interactions with BRAC staff and program clients whom I met in the course of my research? Initially I was an unknown researcher interested in research questions not being pursued in BRAC at that time. Orientation was critical and the early and robust support by staff of the Social Innovation Lab (SIL) was vital to my introduction to BRAC and to securing an initial round of information meetings. It is difficult to summarize how my “position” as researcher shaped interviewee responses. I interviewed such a breadth of BRAC staff—from executive senior management members who were educated in the USA to rural-based BRAC Dairy milk collection supervisors, from young recent Bangladesh university graduates to village-based sewing room supervisors, from a BRAC Dairy Manager, expert in Dairy Science, to a junior agriculturalist working on an open pollination seed program amongst the extreme poor in the Haor regions of Bangladesh.

Interviewees were very engaged in the interviews, whether in English and/or Bengali. However, the nature of their engagement varied greatly. I often noted in my journal writing about Bangladeshi deference. Both younger and older interviewees exhibited similar formality, in both languages. Overall, I found greater openness in urban areas and more formality in rural areas. I also found that interviewees who were line/mid-level managers were more formal in their answers and emphasized facts about how their programs operated rather than offering interpretations.

Speaking Bengali would have been helpful in my research. The language barrier that I felt was greater than my foreign-ness at BRAC. Language competence would not have erased my foreign-ness, but it would have closed the distance somewhat. I always felt that I was “missing out” in conversations. BRAC staff were masterful in translating both in real time and in staying on with me after a meeting to fill in missing details and to clarify my understanding. This was invaluable. Yet, there are always some losses in translation, particularly nuances and subtleties. As well having a third party in an interview shifts the dynamics of conversation. I did my best to overcome these limitations. By interviewing many persons more than once over three visits, my knowledge increased; repeat interviews reduced the formality of interviewees inclined in varying degrees to formality and restraint. My return visits were critical, not only to
obtaining more accurate factual insights into my research questions, but also in demonstrating to staff my commitment to learning at BRAC. A sense of trust emerged. The dizzying amounts of “factual” information gleaned in my first interviews made increasing sense to me as my familiarity with BRAC increased in subsequent visits. I had a roadmap, so I could focus on changes, tensions and personal opinions more closely. Therefore, I was more able to hear and observe softer insights vital to a qualitative researcher.

Another interesting shift emerged. I became much more proficient in understanding staff who did speak halting English. I found that my struggles to understand Bengali-accented and cadenced English diminished with time. Many interviews were carried out in both languages. I would pose a question in English and the answer would start in English supported with Bengali for further clarification. This way, I was participating in the interview to some extent, rather than relying on the translator, and was able to extend the line of questions in real-time more effectively. As my ears adjusted, I was more fully present in the interviews.

My journals trace the trajectory of my learning, from first-visit researcher to a return researcher seeking deeper information. Where early notes were heavily weighted toward how a program/enterprise operated—with margin notes tracking follow-up questions based on my own confusion—later notes disclose more nuanced observations about how staff felt about their work, BRAC as an organization, and Bangladesh and its challenges. Further my journals captured the arc of my deep learning and observations about Bangladesh, its culture, the central role of the family, the varied practices of Islam, its climate and poverty-related challenges, and its deep-seated power struggles within a political sphere shaped by widespread corruption and the complex impacts of globalized capital.

1.7.3 Interviews and participant observation

I conducted semi-structured interviews. I chose this format to permit standardization around a set of questions and room for more nuanced off-script conversations to emerge. I was interested in “factual” information regarding the specific initiative, from
historical to current. I was deeply interested in the experience of the interviewee—her role in the specific BRAC initiative—and in the initiative’s contribution to the broader BRAC organization’s mission. I was also interested in the interviewee’s take on the context of BRAC overall and the specific initiative in an emerging Bangladesh.

In an organization as large as BRAC, I relied initially on the support of staff to set up my first round of information meetings and interviews. I began by introducing the research project and myself to each interviewee (personally or through a translator). Specifically, I explained what I was setting out to investigate and how I was going about it. Many of those interviewed suggested more people to meet and my list of referrals expanded from there. I decided early on to interview only BRAC staff and not people associated with other NPOs, civil society, or government. While this is a limitation in some ways, it permitted me full immersion in BRAC for this project and allowed me to excavate the information necessary for this research.

I narrowed further the range of possible interviewees by interviewing BRAC staff and not BRAC clients. My research interests were focussed on how BRAC extends and leverages charitable programming through the scaling of its social enterprise initiatives. I did not set out to evaluate the outcomes or impact of these initiatives, but rather sought to understand the evolution of BRAC’s approach. Further research should investigate client perspectives and create and develop an evaluation framework for assessing outcomes and impacts over time in BRAC’s social enterprises.

I did interact with BRAC clients to some extent in the field. In attending community meetings, visiting sewing centres, dairy farmers, and in-home meetings of clients of BRAC’s Targeting Ultra-Poor Program (TUP), I gleaned insights through real-time translation and observation. Certainly my presence changed the nature of meetings. Imagine four women clients of TUP, the TUP program staff-person, a BRAC staff-person/translator, and me packed into a one-room home, approximately 10’x10’. In these instances, the TUP worker would cover any programmatic work that needed to be done before asking if I had questions. I usually asked three questions in this context: What was the most important part of the program for them, and why? What was their
least favourite part, of the program, and why? What would they change if they could? Answers were forthcoming—engagement was high on each of the questions.

One other example is useful here, one that occurred in a village community health meeting of approximately twenty-five women. At the end of the meeting I asked the BRAC staff person/translator if she could ask about the age and situation of a pregnant teen who looked so young to me, so sad, and fearful. The staff person asked and the community health worker looked directly at the staff-person, then at me, before speaking bluntly about the challenges of child marriage and of young girls becoming mothers. I found this directness time and time again with BRAC staff in the field.

I conducted 42 formal interviews; 39 were with people within BRAC, two were with staff at BRAC University, and one was from a local Bangladesh NPO, “Friendship”. Each of the three “outside” interviewees tied directly to my research question through programmatic interactions with BRAC. Of the 39 BRAC interviews, I interviewed 23 individuals two or three times (depending on whether they were on staff at BRAC each of my three visits). BRAC staff were supportive and very helpful, meeting with me during their busy days and on weekends. I am very grateful for their interest and commitment to meeting with me and in their follow-up and recommendations regarding other interviews and reading materials/reports. In their suggestions, overlap began to appear in names to interview, a good signal that I was reaching those I needed to interview.

I also participated in 18 formal information meetings at BRAC and many more informal ones throughout my time in Bangladesh. Although most of these were at the beginning of my first visit, I reached out to people individually on later occasions. I also made myself available when other visitors were in and would piggyback on their meetings and field visits. This permitted me further learning and triangulation of my own data. It also connected me to more people and ideas.

Of the 39 interviewees, two participated fully and then asked that the interview be off the record (they stipulated that they were offering their personal opinions and did not want to appear in any way disrespectful to BRAC). Several told me that I could use the content, but not identify them. One interviewee asked that I not record the interview.
She was quite guarded in the “formal” interview, but then invited me to stay on for tea. With my notebook closed and tea cups in hand, an insightful and robust conversation ensued. Interviewees commented, almost without exception, when providing critical feedback on some aspect of BRAC that their comments needed to be viewed as part of making BRAC better—so that it could problem solve more effectively. Given this range of interviewee requests, I use codes to make anonymous reference to many interviewees.

By Canadian standards, deference to the executive leadership of BRAC—its founder Abed and the Executive Management Committee (EMC)—is remarkably strong. I was told repeatedly that this reflects broader societal norms (leading people to defer decision-making to those further up the hierarchy) and, as well, is a product of the sheer size of BRAC. This combination of hierarchy and deference facilitated senior leadership’s key decision-making role in BRAC even as the organization grew rapidly. Junior interviewees asked that I share my learning with more senior staff to provide them with the bottom-up feedback that they might not otherwise receive, particularly from a non-BRAC person.

Such deference inspires much of the engagement work of the Social Innovation Lab (SIL) as it seeks to encourage employees at all levels to engage in conversations about innovation; to step forward with ideas and opinions more frequently; and to reflect on “why” they are doing things in a particular way in their tasks (out of habit or because they’re unsure whether it is permissible to raise questions and challenge processes undertaken in their work). SIL engages with employees through various strategies including specific training modules, and both informal and formal gatherings. SIL’s mandate continues to be the encouragement of, and reconnection with, BRAC’s innovative spirit and capacity.

During my research, BRAC’s executive management committee was undergoing the most significant transition in BRAC’s history. Founder Abed was reducing his role and would no longer be engaged in the organization’s day-to-day operations. In June 2015, a Bangladeshi and the then CEO of CARE India, Dr. Muhammad Musa, became
BRAC’s new executive director while Abed continued in his role as Chair of BRAC’s board of directors. Most interviewees commented that this time was a seismic moment for Abed and BRAC because, in their assessments, Abed was the heart and soul of BRAC.

As my knowledge of BRAC deepened, my effectiveness as an interviewer increased. Transcribing each interview forced me to think about my understanding of the interviewee and my understanding of BRAC at that time. Themes emerged and when information was repeated in subsequent interviews, I was able to achieve some degree of triangulation. This afforded confirmation or rejection of my assumptions and learning.\textsuperscript{73}

As an interviewer, I became part of conversations, a participant observer. Interviewees asked for my opinions of BRAC after interviews were finished. My practitioner/problem solving skills emerged as I contributed more to conversations. In 2015, I facilitated a session titled “Targeting the ultra-poor” led by Syed M. Hashemi and Runa Khan (both are internationally known Bangladeshi leaders who are focused on alleviating extreme poverty).\textsuperscript{74} Staff at the Social Innovation Lab interviewed me when I departed so that they could learn from my observations, a standard practice within SIL. I recorded all of these meetings as they offered insights into my growth as a student of BRAC and as a researcher. They also assisted in situating my research within an evolving set of practices at BRAC.

My growth as a student and researcher was enriched and deepened as well by the emergent relationships that I built with BRAC staff on my return visits to BRAC. I looked forward to seeing staff again, curious to know what had transpired while I had been away, what they were thinking, how BRAC and Bangladesh had both changed and stayed the same—how we simply picked up where we had left off. I learned that BRAC

\textsuperscript{73} Yin, Case Study Research. pp. 18.

\textsuperscript{74} Syed M. Hashemi, Chair, Department of Economics and Social Sciences BRAC University and Runa Khan, Founder and Executive Director, Friendship, accessed April 10, 2017: https://friendship.ngo/about-us/.
is a “real time” kind of organization. As Maria May told me, “you need to be here, we are not an email culture”. So my return visits were critical to advancing my research.

In reflection, my first visit was largely an information-gathering visit, a deep immersion into all things BRAC with an emphasis on learning about two social enterprises. The following two visits permitted me to gain further insights, see gaps, and understand more robustly and analytically the opportunities, constraints, and contradictions I found in BRAC. My deepening knowledge only yielded greater respect for BRAC—both its staff and its work initiatives—even as it revealed tensions.

I found overall a willingness to explore and discuss problems and/or struggles—a “roll your sleeves up” kind of approach in meetings. Yet there were gaps, an absence of data and information within the SEs making it difficult to “see into” the SE, to explore further mission aspects of SEs. I outline some of these concerns in my research and, like BRAC staff told me, I share my concerns in the spirit of “making BRAC better”—to further solution building.

I recorded virtually all interviews. Some of these were difficult to transcribe due to ambient noise—generators either humming or beeping on/off, thunderclaps, rain pouring down, fans whirling, conversations in the background, and real-time translation challenges—voices starting, stopping, and over-lapping. Transcription was slow and challenging—a reminder of some of the day-to-day constraints of the workplace at BRAC and its social enterprises. Occasionally the ambient noise in coffee shops and factories made recording impossible. All of this made my journals even more important for cross-referencing and following up on gaps and/or contradictions in information.

1.7.4 Research process diagram:

As noted in my comments above, my research process was iterative right from my first day in Bangladesh and continued to evolve over three field visits to Bangladesh and the time in-between visits to reflect, analyse, do more research and write. I have tried to capture this process in the diagram below.
Figure 1.1 Research Diagram

This diagram highlights the three functional phases to my research. I could not capture all the combinations and permutations of my research relationships without the diagram being unwieldy, but I have attempted to draw out the critical elements to show how the process evolved over my research period. I did not include writing as a part of my research in the diagram because it was a constant. I wrote from the very start of my degree, in PhD courses, and to complete literature reviews. I continued writing during my research phase and then exclusively in the final analysis phase of my research.

1.8 Criticism of the case study approach and challenges at BRAC

Yin outlines some of the weaknesses of case studies. They lack rigor and provide little basis for scientific generalization. They can be too detailed, but he notes that that is a function of the choice of data collection method not the case study approach. Yin points out that, while participant observation can lead to greater insight, it can also give rise to
bias "due to the participant observer’s manipulation of the events".\textsuperscript{75} Yin states further that case studies are difficult to do, they take time, and that “we have little way of screening for an investigator’s ability to do good case studies”. Last, with the rise in randomized control trials (“or ‘true experiments’), Yin asks whether case studies are useful as “adjuncts to experiments rather than as alternatives to them”.\textsuperscript{76}

Acknowledging these criticisms and observations, I stitched together the information in this research as robustly as I could under the circumstances. These constraints included: three time-bounded visits to an NPO almost halfway around the world from my home; the restrictions on my physical mobility while in Bangladesh; my inability to communicate freely with many interviewees given the language barrier; and the absence of foundational information on the social enterprises and their initiatives.

My role as participant observer, in addition to observer and interviewer, was important to my research. I attended to this position as carefully as I could, acknowledging that my embeddedness in BRAC was increasing with this additional experience. I wrote lengthy journal entries each evening to capture the day’s observations, learning, and questions. My journal writing also offered time for personal reflection on the day and my research journey. Given that I recorded nearly all meetings, I could replay and listen to myself as both interviewer and/or participant observer: Was I leading the conversation, following it, actively engaged in it, or observing it? Yin comments on five commonly required skills in conducting case study research: “ask good questions…be a good listener…be adaptive and flexible…have a firm grasp of the issues being studies…[and] be unbiased by preconceived notions”.\textsuperscript{77} The last one was the most challenging to me overall as a researcher given my decades of professional work experience. Being in Bangladesh and BRAC—a completely new experience—assisted greatly in sustaining and augmenting my inquiring mind thereby leaving me more open to surprises and contradictions. Overall, my role as participant observer was secondary to that of interviewer and observer in my research.

\textsuperscript{75} Yin, \textit{Case Study Research}, p. 102.
\textsuperscript{76} Yin, \textit{Case Study Research}, p. 15-16.
\textsuperscript{77} Yin, \textit{Case Study Research}, p. 69.
There was no randomized or quantitative component to my research. I set out to learn and understand the context in which BRAC operates, not to evaluate its effectiveness on the lives of the poor. I sought out the messiness of day-to-day work in order to excavate the initiatives in motion. In the end, time was a major constraint on my investigations. BRAC is so huge and there is much to discover in order to make sense of it and how it works, an opportunity for further research.

Challenges can also be viewed as strengths. Each of the above constraints necessitated that I reach out to people for their assistance, thereby maximizing time with a variety of BRAC staff. The dearth of externally written material on specific BRAC SEs, both development outcomes and impacts, meant that I approached them with a greater degree of openness (and naïveté). The SE staff with whom I met wanted to share their stories, hopes, challenges and frustrations. I cast my net broadly and met with staff from several SEs while building a foundational understanding of the larger BRAC NPO. I was constantly learning from these people and enriched by their interest in and perspectives on this research. Thus, while I had 42 formal interviews, I also learned substantively from my daily life at BRAC Centre. Living at BRAC Centre meant that I was constantly "within" BRAC. This offered me much deeper context than I could have achieved otherwise.

I was also interested in BRAC's SEs commitment to supporting the 3Ps: people, planet and profit.⁷⁸ I was curious to learn how BRAC reached into communities to engage the most marginalized clients while attending to a triple bottom line in its social enterprises. What I learned as a Canadian (someone from a top ten global carbon emitter doing research in a country ranked as one of the most vulnerable in the world and living with the growing impact of climate changes) challenged my assumptions about social-ecological resilience and how to engage with coupled social and ecological systems in situations of poverty.

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BRAC is relentlessly practical, identifying problems and seeking solutions. Its first and enduring priority is a life of dignity and wellbeing for its clients. BRAC is focussed on two of the three Ps, people and profit. The third “P”, planet, is not consistently included at this time. Staff uniformly stated: “we (either BRAC or more generally Bangladesh’s poor) are not yet ready for the environmental value to be pro-actively considered in initiatives because the poor have such a tiny ecological footprint.79 Moreover, their ecological footprint is informed by their poverty, for example the absence of sanitation and the use of energy sources such as animal dung. BRAC does not ignore environmental considerations but engages with them as they relate to its programming initiatives in the lives of the poor.

BRAC’s staff understands as well as anyone in Bangladesh the precariousness of Bangladesh’s ecological systems—including rising air and water pollution, falling biodiversity, and climate changes that are worsening flood and drought cycles. BRAC attends to the environmental “P” in situations in which environmental concerns are interdependent with BRAC’s core services to the poor and when inclusion of environmental considerations is cost effective and can scale to reach many clients. In BRAC’s social enterprises, attention to environmental concerns follows the same decision-making approach and examples include effluent treatment plants and small-scale biogas plants for larger dairy farmers. It was in carrying out my research that I began to see the reality of the long arc of resilience building and the many bumpy and non-linear pathways to augment it.

79 Dr. William Rees, Professor Emeritus, human ecology and ecological economics, and former Director of the University of British Columbia’s School of Community and Regional Planning, Vancouver, BC, coined the term “ecological footprint”. The ecological footprint is based on the concept of how much area is needed to support a certain number of people. Rees co-authored the book, Our Ecological Footprint: Reducing Human Impact on the Earth in 1995.
1.9 Organization of dissertation:

Chapter 2: Nonprofit organizations, neoliberal globalization, & the rise of social enterprise approaches

This chapter offers an overview of the complex challenges for NPOs posed by a globalized economy, and the rise of social enterprises as one pathway to coping with them.

Chapter 3: Literatures—Place & Resilience

This chapter explores the literatures of resilience and place that provide the springboard for this research.

Chapter 4: BRAC and Bangladesh: Overview

Here I introduce Bangladesh and provide an overview of some its key features as well as the country context for my research. I also introduce BRAC, its history and its rise over the past 45 years. I end this chapter with a summary of the case studies that I investigate at BRAC.

Chapter 5: Case study—Aarong

This study of Aarong directs attention at its social compliance work that became mandatory in 2012. Aarong’s social compliance activities include a social audit of all artisans, the Artisan Development Initiative—an adaptation of BRAC’s core development services—a health security scheme and enterprise support training for its independent producers. These initiatives have been introduced into Aarong to strengthen its capacity to deliver on BRAC’s values of empowerment and livelihood development, and to meet World Fair Trade Organization standards. These efforts are linking BRAC’s development programs to Aarong in new ways that could have resonance further within BRAC and in the broader micro-small-medium enterprise sector.
Chapter 6: Case study—BRAC Dairy & Food Project: Reaching the Ultra-poor

In this case study, I investigate how BRAC’s core programming interacts with BRAC Dairy & Food Project (BDFP—BRAC Dairy), and how the multiplicity of interventions into BRAC Dairy’s value chain supports BRAC’s work. BRAC Dairy interacts with women, men, and adolescents in delivering services to support dairy cattle—a truly multi- and intra-scalar social enterprise. Specifically, I look at the linkages between BRAC’s Targeting the Ultra-Poor (TUP) program and BRAC Dairy. The recently ratified United Nations Sustainable Development Goals (SDGs) lists ending extreme poverty by 2030 as its number one goal. Thus, the ability to grow and strengthen the success of BRAC’s TUP is critical.

Chapter 7: Not so fast: place, resilience and BRAC

In my final chapter I revisit key themes that arose in my findings and reflect on what I learned from my research on BRAC. I close my dissertation with suggestions for future research.

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Chapter 2: Nonprofit Organizations and Social Enterprises in a Neoliberal Globalized World

In this chapter, I situate the NPO sector in the neoliberal globalized world in which it struggles to achieve social, economic and environmental inclusiveness. Since the 1970s when neoliberal doctrine began shaping government policies, economic disparities have widened even as poverty has declined in the Global South. At the same time, the NPO sector has grown rapidly to meet rising demand for services no longer delivered by the state.

My research focuses on contemporary charitable grant-receiving NPOs and their social enterprise (SE) practices. Most NPOs exist within communities and deliver services to these communities. They are, therefore, deeply tied to place and resilience building. This research investigates one NPO, BRAC, to understand how it is achieving a high level of resilience despite challenging social-economic-environmental and institutional circumstances in Bangladesh.

This chapter is organized into the following sections: (2.1) Neoliberalism, Globalization, and the Rise of NPOs (2.2) Qualities of Nonprofit Organizations and Social Enterprises; (2.3) My Reasons for Examining BRAC, Its SEs and Connecting Them to Place and Resilience.

2.1. Neoliberalism, globalization, and the rise of NPOs

NPOs are not new—they have existed for centuries, particularly in the form of charities and mutual societies. What is new is the rapid rise in the sector over the past forty years, a rise that is deeply connected with both the emergence and expansion of neoliberalism and with neoliberal policies that fuelled globalization.

81 The terms Global North and Global South are premised on the use of the “Brandt Line” identified by Willy Brandt in the 1980s. Countries north of this imaginary line (the line did go around Australia and New Zealand) comprise the rich north and those south constitute the poor nations. This term is less useful today as there are a growing number of Global South countries that are no longer poor, for example, Malaysia, Colombia, and Argentina. “The Brandt Report: A Summary”, Share the World’s Resources, last modified January 31, 2006, accessed September 16, 2016: http://www.sharing.org/information-centre/reports/brandt-report-summary.
2.1.1 Neoliberalism:

Neoliberalism is a set of policy prescriptions directed at increasing “the role of markets in regulating economic life”.\textsuperscript{82} Reflected a fundamental belief in market efficiency for wealth creation, neoliberalism is wholly directed at defending economic liberalism in order to unleash economic growth especially in the value of goods and services produced and reflected in national Gross Domestic Product (GDP) indicators. With its commitment to economic liberalism, Neoliberalism engages with both a “roll back” and “roll out” of the state. It involves a reshaping of how the state uses its power rather than a minimization of the role of the state.

Neoliberalism’s rise was facilitated by the demise of the post-WWII period of economic expansion in which the state had made significant investments for the benefit of both the economy and its citizens: infrastructure, health, education, and social services. It also had facilitated the expansion of the private sector. Often referred to as the Fordist consensus, this period was characterized by robust economic growth in industrialized countries; belief in the power of science, technology, and planning; and the rise of a strong middle class accompanied by a rise in consumerism and a decline in wealth inequality. However, these stabilizing forces in the industrial North began to unravel in the 1960s with the rise of national disenchantment and activism, including social, environmental, and labour concerns.\textsuperscript{83}

In the Global South the post WWII period was more tumultuous. It was marked by change and turmoil that included the transition in many countries from colonial domination to independence; the rise in the transfer of aid from the industrialized North to the Global South along with the policy conditions attached to it; and the expansion of extractive industry and manufacturing interests in the Global South to serve growing


\textsuperscript{83}See Rachel Carson’s \textit{Silent Spring}, Betty Friedan’s \textit{Feminine Mystique}, Jane Jacobs \textit{The Death and Life of Great American Cities}, and Ralph Nader’s \textit{Unsafe at Any Speed: The Designed Dangers of the American Automobile}. 
markets in the North as well as emergent domestic markets.\textsuperscript{84} (See Appendix B: Global South development trajectories and neoliberal globalization.)

The early 1970s were plagued by intense international challenges that contributed to the economic challenges in the Global North. Six key challenges are noteworthy: rising competition from the dismantling of the Bretton Woods monetary management system; the re-emergence of Germany and Japan as industrial powerhouses; the emergence of newly industrializing countries; the birth of stagflation—high unemployment and inflation concurrently; oil shocks from the Organization of the Petroleum Exporting Countries (OPEC); and multiple stock market crashes during a sustained bear market.\textsuperscript{85} The recession that followed was steep and volatile for many in the Global North market-based economies, pitting capital against labour. During this period of economic hardship, neoliberal thinking gained ground.

The 20\textsuperscript{th} century Austrian economist Friedrich von Hayek is credited with the emergence of neoliberal economics, although many equate Milton Friedman with its rise in North America.\textsuperscript{86} Von Hayek’s thinking influenced Friedman and a group of scholars at the University of Chicago in the 1950s. They founded the Chicago School of Economics at the University of Chicago—dubbed the “Chicago School”. The first substantially neoliberal state emerged in the 1970s in Chile under the leadership of General Augusto Pinochet (1973-1990). Pinochet’s economic advisors were known as the “Chicago Boys”—a group of Chilean economists, most of whom had studied under Friedman at the Chicago School. Neoliberalism took hold in the late 1970s and can be recognized in the policies of Margaret Thatcher, Prime Minister of the United Kingdom from 1979-1990 and Ronald Reagan, President of the United States of America from


\textsuperscript{85} The Bretton Woods monetary system was established in 1944 to provide stability in monetary management between the United States, Western Europe, Australia, and Japan. See Hall, P.A. and Lamont, M., \textit{Social Resilience in the Neoliberal Era}, Cambridge, UK: Cambridge University Press, 2013.


\textsuperscript{86} von Hayek won the Nobel Prize in Economics in 1974 and Friedman in 1976.
1981-1989. Neoliberalism's opportunistic expansion has been so extensive over more than four decades that today it is ubiquitous.\textsuperscript{87}

In his extensive work on neoliberalism, University of British Columbia (UBC) geographer Jamie Peck indicates that neoliberalism coheres around several core characteristics. Neoliberalism's paradigm promotes unfettered markets and competition as the most efficient pathways to drive economic growth. Policies and practices include deregulation of financial markets; the reduction of trade barriers; decreases in taxes; privatization of state assets and services; intensification of commodification; and active rollback of the state.\textsuperscript{88} Undergirding its political-economic policies, neoliberalism is founded on a very powerful narrative of individualism, competitiveness, and economic self-sufficiency enshrined in the individual pursuit of profit maximization.

Neoliberal policies are directed at de-linking the state from the social fabric of civil society by assuming that wealth creation generated from a robust private sector will also offer redistributive functions to the broader society as “trickle down” effects. Yet this has not happened.\textsuperscript{89} Income inequality has only grown under neoliberalism, placing the “burdens of restructuring…onto marginalized communities with remarkable efficiency”.\textsuperscript{90}

It is here that neoliberal processes intersect directly with my research. All aspects of society—social, economic, and environmental—have been penetrated by neoliberalism and its subsequent expansion as neoliberal globalization.\textsuperscript{91} As a dynamic and uneven


\textsuperscript{91} There are many antecedents to this contemporary period of policies and practices of neoliberal globalization. In Bangladesh and Canada, colonialism and dependence—experienced through an extractive resource based economy—were defining experiences for both countries. For Bangladesh, over
process itself, neoliberalism intersects with dynamic processes of place and resilience, and with the work of NPOs. I draw attention to two inter-related aspects of neoliberalism’s impact that directly affect NPOs and the lives of the marginalized; the rollback of the state and roll out of new policy approaches including changing funding relationships with the NPO sector and neoliberalism’s globalization into the Global South.

1. Rollback, roll out, and NPO funding:

The rollback of the state is central to neoliberal approaches. Neoliberal policies are characterized by cost effective and politically expedient means to further the state’s commitment to, and influence on, reducing its size and role while promoting economic growth and individual wealth creation. Equally important to the rollback of the state is the rollout of policies and practices characterized by public-private partnerships, including both private for-profit interests and the broader civil society/ NPO sector.

The rise in “contract culture” in the public sector’s devolution of services to NPOs is part of the minimization of the state in service delivery. This has led to increased “intrusion into [the NPOs’] general management and goal-setting processes”. As well, it has led to reduced government funding overall. Changing government-NPO funding relationships are “fostering asymmetrical state-charitable sector interdependence”.

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forty years of aid distributed through development practices of the Global North into the Global South has supported and influenced its emergence as a young independent state.

Legacies from these histories inform the underlying social-cultural-economic and environmental policies and practices in both countries today. For more reading on Bangladesh: See Lewis, D., *Bangladesh: Politics, Economy and Civil Society*. Cambridge, UK: Cambridge University Press. 2013.


96 Mary-Beth Raddon, “Neoliberal Legacies: Planned Giving and the New Philanthropy”, *Studies in Political Economy* 81, Spring 2008, p. 41. Raddon also notes a knock-on effect from this asymmetrical relationship—that of the changing nature of employment in the NPO sector. It is increasingly meted out
Charities law scholar Kathryn Chan argues that this notion of “co-optation” is “antithetical to the spirit of ‘voluntariness’ that typically characterizes charitable activity and that has historically been understood to be its greatest strength”.97

Jennifer Wolch captures this rollout in her book, The Shadow State (1990). Here she comments “state funding for many voluntary organizations has been accompanied by deepening penetration by the state into voluntary group organization, management and goals… [She argues] the transformation of the voluntary sector into a shadow state apparatus could ultimately shackle its potential to create progressive social change”.98

The import of Wolch’s comments was glaringly evident in Canada under the Conservative government of Prime Minister Stephen Harper (2006-2015). Under Harper’s leadership, the charitable sector, specifically environmental groups, were put under a microscope and vilified as being anti-Canadian. They were accused of “laundering funds from offshore donors to obstruct Canada’s environment assessment process” (as stated by then Federal Minister of the Environment, The Honourable Peter Kent); and thereby understood to be operating outside of the charitable laws of Canada.99 News headlines indicate the extremely toxic atmosphere of this period: “Stephen Harper government turns environmentalists into public enemies”, “CRA audits charitable status of Tides Canada amid Tory attack “, and “Silence of the charities”.100

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These attacks on specific charitable activities supported the Harper government’s commitment to untramelled economic growth in Canada’s extractive economy.

Canadian charities cannot direct more than 10% of their annual resources toward advocacy activities. These activities exclude partisan activities per se but do encompass the promotion of public policy changes or advocating that the government make certain decisions regarding a specific issue. However, under the Harper government, those charities opposing pro-extractive resource development government directions feared that funding would disappear or worse that they would end up on the lengthening federal charities audit list. For those charities caught in the crosshairs, it was a “witch hunt” for which they paid the bill. The process put a widespread “chill” on the charitable sector, including the donor community with its concerns that grant recipients were, or might be, implicated in this maelstrom. A lid was slammed on counter-narratives, dialogue, and the possibility of progressive change.

A Liberal majority government was elected in Canada in October 2015. The new government has pledged to take steps to erase the chill around charities in Canada and to re-visit the rules governing the charitable and nonprofit sectors such that these organizations can be more effective in their work. Although this is a positive step, state-NPO relationships continue to be deeply entangled through the contracting out of services to the NPO sector. How much can NPOs press for progressive change when they are tied to competitive government funding for their operations?

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103 See “Voices-Voix” for its “Hit List” “of individuals, organizations and public service institutions that have been muzzled, defunded, shut down, or subjected to vilification” accessed May 31, 2017: http://voices-voix.ca/en/hit-list.
2. Neoliberalism’s expansion into the Global South:

The globalization of neoliberalism augmented an already well-established interdependence between the North and South. Today that includes highly integrated supply chains, consumer markets, instantaneous communication and financial capital transactions, and international trade moving all matter of goods and people north and south.\(^{104}\) This interdependence will only continue to grow as more Global South countries become middle-income countries demanding access to more goods and services as they simultaneously create more value-added exports themselves.

Capital provided by Northern institutions became a conduit for the enactment of neoliberal policies in the Global South. Both the World Bank (WB) and the International Monetary Fund (IMF) were strong supporters of neoliberal policy frameworks and Mexico’s 1982 debt crisis was their initial platform. To prevent default on developing country loans, the WB and IMF stepped in to re-finance them. In return, however, they required that debtor countries follow Structural Adjustment Programs (SAP)—a series of neoliberal policies devised to bring their spending and capital flight under control.

Broad criticisms of SAPs focussed on the severity of the cuts and changes required for borrower countries, countries already struggling to deliver basic services (education, health, and infrastructure).\(^{105}\) Under this austerity, the marginalized were simply left further and further behind and wealth was concentrated in fewer hands. Ultimately, a consensus emerged that little growth was achieved in borrower countries under SAPs.\(^{106}\)

In 1999 the IMF replaced SAPs with the Poverty Reduction and Growth Facility program (PRGF) for low-income borrower countries.\(^{107}\) With this shift the WB and IMF conceded


that poverty was increasing under SAPs and that economic stabilization was unlikely to be successful. The PRGF program is directed at poverty reduction while maintaining macroeconomic stability in borrower countries. In 2009, the IMF announced that a review of the PRGF pointed to the need for further support of low-income borrower countries and additional facilities have been added to continue to manage for macroeconomic stability while supporting poverty reduction. Subsequently, research papers have revealed the failure of trickle-down economics and the limitations of development in a paradigm led by maximization of economic growth. In a 2016 paper by IMF staff, “Neoliberalism: Oversold?” the authors outline that rising inequality under neoliberalism underscores the trade-offs between growth and equity within a neoliberal agenda. The authors state “The evidence of the economic damage from inequality suggest that policymakers should be more open to redistribution than they are”.

Neoliberal globalization also expanded into the Global South via multinational corporations and the expansion and deepening of their supply chain management—raw materials, industrial goods, and consumer retail products. Developing country markets have benefitted from the rise in employment opportunities, investment capital, and emergent multipliers. As a result, the overall rates of poverty have fallen over the past

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111 Ibid., p. 41.

112 Multipliers: “A measure of the total economic impact of an investment decision, policy change or external shock. This includes not just the initial, immediate impact, but also the indirect or ‘knock-on’ consequences” (Derek Gregory. et. al., The Dictionary of Human Geography, 5th Edition. Chichester, UK: Blackwell Publishing. 2009. p. 484.).
thirty years and an increasing number of developing countries are moving up the income ladder.\textsuperscript{113}

While the World Bank rightly celebrates the decline in poverty rates overall, it points out that these gains are occurring unevenly both among and within countries of the Global South. Rising income disparity is particularly problematic. Further there are too many instances in which global capitalism’s insistence on the lowest-cost production to achieve greatest shareholder return results in the abrogation of citizen rights and the disregard of domestic regulations in Global South producer countries.

Obsession with economic growth, and the belief in (“supposed”) trickle-down effects of neoliberalism and globalization can obscure considerations of robust development.\textsuperscript{114} Economic growth may be a critical part of development, but development is a broader and more inclusive term—both a quantitative and a qualitative term. Amartya Sen in his seminal book *Development as Freedom* (1999) articulates development as a set of capabilities, what people are able to do rather than simply what they can buy with their income. He acknowledges that income, commodities, and capabilities have a mutually reinforcing relationship, but discounts the claim that the ability to purchase goods is an end in itself. Rather he focuses on development as consisting of “the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency”.\textsuperscript{115}


\textsuperscript{114} Trickle down effects have been criticized robustly. See E. Dabla-Norris, et al., “Causes and Consequences of Income Inequality: A Global Perspective”, International Monetary Fund, June 2015. Trickle-down economics is “the idea that tax cuts and other financial incentives for companies and individuals in the upper tiers of society fuel growth that indirectly benefits everyone” (Christopher Jencks et al., “Trickle-down Economics Revisited”, IMPACT, Research from Harvard Kennedy School, 2, Issue 1, Autumn 2009.

\textsuperscript{115} Amartya Sen, *Development as Freedom*, p. xii.
Sen does not negate the mechanics of globalization. Rather, he states that the problem lies with globalization’s narrowness, leaving it “a very inadequate approach to world prosperity”. In his view, there is a need for national and international institutional reform—social, economic, and political—to create the enabling conditions for fair distribution of globalization’s benefits. It also demands interventions within all sectors—public, for-profit private, and non-profit.

Geographers J.K. Gibson-Graham, the pen-name (since 1992) shared by Katherine Gibson and the late Julie Graham (2010), also call for a re-imagining and broadening of our conception of economy from one that is “capitalocentric” to one that is diverse, decentralized and ethical. In their diverse economies approach, they stress the importance of the “different kinds of transactions and multiple ways in which exchange is negotiated—not only formal market transactions, but alternative markets where considerations other than supply and demand influence the terms of exchange, and non-market exchanges and transactions”. Gibson-Graham’s research into diverse economic activities embraces themes that are deeply subjective and touch on meaning-making in lives of individuals and in their communities. As well, with their attention to ethical and environmentally just activities, they are interested in economies “as a way of belonging differently in the world”. Gibson-Graham’s community-based action research builds upon community strengths and assets in “specifying the wide range of activities that constitute economies in place”. They are most concerned with the local scale, how decentralized economies each represent their own sets of unique opportunities and constraints.

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116 Amartya Sen, “How to judge globalism: global links have spread knowledge and raised average living standards. But the present version of globalism needlessly harms the world’s poorest”, The American Prospect 13, Issue 1, January 2, 2002, no pagination.
117 J.K. Gibson-Graham, “Rethinking the economy with thick description and weak theory”, Current Anthropology, Volume 55, Number S9, August 2014, pp S147-S153,
119 J.K. Gibson-Graham, “A feminist project of belonging for the Anthropocene”, Gender, Place & Culture, Volume 18, Number 1, 2011, p. 3.
In my research, I am interested in the work of NPOs that support individuals and communities that are too poor, too uneducated, and too isolated, and thereby unable to exercise their basic rights and freedoms. As well the local scale may not be able to support economic alternatives at scale such that local citizens can create robust and reliable economic futures. My research concerns relate more closely to that of Sen’s demand for the removal of unfreedoms. This is related, and yet different work, to that of Gibson-Graham, necessitating interventions on behalf of the poor such that they can become empowered and demand their rights and create futures of dignity.

Calls for inclusion and dignity within economic growth paradigms continue to escalate. In 2015, the United Nations Sustainable Development Goals (SDGs) included under goal #1 “no poverty”, and goal #8 “sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all”.121

These bold goals necessitate myriad responses in order to be achieved by 2030. The rapid rise of the NPO sector alongside that of neoliberalism is both a response to the rise of exclusions under neoliberal policies and the desire of citizens to build solutions toward inclusion. NPO sector growth is also a reflection of the increase in contracting of service provision to NPOs by aid and philanthropic funders and the state as part of the rise of neoliberal practices.

2.2 Nonprofit organizations and social enterprises

In recent decades NPOs have become prominent globally, in both numbers and through the breadth and scale of their initiatives. Most NPOs have come into being over the past forty years and represent the fastest-growing type of organization in the world today.122

The World Economic Forum reports that, between 1990 and 2012 the number of international non-governmental organizations increased more than ten fold from 6000 to

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over 65,000.\textsuperscript{123} The number of journals, books, academic programs, think tanks, and conference gatherings addressing scholarship, policies, and operational practices in the NPO sector has also grown rapidly.\textsuperscript{124} In Canada the charitable sector generates 8\% of GDP and employs 13\% of the workforce.\textsuperscript{125} In Bangladesh it generates 6-8\% of the GDP and employs 14\% of the national labour force’s professional and technical groups.\textsuperscript{126} Because sole proprietorships and household enterprises employ over 86\% of the population of Bangladesh, the charitable sector makes up only 1.3\% of the country’s total labour force.\textsuperscript{127}

Founded in 1972 in Bangladesh one year after the country gained independence, BRAC has operated in a rapidly changing country—Bangladesh was the second poorest nation on Earth in 1971 and, in 2016, became a lower-middle income country. BRAC’s development has tracked with the rise of neoliberalism and its globalization, and the global expansion of the NPO sector. On an operational level, BRAC operates both


Academic programs, mostly housed in MBA programs, include University of British Columbia’s Sauder School of Business; Simon Fraser University’s Beedie School of Management; McGill University’s Desautels Faculty of Management and its Social Economy Initiative; University of Toronto’s Rotman School of Management; University of Waterloo’s Institute for Social Innovation and Resilience; Duke University’s Center for the Advancement of Social Entrepreneurship; Harvard University’s Social Enterprise Initiative; Stanford University’s Center for Social Innovation; Skoll Centre for Social Entrepreneurship at Oxford University’s Said Business School. Authors include David Bornstein, Jed Emerson, John Gaventa, Pamela Hartigan, Anthony Bugg-Levine, Roger Martin, Sally Osberg, and Jack Quarter.


\textsuperscript{125} Brian Emmett and Geoffrey Emmett, “Charities in Canada as an Economic Sector”, Discussion Paper, Imagine Canada, Toronto, ON, June 2015, p. 10. The total charities sector includes hospitals, universities and museums. The core charitable sector excludes them. The core charitable sector employs just over 8\% of Canada’s labour force and contributes over 3\% to GDP.


charitably funded programs and industry competitive social enterprises all within the grant-receiving NPO. Its enterprise initiatives pre-date the burgeoning of social enterprise and social entrepreneurship in the Global North and reflect Abed’s early commitment to building livelihood solutions for the poor. These market-based initiatives continue to have a profound effect on the lives of the poor in Bangladesh.\textsuperscript{128}

2.2.1 What is a NPO?

Non-profit organizations (NPOs) are comprised of “associations, clubs and or societies that are not charities, and that are organized and operated exclusively for social welfare, civic improvement, recreation, or any other purpose except profit”.\textsuperscript{129} According to Dr. Lester Salamon, NPOs coalesce around several shared characteristics.\textsuperscript{130} They are organizations that:

- are separate from the state, legally and in practice;
- are not barred from making a profit, but they may not distribute it to organizational directors or managers, or any person associated with the organization;
- are self-governing, with control exercised by the membership (if membership based) and/or through a board of directors;
- can pay reasonable salaries and compensation to employees and contractors;

\textsuperscript{128} See \textit{The Lancet}, a special series of articles on Bangladesh, November 22, 2013.


\textsuperscript{130} Dr. Lester M. Salamon is a Professor at Johns Hopkins University and Director of Johns Hopkins Center for Civil Society Studies. His study involved NPOs from 22 countries, from both the developed and developing countries. Source: Lester M. Salamon et al., \textit{Global Civil Society: Dimensions of the Nonprofit Sector}. 
• have some form of transactional relationship with beneficiaries. Beneficiaries can be “consumers” of the NPOs’ goods and services and/or “producers” for the NPO.¹³¹

Each country has specific regulations governing corporate entities including nonprofits and charities. In Canada, NPOs are characterized as above, but profit can be earned “only by mistake”, even if the profit is to be used to fund the activities of the NPO.¹³² Profit-making intention includes charging a “mark-up” on contracts held by the NPO. This hinders the NPO’s ability to build financial reserves normally sought in prudent enterprise practices and makes cross-subsidy of weaker—and possibly more mission aligned—programs difficult.

Many countries, including Canada, distinguish between non-profit organizations and registered charities—the latter a sub-set within the NPO sector recognized for its public benefit approach. In Canada, charities are federally regulated and only granted charitable status for certain types of activity.¹³³ Canada’s charitable rules and approach are based on 16th-19th century British understanding and case law outlining characteristics of a charitable organization.¹³⁴ Four fields of interest define the purpose of a charitable organization: relief of poverty, advancement of education, advancement of religion, and other “purposes beneficial to the community as a whole in a way which the law regards as charitable”.¹³⁵

Charities can issue tax receipts to donors thereby facilitating their fundraising efforts from individuals, foundations, and corporate entities. Charities are permitted only a cost-

¹³³ See Fact Sheet by Charity Central, 2010, “Registered Charity vs. Non-Profit Organization” accessed 15 October 2015: http://www.charitycentral.ca/docs/rcornot-en.pdf. The federal government regulates charities in Canada, requiring them to submit an annual information form (T3010) within 6 months of the organization’s fiscal year-end, including financial statements.
¹³⁵ Ibid., p. 4.
recovery approach to their operations (similar to all NPOs). Profit generation risks loss of a charity’s tax-exempt status. Charities can own subsidiary for-profit corporations and operate at “arms length” from them. Examples include a charity that has a for-profit subsidiary selling goods and/or services, earning net profits, up to 75% of which may be donated to the charity tax-free. However, this arrangement can prove awkward and expensive for the charity to oversee as it involves both management and governance roles. It also does not guarantee an income stream to the charity since that is dependent on the subsidiary’s financial success translating into a donation to the charity, or not.

In Bangladesh, NPOs are also governed by non-distribution rules, but are permitted to blend charitable and social enterprise approaches within the NPO in pursuit of charitable mission. The Bangladesh government does not limit revenue-producing initiatives within charitable grant-receiving NPOs serving public benefit. Bangladesh has a long history of revenue-producing NPOs, given the birth, growth, and importance of the modern microfinance movement in Bangladesh within a charitable grant-receiving NPO framework. The government continues to direct much of its attention to the source of foreign funds being used in development efforts and general oversight of the NPO sector rather than curtailing enterprise initiatives within a charitable NPO.

BRAC is a charitable grant-receiving NPO and has permission to receive foreign funds. This requires application and registration with the government. The Non-Governmental Organizations Affairs Bureau (NGOAB) was established in 1990 and is charged with providing one-stop services and regulatory oversight to NGOs operating in the country, both those funded locally and those receiving foreign funds. NGOs receiving foreign

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137 In my research, I used the umbrella term, nonprofit organization—NPO. Nongovernmental organizations—NGOs—are one type of NPO, as are charities.
funds must apply and register with the Foreign Donations (Voluntary Activities) Regulation Ordinance”.

Since 1971, the number of local and foreign NPOs working in Bangladesh has grown rapidly. BRAC University economics professor, Sajjad Zohir, outlines three waves in the development of the NPO sector in Bangladesh. The first was characterized by relief operations in the immediate aftermath of Independence; the second, by the growth of microcredit and the networks established through this process; and a third by more specific attention to commercial motives. The contributions of NPOs to Bangladesh’s remarkable trajectory of social-economic development have been well documented (See Chapter 3). In fact, Bangladesh may be “the world’s leader in using NGOs as vehicles of social development” and is one of the most studied in the world.

2.2.2 NPO sector funding changed:

Under neoliberal approaches, governments have increased the out-sourcing of once-public services. NPOs have stepped into the breach, albeit often on a short-term, contractual basis, which brings close scrutiny of program metrics and subjection to cost-benefit analyses. This shift challenges NPOs in two principal ways. Short-term contracts are often ill-fitted to the kinds of work NPOs undertake, much of which

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141 Wahiduddin Mahmud, M. Niaz Asadullah and Antonio Savoia, “Bangladesh’s Achievements in Social Development Indicators”, Policy Brief 31012, IGC (International Growth Centre), April 2013, pp. 5-7.

142 Outsourcing of government services is also extended to the corporate/for-profit sector.
involves fostering behaviour change over time. Second, it is difficult to retain talented staff when contracts come and go: personnel changes add to costs and can over-load core staff in underfunded organizations.

By adopting business oriented and/or market-oriented approaches to funding, governments and multilateral agencies have changed their relationship with NPOs to the extent that many NPOs no longer consider themselves wholly separate from the state. The steep rise in interdependence of NPOs and the state has prompted much debate about whether NPOs can provoke the changes that they seek in the world within a neoliberal, interdependent state-NPO structured relationship. NPOs were rarely established to back-fill gaps in societal services or to substitute for public sector service delivery. Under current circumstances (sometimes referred to as the “non-profit Industrial Complex”, the “shadow state,” and the “cooption of charities”) the ability to maintain funding supersedes the commitment to change.143

Private philanthropy has also changed since the late 1990s. The emergence of ‘new economy’ wealth in the USA, led by computer technology entrepreneurs (followed by the finance sector) put staggering wealth in the hands of a few people and unleashed a new generation of philanthropists.144

Dubbed “philanthrocapitalism” by *The Economist* in 2006, this approach to philanthropy draws on modern business practices, close attention to measuring and maximizing

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144 The ‘new economy’ “describes aspects or sectors of an economy that are producing or intensely using innovative or new technologies. This relatively new concept applies particularly to industries where people depend more and more on computers, telecommunications, and the Internet to produce, sell and distribute goods and services (Organization of Economic Cooperation and Development, OECD, 26 August 2004 accessed October 01, 2016: https://stats.oecd.org/glossary/detail.asp?ID=6267).

Sean Parker (co-founder of Napster, and founding president of Facebook) states that “a new global elite, led by pioneers in telecommunications, personal computing, Internet services and mobile devices, has claimed an aggregate net worth of almost US$800 billion of the $7 trillion in assets held by the wealthiest 1000 people in the world” (Parker, Sean, “Sean Parker: Philanthropy for Hackers, *The Wall Street Journal*, June 26, 2015).
impact, and an entrepreneurial spirit to get more for its money. Philanthrocapitalism has strong antecedents in the late 19th century in which business (and science-based) approaches were employed by some philanthropists, including Americans John D. Rockefeller and Andrew Carnegie. Two qualities set this “new” philanthropy apart. First, the scale of new wealth eclipses earlier wealth generation in both amount and concentration. Second, philanthrocapitalist approaches link rising financial profitability with growing social good. This is underpinned by a growing array of financial tools beyond those of traditional charitable grant-based philanthropy and exemplified by “for profit” investing, called “venture philanthropy”.

Venture philanthropy leverages and coalesces with already-established impact investing and newer mission-based corporate organizational forms in the NPO-philanthropic sector. Venture philanthropy, exemplified by Pierre Omidyar (eBay) and the Zuckerberg-Chan Initiative (Facebook) utilizes investment tools and structures to achieve mission-aligned goals for public benefit. Omidyar refers to his network as a “philanthropic investment firm, [supporting] market-based approaches with the potential for large-scale, catalytic impact...[O]ur investing style transcends typical boundaries that separate for-profit investing and traditional philanthropy. Because we believe that each sector has a role, we make investments in for-profit companies as well as grant to non-profit organizations”. One of the reasons for this is the binary nature of the tax code—

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“an activity is either charitable or it is not, taxable or tax-exempt…Right now, if you want to do some innovative social enterprise or advocacy work, you face limitations within traditional notions of philanthropy”.150

Employment of charitable and investment approaches in the charitable sector can provide increased opportunities for social purpose funding as it raises criticism regarding the extent to which “investment” approaches can be deployed in pursuit of public benefit. Arguments against philanthrocapitalism coalesce around three broad themes: the rise of personally directed philanthropic capital to charitable causes of the donor’s own choosing; applying business approaches to social change processes; and the absence of investigation into the very capitalist processes that create such great personal wealth and more deep-seated inequality in broader society.

Sociologist Linsey McGoey, in her stern critique of philanthrocapitalism, asks whose interests are served by a philanthropic environment increasingly directed and shaped by a few foundations.151 She notes how much of private philanthropic capital is being directed by philanthropists into their chosen fields of interest, rather than what “society” wants and needs them to fund.152 This concern is not new—there are long histories of personally directed philanthropy furthered by favourable tax treatment (The Canadian government introduced its system of income tax deductions for donations to charitable


(Interview with Linsey McGoey). McGoey cites inequality as one example of a clear societal challenge and no significant effort in philanthropy to address it. Subsequent to McGoey’s book, the Ford Foundation, the USA’s second largest foundation (assets under management), announced in 2015 that it is directing its entire philanthropic effort at inequality and its roots causes (“Challenging Inequality” on Ford Foundation website accessed June 10, 2017: https://www.fordfoundation.org/work/challenging-inequality/).
organizations in 1930).\textsuperscript{153} Again, it is both the increasing amount and concentration of privately directed philanthropic capital (often referred to as the “new global elite”) that is of concern, specifically its deployment in a time when governments have curtailed funding to many public benefit services.\textsuperscript{154}

Jim Collins, business leadership author of \textit{Good to Great}, and the subsequent monograph \textit{Good to Great and the Social Sectors}, denounces the claim that the path to greatness in the social sectors lies in organizations becoming more business-like. Rather, he states, a culture of discipline is central to greatness and the social sector needs a language of greatness.\textsuperscript{155} Collins argues that organizations in the for-profit sector promote growth in economic returns, but that organizations in the social sector are directed at delivering a “superior performance relative to…mission”.\textsuperscript{156} In the for-profit sector, money is an input and output. In the non-profit sector, traditionally, it is only an input. Making money an output in the social sector, Collins notes, offers “no guaranteed relationship between exceptional results and sustained access to resources”.\textsuperscript{157} In fact, strong financial results can result in diminished grant funding.\textsuperscript{158} This is exacerbated by the growing schism between for-profit sector investment approaches in which investment is made in the organization and the social sector in which donors increasingly restrict the use of the grant to a specific project or program, telling the NPO how it should be used, rather than investing in building a “great” organization.\textsuperscript{159}

\textsuperscript{153} Rod Watson, “Charity and the Canadian Income Tax: An Erratic History”, \textit{The Philanthropist} 5, Issue 1, January 01, 1985 accessed online August 15, 2017: https://thephilanthropist.ca/original-pdfs/Philanthropist-5-1-618.pdf.  
\textsuperscript{156} Ibid., p. 18.  
\textsuperscript{157} Ibid., p. 24.  
\textsuperscript{159} Ibid., p. 25.
Michael Edwards, a prolific writer on civil society issues, unleashes a series of criticisms of philanthrocapitalism in his book, *Small Change: Why Business Won’t Save the World*. Edwards states: “the business-is-best philosophy remains a powerful and seductive hook. It promises to supply a new magic bullet that removes the messiness of social change”. He asserts that social change brings inefficiencies as new systems and approaches are developed. Inefficiency is a quality that is eschewed in profit-seeking, business-based approaches. He acknowledges that business can be put to effective use in serving public benefit—for example in producing goods and services that the under-served need and at a price that they can afford. But he insists that this is only one process of social change.

Edwards argues that attention to philanthrocapitalism “will divert attention from the deeper changes that are required to transform society, reduce decisions to an inappropriate bottom line and lead us to ignore the costs and trade-offs involved in extending business principles into the world of civil society and social change”. Similarly, Ford Foundation’s Kavita Ramdas has wondered whether philanthrocapitalists are willing “to ask themselves hard questions about a model of economic growth that has made their phenomenal acquisition of wealth possible”.

Ramdas’ and Edwards’ pressing concerns are not addressed in this research. Yet, they are an important marker in what is still largely a zero-sum game in philanthropy in which maximum wealth generation occurs on one side of the ledger (both wealth creation and foundation endowment investment practices) and “giving it away” (with significant tax incentives) occurs on the other. In this paradigm, the maximization of profit and investment returns is paramount. The majority of philanthropy is still approached with this economic/financial philosophy. Yet this ignores the great amount of work

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synthesizing philanthropy and investing in the NPO sector—underwriting the rise of social enterprises and other forms of social purpose organizations.

Further it fails to address broader societal shifts in which sector “blurring is multi-directional... in which changes to the non-profit sector [are part of] a larger societal context [abandoning] the notion of the non-profit sector as wholly separate”. These changes have occurred due to increased citizen pressure for change (including academic and practitioner research, demonstration projects, and activism), regulatory frameworks (including, in Canada, the federal Employment Equality Act and federal environmental regulations) and corporate self-interest (including corporate social responsibility, environmental protection practices, workplace charity, cause-related marketing, corporate-charity sponsorships, corporate philanthropy, and the emergence of B-Corp and other mission-based corporate legal forms). Each of these is notable in marking a shift toward the incorporation of more “public good elements” into organization practices—greater than the changes that could be made by the NPO sector alone.

NPOs have embraced market-based initiatives to service delivery in response to the rise of neoliberalism and changing donor practices that have increased dependence on fee-for-service and social enterprise revenues. However, the rise of social enterprise also reflects shifts within NPOs themselves in their quest for self-determination, independence from the vicissitudes of donors, and the desire to scale their work for greater impact for societal benefit.

2.2.3 Social enterprises in the NPO sector—and within charities

The term “social enterprise” emerged in the 1980s concomitant with the rise of broader neoliberal processes and the resultant ‘business-ification’ of language and practices in the NPO sector. Enterprising social purpose organizations have long existed operating

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164 Ibid., pp. 8-9.
under different names and employing different approaches. This includes the work of cooperatives, religious institutions, non-profit organizations, and charities. In the 1990s the rise of social entrepreneurship expanded conversations and the practices of revenue generation for social purposes shifting commercial revenue generation from a subordinate goal to an “equal and parallel organizational goal”.\textsuperscript{165} Over the last three decades the concept of social enterprise has become “arguably the most important redefinition of the work of nonprofits around the world”.\textsuperscript{166} The breadth of social enterprise approaches leads to descriptions of them as both non-profit with revenue-generating initiatives and for-profit corporations with a social mission.\textsuperscript{167} I direct attention at NPOs operating social enterprises and, in particular, charitable grant receiving NPOs.

Today it is a rare charity that is not engaged in some form of revenue generating activity. Enterprising initiatives have increased rapidly including selling training and/or services to clients who are able to pay in order to subsidize those clients who cannot; selling goods and services to the broader community; and training and empowering clients within the social enterprise by employment within the SE itself.\textsuperscript{168} In fact, given the heterogeneity amongst social enterprises, both in strategy and structure, there is no one definition.

Authors variously describe the social enterprise “space” as muddled, inconsistent, blurred, and unclear. Yet, there is general agreement that social enterprises represent an important pathway to meeting mainly social objectives even as they are often poorly supported by government regulatory frameworks, have trouble raising capital, and struggle to create a viable and sustainable business. Scholarly articles underscore the


\textsuperscript{167} For-profit corporations with a social mission are commonly referred to as social enterprises, social purpose business, and social businesses.

definitional breadth of the term social enterprise commenting that it is “a fluid and contested concept” coalescing around three central traits: 1) addressing social needs and/or problems; 2) having a social mission that is central and explicit; and 3) using their assets and wealth to create community benefit.\(^{169}\)

Definitions of social enterprises emphasize the desire for both social and economic returns with only some mentioning environmental concerns. British Columbia’s Centre for Social Enterprise does include environment as one possible segment of the stated goals of a social enterprise: “Whether operated by a non-profit organization or by a for-profit company, a social enterprise has two goals: to achieve social, cultural, economic and/or environmental outcomes; and, to earn revenue”.\(^{170}\)

Professor Raymond Dart from the School of Business at Trent University, describes two elements that undergird social enterprises: a rational approach in response to reduced public sector funding and philanthropic funding shifts (as discussed in the section above on “NPO sector funding changed”) and an institutional approach in which moral legitimacy—“the normative domain of propriety rather than self-interest”—is held as central to the operation of SEs.\(^{171}\) Dart pays close attention to the latter stating that what sets NPOs apart is their prosocial behaviours, mutuality, and production of collective goods”.\(^{172}\) He offers that moral legitimacy is not controlled directly by the social enterprise but rather by “the legitimacy of its practices and ideas to which it is pinned”.\(^{173}\) Therefore, he states that attention needs to be paid beyond the


organizational goals of a SE, to investigations of the organization’s values, processes and organizational structures”.

Stacey Corriveau of BC’s Centre for Social Enterprise underscores Dart’s comments adding that being a registered charity is the “Good Housekeeping Seal of Approval…[Maintaining] charitable registration generally requires much greater reporting, transparency, and government regulation than within a non-profit organization, [so] the public could feel more comfortable with supporting charities”.

Corriveau’s comments link to a foundational characteristic of most charities—that of trust bestowed on them by both clients and donors. Through service provision, charities are often the front-line agencies in communities. Over time, often decades, they build deep-seated skills, understanding of, and relationships of trust with, the people and communities they serve. These organizational assets cannot be converted into robust social enterprise initiatives within a charity in Canada (as noted in the section, “What is an NPO?”). Within this paradigm, charities cannot break free from dependence on some form of charity that funds them. They are held back. In the corporate world, a growing number of enterprises embrace social and/or environmental initiatives and standards within their core operations. Charities in Canada that stretch the other way to embrace more enterprising activities are held back.

Regulatory limitations on charities operating social enterprises are directed at two broad concerns, one strategic and operational, and one financial. First, there is concern of mission drift and “value displacement” if business operations become more central to a charity’s operations thus becoming primary rather than subordinate. The concern is that management will be distracted from the primary work of the charity in their attempt to operate businesses. Yet, it is the very same management that has to spend significant amount of time and money fundraising in order to be able to operate

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175 Stacey Corriveau, “The fine print: Vital information for Canadian charities operating social enterprises”, BC Centre for Social Enterprise, Abbotsford, BC, January 2010, p. 3. This is a good paper for detailing the regulations for charities and social enterprises in Canada.
charitable programs (most charities are too small to have dedicated fundraising staff). This directly impedes management oversight of charitable initiatives.

Charitable regulators view the use of tax-subsidized dollars (charitably receipted donations) toward “business” initiatives as conferring unfair advantage on a charity operating an enterprise. In Canada, critics have argued that current Canadian tax provisions for charitable contributions “cost” the Treasury CAD$5 billion per year even as the federal government extends at least CAD$3.3 billion in subsidies to the oil and gas industry alone each year. according to the IMF, a more accurate assessment of Canadian subsidies to oil and gas is “an incredible CAD$ 34 billion each year in direct support to energy producers and uncollected tax on externalized costs”. The foregone federal tax revenue due to charitable donations pales when the enormity of federal subsidies is taken into account. Further, significant donor funds are directed at the negative externalities generated by industry—socially, economically, and environmentally—and from government cutbacks.

2.3 My reasons for examining BRAC, its SEs, and connecting them to place and resilience

Charities are an important sector of the Canadian economy and in the lives of many Canadians. Yet they are significantly impeded in Canada from developing robust social enterprises, whereas charitable grant receiving NPOs in Bangladesh are not. Canada’s charities regulatory framework is out-dated when compared internationally and regulations are holding back the sector from more progressive change. I turn to Bangladesh and a study of BRAC in order to explore a NPO engaged in competitive social enterprises while it also reaches out to the extreme poor in Bangladesh through 100% charitable funding. Perhaps there are lessons we can learn in the Global North


(and apply in Canada) from studying a Global South NPO’s efforts over decades to interweave charitable and enterprising initiatives.

BRAC introduced enterprising initiatives into its charitable programming in its first few years of operation (by the mid-1970s). Its enterprise approaches emerged before Global North conversations in social enterprise, social entrepreneurship, and social innovation; before the rise and effects of neoliberalism and its globalization; and before the emergence of a new elite in philanthropy and shifts in donor funding. Abed, BRAC’s founder was an accountant with Shell in Bangladesh at the time of the Liberation War. When he founded BRAC as a relief organization in the wake of the war, he brought his management skills and orientation into the new organization and has continued to imbue BRAC with an enterprising foundation to its work. Subsequent to BRAC’s founding and the rise of neoliberalism, BRAC has become intertwined with these events and debates.

Bangladesh is no longer the war-torn, newly independent country in which BRAC was founded. Today it is a vibrant, lower-middle income country, still experiencing substantial struggles, including extreme poverty, environmental degradation, often-weak governance, and climate change. However, it has achieved remarkable progress (see Chapter 4), exceeding social development indicators in other countries with a higher per capita income.179 Much of this success is due to the large and distributed NPO sector in Bangladesh.180

As noted in Chapter 1, I chose Bangladesh and BRAC for my research for multiple reasons, including my desire to investigate organizations that seek solution building and approaches that are having success at scale in building more inclusive societies—engaging with the most marginalized members of society. In particular, I wanted to learn

179 India has a higher per capita than Bangladesh while Bangladesh out performs India on social development indicators. See Joanna Sugden, “How Poorer Bangladesh Outpaces India on Human-Development Indicators”, The Wall Street Journal, June 05, 2015 accessed June 17, 2017: https://blogs.wsj.com/indiarealtime/2015/06/05/how-poorer-bangladesh-outpaces-india-on-human-development-indicators/.

from the Global South, both from specific organizational experiences and from the robust literature written on Bangladesh’s NPO sector, directed at its power and place in Bangladesh’s history, public life, and development.

On my first trip to Bangladesh, I asked about local/regional academic literatures on social enterprise and social innovation and received this quick reply: “You study these things in the North. We are so busy solving problems in the South”. I found this to be true in my experience at BRAC. The energy, all day every day, to solve for complex, large-scale problems consumes the attention of staff. Yet I learned that BRAC is motivated to support researchers engaging in topics with which BRAC is grappling in order that BRAC can benefit from their learning.

Each of BRAC’s enterprise initiatives grew out of a charitably funded programmatic need. The enterprise initiatives grew up organically and internally and still reside in BRAC today. BRAC is a charitable grant-receiving NPO per Bangladesh’s regulatory framework. BRAC operates multiple social enterprises to expand its reach and impact, and to augment unrestricted funding for its development programs. It is not prevented from both receiving charitable grants and operating enterprises within the NPO.

Since inception, BRAC has worked directly with its clients in their communities. With its national network of offices and staff reach, BRAC is deeply embedded in place, delivering services throughout Bangladesh. It has learned its most important lessons from its successes and failures in place.

BRAC is also concerned with building resilience in a climate-vulnerable country. Resilience is a buzzword: including climate resilience, resilient cities, disaster resilience, and resilient children. BRAC’s resilience program is multi-faceted and directed at disaster preparedness and climate change. I engage with resilience more broadly, not engaged singularly with disaster resilience, per se. Rather I take qualities of resilience thinking into my investigation to see how they find expression or not within two BRAC social enterprises and their related BRAC development programs.
Chapter 3: Place and Resilience

In this chapter I explore the literatures of place and resilience. I bring these literatures together as resilience unfolds in places, although ‘place’ in both its fine granularity and dynamic multi-scalar character is rarely explored in resilience studies. Qualities of place and resilience provide framing for my research in which I consider the growth and linking of charitable and social enterprise initiatives in support of sustainable and inclusive initiatives.

3.1 Place

“Place” evokes a specific geographic location embedded with social interactions, a location full of memories and emotions, or as geographer Tim Cresswell has stated: “a meaningful location that is a site of everyday practice”.181 The interaction between humans and environment situates ‘place’ as one of the anchors of inquiry in human geography and in other disciplines including philosophy, sociology, anthropology, psychology, history, ecology and architecture.182

Anthropologist, linguist, and ethnographer Keith Basso opens his book, Wisdom Sits in Places: Landscape and Language among the Western Apache, by asking, “What do people make of places?”183 He shows that the Western Apache bring their landscape into being through narratives involving place making and naming, moral development, the role of ancestors, and ultimately, the development of wisdom which he is told: “….sits in places…you need to drink from places…you must think about it and keep on thinking about it”.184

184 Basso, Wisdom Sits in Places …, p. 127.
Reflective, reflexive, and meaning-making approaches to studies of place emerged in scholarly debates in the 1970s. In Geography, the enthusiastic embrace of spatial science, quantitative approaches, and positivism in the 1950s and 1960s had focused attention on topological transformations of Euclidian space and “dehumanized geography”. In reaction, the early 1970s saw a “reawakened awareness of humanist principles” in geography.

Places were filled with people, their cultural practices, their stories, and their experiences. Geographer Yi-Fu Tuan, in *Space and Place: The Perspective of Experience* (1977) wrote a key early work in this new direction. Tuan emphasized the deep connections that people can make to places. “Place is not only a fact to be explained in the broader frame of space, but it is also a reality to be clarified and understood from the perspectives of the people who have given it meaning”.

Geographer John Agnew states that places are constituted by three components: the physical setting; the events, situations or activities that occur within that setting and the meaning and value which humans ascribe to those settings and activities. Notions of place are, therefore, both deeply personal and collective. Places generate feelings of belonging, a sense of “insideness” or “outsideness” and of inclusion or exclusion. In

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188 Tuan, *Space and Place*, p. 387.


talking about place, we need to be mindful that an aggregate view of ‘place’ does not take into account the heterogeneity of various beliefs, values, and practices that make up the aggregate. The co-existence of heterogeneous and homogeneous characteristics of place has significant ramifications—both opportunities and challenges—for designing and delivering services over time in place-based work. Developing an understanding of the dynamic qualities of place is at the very core of BRAC’s decades long approach toward empowerment and poverty reduction.

Claims that place is local—home-like and fixed in time, or quaint and nostalgic—have been challenged by scholars who view place as dynamic and part of larger systems. The dualisms of place and space, local and global, inclusion and exclusion are seen as too dichotomous for a dynamic concept like place, which is in a constant state of becoming. This dynamic approach to place does not deny the importance and socio-emotional-economic-environmental power of meaning, memory, nostalgia, and history in places. It simply urges us to locate these temporal and spatial meanings within the unbounded and dynamic nature of places.

3.1.1 Place: beyond the local:

The late geographer Doreen Massey expanded conceptualizations of place by moving beyond the idea of place as “local” and linking the local and the global to develop the notion of “a global sense of place”. It is in local places that global actions occur.

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191 Doreen Massey, “A Global Sense of Place” in Space, Place and Gender.


Massey spoke to the multiplicity of the world and the need for us to open our minds to it, to be outward looking, “not self-enclosing and defensive”.\(^{195}\)

Massey developed her views on place through a long engagement with Marxist ideas applied in her urban and regional geography research. However, she rejected a purely structural approach to her investigations arguing that the broader influences of capitalism were not wholly deterministic and that time-space compression was not uniformly responsible for the erosion of place. Massey argued that places are shaped by specific local context and by relations between places. She was concerned with how changing flows and connections within a neoliberal globalized economy empowered some and not others, how mobility was changing—by choice or necessity—and how the locus of control of these processes was shifting away from the ‘local’. In promoting her vision of place, Massey shifted earlier thinking about place as “[vertical]—as rooted in time immemorial—to thinking of it horizontally, as produced relationally through its connections”.\(^{196}\)

Place is a meeting point of diverse material and meaningful elements drawn from a broad array of experiences and temporal-spatial scales. Places hold both ‘roots’ and ‘routes’.\(^{197}\) This dynamic intersection—the melding and co-mingling of the local and global in a continuous process of change ‘in place’—is central to my understanding of the work of BRAC.

3.2 Resilience

Modern-day conceptions of resilience have their roots in the work of C. S. Holling whose 1973 paper “Resilience and Stability of Ecological Systems” presented a novel and (at the time) radical argument that there are multiple stability states within an ecosystem.\(^{198}\)

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\(^{195}\) Massey, “A Global Sense of Place” in *Space, Place and Gender*, p. 1.


\(^{197}\) Cresswell, “Place”, *Encyclopedia…”* p. 8.

Holling defined resilience as the capacity of an ecosystem to tolerate disturbance without collapsing into a qualitatively different state that is controlled by a different set of processes.  

Holling distinguished between ‘engineering’ resilience and ‘ecological’ resilience in order to highlight the tension between efficiency and persistence, constancy and change, and predictability and unpredictability. Engineering resilience refers to the time required for a system to return to equilibrium following a disturbance and concentrates on stability near an equilibrium steady state. It can be equated with hierarchical, top-down, ‘command and control’ management practices intended to establish a fail-safe design. Ecological resilience “emphasizes conditions far from any equilibrium steady state, where instabilities can flip a system into another regime of behaviour—that is, to another stability domain”. Here resilience is measured by “the magnitude of disturbance that can be absorbed before the system changes its structure”.

Before 1973, ecology and economics focused on the persistence of a system near equilibrium behaviour—stability—and on fixed carrying capacity in an effort to minimize

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202 Ibid., p. 330.


These beliefs translated into hierarchical, expert-led, quantitatively based, management of fish, fowl, trees, and herds. Referred to as maximum-sustained-yield management (MSY) this approach sought to extract an efficient, steady supply of the resource for an indefinite period. Any disruption to the ecosystem was met with more control of that system, including the socio-economic institutions affiliated with its management.

But Holling insisted that any reduction in the range of natural variation in a system reduced its resilience. In this view, managing a stock in ways that minimize variability is dangerous because ecosystems are complex adaptive systems characterized by “a densely-connected web of interacting agents each operating from its own schema or local knowledge”. They are self-organizing and unpredictable, offering surprises and unintended consequences due to their non-linear and inter- and intra-system

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206 MSY originated in Europe and made its way to North American in the 19th century. There is a rich literature regarding sustained yield management. In North America, Gifford Pinchot (1865-1946) is remembered as the “father” of American Conservation. He was appointed the first Chief of the US Forest Service, embedding a minimum-waste/maximum-yield scientific approach to forest management.

For an introduction, See: Gifford Pinchot:
http://www.foresthistory.org/ASPNET/People/Pinchot/Pinchot.aspx

For a more contemporary example, see: Graeme Wynn, “This Is More Difficult Than We Thought”, in Dean Bavington, Managed Annihilation: An Unnatural History of the Newfoundland Cod Collapse. Vancouver: UBC Press. 2010. pp. xi-xxiii.


208 Holling and Meffe, “Command and control...”, p:328.

Together these qualities can push the natural resources unexpectedly and abruptly into degradation or collapse.\textsuperscript{211}

Holling presented a paradox asserting that transformation and persistence co-exist in living systems, working together so that the living systems with multiple stable states can assimilate certain and diverse levels of disturbance, innovation, and change without qualitatively flipping into another state.\textsuperscript{212} This quality of persistence he named resilience. Holling said nothing about returning to the original state after a disturbance. Rather, he investigated behaviours far from equilibrium and on stability boundaries to increase understanding of the processes at work.\textsuperscript{213} The focus became variability not constancy. High variability became an attribute to maintain existence and learning.\textsuperscript{214} This approach reframed change and variability as necessary to ecosystem persistence—as renewal and innovation—not something to “manage” away through reduction of variance to achieve a stability point.

In 1973 Holling was already committed to inter-disciplinary scholarship. With A.D. Chambers, he published “The Nurture of an Infant”, a rarely cited paper (that was initially rejected for publication because it was not considered a serious enough piece of work).\textsuperscript{215} It reviewed the opportunities and challenges of deeply inter-disciplinary work as revealed by a series of “Resource Science Workshops”. These workshops were an “attempt to bridge not only gaps between disciplines but also between institutions and


\textsuperscript{214} Folke, “Resilience: The emergence...”, p. 254.

\textsuperscript{215} A.D. Chambers was, at that time, a resource scientist with the Science Council of Canada, an organization created by the Federal Government in 1966, to advise the government on science and technology policy. It was closed in 1993. See the Canadian Encyclopedia article accessed online June 15, 2016: http://www.thecanadianencyclopedia.ca/en/article/science-council-of-canada/.
social roles—between academics and bureaucrats, for example”. They focused on documented environmental challenges and how three hundred years of ignoring these [ecological and social system] limits have left us with “a baggage of approaches and solutions that are only admirable as instruments for resolving fragments of problems”.

This study group also explored the nature of inter-disciplinary work and the singular importance of creating a flexible open system that “can accommodate conflicting views and the inevitable errors and traumas that will develop”. They hoped that their workshop could develop the same kind of resilience that has evolved in natural systems—a capacity to accommodate the unknown. The price of doing so was to reduce efficiency, and initially at least, precision. But they insisted that efficiency could only be attained if the goals were trivial. Acknowledging that the best they could hope for was to identify steps toward a solution rather than to come unerringly to a best solution, they concluded: “We would rather have an inefficient management system that can accommodate creativity and independence than an efficient team with PERT charts (task management tool) dictating goals.”

Holling and Chambers further lamented the “serious institutional gaps that inhibit the flow of new knowledge of these large-scale problems into policy formulation, testing and implementation that are responsive to people’s needs”. They also argued the importance of bridging communication gaps between constituencies “if the new approaches are not to yield social as well as ecological DDTs”.

Interest in environmental issues—in the finite nature of the earth’s resources and stewardship of them—had increased markedly in the 1960s and early 1970s and

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217 Ibid., p. 13. Also there is a vast literature on the subject of ecological and social limits to growth starting with the seminal work by George Perkins Marsh, Man and Nature: Or Physical Geography as Modified by Human Action, 1864.
219 Ibid., p. 13. (DDT is a notorious synthetic pesticide. Rachel Carson’s widely acclaimed book, Silent Spring (1962), addresses the collateral damage of DDT on ecological systems, specifically how DDT’s chemical composition not only eradicated intended pests but lingered in ecological systems threatening fish and bird populations. Carson was not shy in pointing our humankind’s hubris in the treatment of ecological systems on which humans depend.)
Holling’s work soon drew attention outside of ecology in anthropology, political science, and systems science.\textsuperscript{220} His belief that “directions toward solutions” were more important/attainable than solutions themselves” influenced his approach in profound ways.\textsuperscript{221} In a 2006 paper, aptly named “A Journey of Discovery”, Holling reflected:

“I learned that the key [element in any] design was to identify large, unattainable goals that can be approached, but not achieved; ones that relate to fundamental values of free speech, freedom, equity, tolerance and education. And then to add a tough design for the first step, in a way that highlights or creates options to design, later, a second step—and then a third and so on. We found that the results were steps that rapidly covered more ground than could ever be designed at the start. At the heart, that is adaptive design, where the unknown is great, learning is continual and actions evolve”.\textsuperscript{222}

In addressing natural resource management, Holling and Chambers (1973b) urged the importance of being iterative and adaptive. Holling’s 1973 notion of resilience—as change and persistence—was augmented with considerations of the effects of human foresight, intentionality, communication, and technology on ecological processes.\textsuperscript{223}

A quarter of a century after Holling’s original publication, an international consortium of fifteen research groups comprised of ecologists, mathematicians, political scientists, social scientists, conservation biologists, and others came together to form The Resilience Alliance to advance resilience theory. The Resilience Alliance came to define

\begin{itemize}
  \item \textsuperscript{221}Holling and Chambers, “Nurture of an Infant…”, p.13.
  \item \textsuperscript{222}C.S. Holling, “Journal of Discovery…”, p. 8.
\end{itemize}
resilience as “the capacity of a social-ecological system to absorb or withstand perturbations and other stressors such that the systems remain within the same regime, essentially maintaining its structure and functions. It describes the degree to which the system is capable of self-organization, learning and adaptation”.

Two heuristics—the adaptive cycle and panarchy—express these system dynamics.

### 3.2.1 The adaptive cycle and panarchy

The adaptive cycle is a model generated from observations of ecosystem dynamics. Developed initially by Holling (1986), it holds that systems pass through four phases: rapid growth and exploitation; conservation; collapse or release (creative destruction); and renewal or reorganization. “The sequence of gradual change is followed by a sequence of rapid change triggered by disturbance and/or collapse (See Figure 1). Hence, instabilities organize the behaviours as much as do stabilities.”

The ‘front end’ of the loop (from “r” to “K”) moves from the gradual accumulation of resources and capital—exploitation and conservation—in the growth part of the cycle to the conservation phase, in which resources are “increasingly ‘locked up’, and the system becomes progressively less flexible and responsive to external shocks”. It is a period of increasing efficiency during which managers, leaders, and scientists managing resources often ignore emergent signals of possible system failure. In the absence of flexibility and openness to new approaches, “the rigidity of this configuration serves to

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224 The Resilience Alliance accessed December 01, 2016: [https://www.resalliance.org/resilience](https://www.resalliance.org/resilience).


thwart efforts at renewal, and underscores the observation that the impetus for reorganization generally comes from the fringe.”

Figure 3.1: A representation of the four ecosystem functions and the flow of events among them (Gunderson and Holling, Panarchy: Understanding Transformations... 2002, p. 34).

The ‘back loop’, from “Ω” to “α”—release and re-organization—marks system collapse, the freeing of capital for other roles (for example, biomass in an ecosystem), and opportunities for re-organization and restoration of resilience. This part of the adaptive cycle is largely ignored in command-and-control stability management, which attends to the front loop’s exploitation and conservation phases. Yet, the back loop demonstrates that “disturbance is part of development, and that periods of gradual change and periods of rapid transition coexist and complement one another”. Re-organization is characterized by a system returning to previous functionalities or to a system moving into a qualitatively different state.


Adaptive cycles are nested in a “panarchy” reflecting the multiple scalar and temporal connections that occur between phases of an adaptive cycle at one level and phases at another. Panarchy reminds us that no system can be understood or managed at one single scale because this ignores cross-scale dynamics and cross-temporal dynamics, and feedback associated with them (See Figure 2). Further, panarchy dismisses the top-down control inherent in a hierarchy by presenting ‘control’ as comprised of both bottom up and top down processes “whereby processes at one scale affect those at other scales to influence the overall dynamics of the system”.

![Figure 3.2: Panarchical connections. (Gunderson and Holling, Panarchy: Understanding Transformations... 2002, p. 75)](https://www.resalliance.org/panarchy)

In this framework, resilience will emerge where there is enough inter-scalar connectivity to permit new learning within the existing system, here referred to as “remember” (persistence), while, at the same time, offering enough modularity to prevent “revolt” (change) from cascading throughout the panarchy and destabilizing it. In order for resilience to grow, the panarchy needs diversity, novelty and ongoing possibilities for change, subject to its own conditions and context.

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233 The Resilience Alliance accessed December 02, 2016: [https://www.resalliance.org/panarchy](https://www.resalliance.org/panarchy).
3.2.2 Traps, adaptive capacity, and social dimensions in resilience

Resilience can be reduced by persistent recurring disasters that limit system adaptability (poverty trap) or by maladaptive conditions within the system (rigidity trap).\textsuperscript{236}

A poverty trap emerges when an adaptive cycle collapses because potential, diversity, and connections within the system have been eradicated (by either internal or external forces) such that change is not achieved.\textsuperscript{237} Systems caught in poverty traps may have adequate social and ecological resources, but typically lack both leadership and the capacity to concentrate resources and adapt or change the system.\textsuperscript{238} These would seem to be the circumstances in social-ecological systems beset by persistent, recurring disasters such as drought or famine.

A rigidity trap may develop when high connections, resilience, and potential exist within inflexible self-reinforcing systems exemplified by the "maladaptive conditions present in hierarchies, such as large bureaucracies".\textsuperscript{239} Maximum-sustained-yield management's preoccupation with efficiency, which severely decreases diversity in the system, offers another example.\textsuperscript{240} Traps remind us that resilience is not always positive and that systems can be immeasurably resistant to change, including poverty, environmental degradation, or despotic regimes.\textsuperscript{241}

Traps signal the role of human behaviour in social-ecological resilience, including power and agency. Who has it and how decisions are made? Humans are agents of change—

\textsuperscript{236} Ibid.
\textsuperscript{238} Westley et al., \textit{Getting to Maybe}… 2006.
\textsuperscript{240} Ibid.
whether wielding power or by the absence of power—within SESs and need to be viewed as such in investigations of resilience.

Traps are among “a range of problems that can be understood as unintended outcomes of collective social behaviour”.\textsuperscript{242} At issue here is the capacity of individuals and social groups to learn, adapt, and/or transform in the face of disturbance. In resilience literature, this has become known as adaptive capacity: “the ability of a system to adjust to changing internal demands and external circumstances”, or “system robustness to changes in resilience”.\textsuperscript{243} In coupled social-ecological systems (SESs) in which “human actions dominate…adaptive capacity amounts to the capacity of humans to manage resilience”.\textsuperscript{244}

Resilience scholar Carl Folke and his co-authors draw attention to four crucial requirements for dealing with dynamic social-ecological systems: learning to live with change and uncertainty; combining different types of knowledge for learning; creating opportunity for self-organization towards social-ecological resilience; and nurturing sources of resilience for renewal and reorganization”.\textsuperscript{245} These four qualities stretch resilience far into the “social” of coupled social-ecological systems, calling on concepts such as social memory, learning, social networks, governance, and the agency of people and organizations to respond to change in coupled social-ecological systems.\textsuperscript{246}

\textsuperscript{242} W.J. Boonstra and F.W. de Boer, “The historical dynamics of social-ecological traps”, \textit{Ambio} 43, no. 3, 2014, no pagination.


\textsuperscript{246} Over the past 15 years there has been greater attention to individual, household and community agency, social capital, and coping capacities within the field of resilience. Social resilience is defined as “the ability of groups or communities to cope with external stresses and disturbances as a result of social,
Adaptive capacity is “context-specific” and dynamic, and its determinants are interdependent. It is influenced by multiple parameters including kinship and support networks, environmental conditions, local governance, and regional and/or national policy and regulatory regimes. It is bottom up, top down, and cross-scale because some of its determinants are local (for example family and support networks), and others reflect political-economic systems (such as policies and regulatory frameworks), operating at regional, national, and/or international scales.

Adaptive capacity is linked to persistence and transformation. High adaptive capacity correlates with stronger system resilience. Yet many adaptive strategies are persistence driven and directed at reducing vulnerabilities to specific risks in the face of disturbance, rather than focussing on transformation toward greater system resilience. In other words, adaptation is often approached as a technical or technological set of responses to specific constraints. By contrast, a resilience approach is “concerned with developing sources of resilience in order to create robustness to uncertainty and to maintain the flexibility necessary to respond to change…[it] recognizes that vulnerabilities are an inherent part of any system”. It is concerned with the transformational—the long-term in which opportunities arise through disturbances.

3.2.3 Struggles with resilience:

Resilience thinking has evolved since its inception. It was based first on Holling’s 1973 work in ecology, then extended by Gunderson and Holling’s (2002) panarchy heuristic

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248 There is much literature on the subject of adaptive management and governance—the process, rules and regulations in creating adaptability and transformability in SESs. See The Resilience Alliance website article accessed January 15, 2017: https://www.resalliance.org/adaptive-mgmt.

249 The Resilience Alliance, online article “Adaptive Capacity” accessed December 05, 2106: https://www.resalliance.org/adaptive-capacity.


premised on coupled social-ecological systems (SESs). Over the past fifteen years, it has continued to grow, most markedly in two subject domains: adaptation to climate change and disaster preparedness. This has so stretched resilience thinking that it has lost conceptual clarity in meaning and measurement.\textsuperscript{252}

In a widely cited paper, Resilience Alliance member and human geographer, W. Neil Adger argues “simply taking the concept of resilience from ecological sciences and applying it to social systems assumes that there are no essential differences in behaviour and structure between socialized institutions and ecological systems. This is clearly contested in the social sciences”.\textsuperscript{253} A decade later Debra Davidson of the University of Alberta insisted in a similar vein that resilience was still a useful concept but that its application to social systems required “improved articulation of the relationship—or more precisely the multiple relationships—between complexity and disturbance in a less deterministic manner than is afforded in ecological systems”.\textsuperscript{254}

In moving from ecologically based approaches (often involving mathematical modelling) into social-ecological systems, resilience studies were censured for their inattention to the socially contingent nature of resilience. Critics lamented the neglect of qualities such as power, agency, social capital, and individual and collective capacity. Among them, social scientist Katrina Brown argues that the fundamental focus of resilience studies upon external disturbances in ecological systems means that the “internal, endogenous and social dynamics of the system” are given short shrift.\textsuperscript{255}

In similar vein, scholars such as Cote and Nightingale have found fault with resilience studies while arguing for the excavation of relations and processes underpinning practices and institutions. They comment, “when we tread into the domain of what

\textsuperscript{252} F.S. Brand, and K. Jax, “Focusing the Meaning(s) of Resilience: Resilience as a Descriptive Concept and Boundary Object”, \textit{Ecology and Society} 12, no. 1(23), 2007.


\textsuperscript{255} Brown, K., “Global environmental change 1: A social turn for resilience?”, \textit{Progress in Human Geography} 38, no. 1, February 2014, p. 3.
'ought' to be we have moved firmly out of the science of description and prediction as it is understood today and into moral and ethical terrain. In this sense resilience thinking is a power-laden framing that creates certain windows of visibility on the processes of change, while obscuring others". Who chooses these windows of visibility in resilience scholarship? This is not a value-free engagement—asking "resilience for whom and at what cost to which others?" Resilience scholarship is expert-driven—it includes scholars from a range of disciplines and industry/professionals such as urban planners, emergency planning experts, and economic development professionals. Much of SES resilience scholarship concentrates upon governance—by institutions and the state—at the ecosystem level, not on "the social context of participant communities". People (and their variegated ways and cultures) are conspicuously absent from most resilience studies. This led geographer and social anthropologist Melissa Leach to claim the importance of understanding the diverse social dynamics within communities in order to identify the social conditions that contribute to resilience in communities. Development geographer Hans-Georg Bohle and his co-authors investigated further social dynamics with their analysis of Dhaka’s urban food system within an “actor-oriented, agency-based resilience framework”. They found that resilience is increased when those who are most vulnerable are empowered to choose livelihoods that enhance their preferred social sources of resilience. In this view, resilience encompasses "much more than responsiveness or preparedness for crises". It is

256 Cote and Nightingale, “Resilience Thinking…”, p. 485.
258 Emily Jane Davis, and Maureen G. Reed, “Multi-level governance of British Columbia’s mountain pine beetle crisis: The roles of memory and identity”, Geoforum 47, 2013, p. 34.
about “shaping the challenges we face” and organizing desirable change from within systems.\textsuperscript{262}

Human agency is at the centre of deciding whose stories get heard and who exercises political power in shaping desirable change, and it is the most contentious issue “in the application of an ecological framework to social systems”.\textsuperscript{263} Where is agency located and at what scale? If agency changes at one scale, what happens at another? Participatory decision-making and management can initiate changes that cascade through and across scales, increasing vulnerabilities or creating new ones.\textsuperscript{264}

Social systems are often shaped by privileged and established social structures and by unequal power relations. This generally forecloses opportunities for wider questions of progressive social change that require “interference with and transformation of, established ‘systems’”.\textsuperscript{265} Much current resilience work focuses on shorter-term preparedness and response in the face of disturbance (disaster resilience). This is separate from and inter-related with long-term change and system transformation—an inherent quality of SES resilience, persistence, and transformation.

Resilience studies often direct attention to adaptive capacity and cross-scale interactions. Discussions of adaptive capacity generally presuppose that there is institutional and/or procedural capacity sufficient to debate desirable futures and to achieve them. This is not the case in many communities, especially in developing countries. Discussions of cross-scale interactions reveal the difficulties of teasing out relationships in SES resilience by begging questions about how to address “social” issues of power and agency interactively with those of ecology and environment at multiple scales.

\textsuperscript{262} Simin Davoudi, “Resilience: A Bridging Concept or a Dead End?”, \textit{Planning Theory & Practice} 13, no. 2, 2012, p. 306; and Brown, “Global environmental change…”.


\textsuperscript{264} Cote and Nightingale, “Resilience Thinking…”, p. 480.

\textsuperscript{265} Danny Mackinnon & Kate Driscoll Derickson, “From resilience to resourcefulness: A critique of resilience policy and activism”, \textit{Progress in Human Geography} 37, no. 2, 2012, p. 254.
Lund University human ecologist Alf Hornborg argues that resilience “reflects an ideological assimilation of environmental concerns by an establishment keen to avoid alarmist messages [that would challenge] business as usual”. In his view, resilience perhaps wilfully ignores the differentiations of power, political structures, and processes in society. The question, then, is whether the rapid rise of resilience approaches has worked to forward neoliberal thinking by attempting to gloss over the consequences of rolling back the state and the enfeeblement of state supported public benefit programs.

Resilience has become a buzzword as well as a research and policy tool for cities, foundations, governments, and multilateral and aid institutions. The attention to system persistence in much of resilience thinking “plays to neoliberal ideas of individual and community responsibility [in a world in which] “processes which shape resilience operate primarily at the scale of capitalist social relations”.

According to Peck and Tickell, in a neo-liberalized world with asymmetrical power, ‘local’ societies are forced to react to global scale political-economic-financial power and they typically ‘lose’ when they are left to ‘deal’ with their problems—the sudden closure of a factory, a toxic spill—as they are forced to shoulder responsibility without authority. In this line of critique, to be resilient—to adapt to circumstances beyond one’s control—is to forego the very power of resistance.

3.3 Place, resilience, and NPOs: socially contingent, contextual, and dynamic

Place and resilience are contested, dynamic and relational terms that are engaged frequently to understand and address complex global problems in the search for justice, dignity, and sustainability. Both are shaped by the uneven distribution of power, money, information, and time that impinge upon people. The terms themselves interweave


267 Mackinnon and Derickson, “From resilience to resourcefulness…”, p. 255.

268 Peck and Tickell, “Neoliberalizing Space…”.

and, in doing so, draw attention to the contextual aspects of place and resilience building.

Doreen Massey revealed how the dynamics of neoliberal globalization, including the rise in power of multinational corporations, were changing social relationships in place—relationships of “power, meaning and symbolism”\(^ {270}\). Massey’s conceptualization of place as simultaneously local and global draws attention to dynamic processes at multiple scales, a similar approach to that of social-ecological resilience. Both place and resilience concepts, then, are presented “not as a resource or an asset, but as…process[es] of change”\(^ {271}\).

With change as a constant, NPOs find themselves in two co-evolving roles: responding to external “disturbance” while simultaneously pursuing their own missions. Both the rise of neoliberalism and changing donor approaches continue to be powerful external disturbances to the NPO sector. Yet, resilience thinking reminds us not to fixate entirely on responses to external disturbance but rather to see the opportunities “that disturbance opens up in terms of recombination of evolved structures and process, renewal of the system and emergence of new trajectories”.\(^ {272}\) Resilience embraces the ongoing tension between persistence and transformation since too much of either can reduce resilience precipitously. (See Appendix D for a summary table of definitions and key relationships explored in this research.)

BRAC, in its more than four decades of development work, continues to seek transformation in the lives of the poor such that they can become agents of change in their own lives. Simultaneously though, the poor need productive livelihoods quickly and reliably. Further BRAC must intervene in the lives of the poor within a Bangladesh that participates in globalized markets and policies—markets and policies that too often devalue Bangladeshi lives (poor wages) and well-being (inaction on climate change).

\(^{270}\) Massey, Space, Place and Gender, p. 158.


\(^{272}\) Carl Folke, “Resilience: The emergence of a perspective for social-ecological systems analyses”, *Global Environmental Change* 16, 2006, p. 259.
This ongoing tension between responding to short-term needs and the greater long-term opportunity of empowerment motivates BRAC in its programmatic approaches.
Chapter 4: BRAC and Bangladesh:

4.1 Bangladesh and BRAC:

BRAC, the Bangladesh Rehabilitation Assistance Committee, came into being on the tail end of two horrific events in the history of East Pakistan. First, the Great Bhola Cyclone of November 1970 careened into Bangladesh killing at least 500,000 people. Then a War of Liberation erupted in March 1971. Between one and three million Bangladeshis were killed in nine months. Eight to ten million more fled to India only to return destitute at the war’s end. In this unimaginable imbroglio of misery, despair, and “total insanity”, BRAC opened in February 1972 to provide basic relief services. Remarkably, in the context of the international aid that was pouring into the country, BRAC was Bangladesh-founded to act on behalf of the Bangladeshi people.

BRAC focused initially on serving rural villages in Sulla, a remote region in northeastern Bangladesh. BRAC chose this region fearing that “nationwide relief efforts would not reach this area due to its remoteness.” Initially, BRAC concentrated on building houses, rehabilitating agriculture, and distributing fishing nets and boats to fishermen. In the process, it learned a great deal about emergency assistance work. BRAC learned how socio-cultural processes were key factors in the impoverishment of Bangladeshi people; about wealthy people profiteering on the plight of the poor and destitute; and the important roles of women in local economies. BRAC also understood that Bangladesh needed much more than emergency relief. In its fourth year of operations, BRAC

273 In 1947, Bangladesh became a part of Pakistan as East Pakistan. Bangladesh became an independent country on 6 December 1971 following its victory in the War of Liberation.
274 The Bhola Cyclone caused the greatest loss of human life of any natural disaster to date. For comparative purposes, the 2004 Indian Ocean earthquake and tsunami led to approximately one-quarter million deaths.
275 Bangladesh’s population in 1971 was 67.63 million according to a web search accessed on December 15, 2106: https://www.google.ca/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=bangladesh%20population%201971.
adopted its current long-term mission to deliver a broad range of services to Bangladeshis so that they might lift themselves out of poverty.

Fazle Hasan Abed, a Bangladeshi, founded BRAC. In 1969, he was a young British-educated chartered accountant employed as a Shell Oil executive in Bangladesh’s Chittagong region on the eastern reaches of the Bay of Bengal. Following the devastating 1970 cyclone, he took a one-year leave of absence to do relief work, starting a small organization called HELP. Abed’s experience with HELP was profound. Lifted out of his comfortable corporate life, Abed confronted the most extreme human misery imaginable among his own people.

The Liberation War a few months later created a politically untenable situation between Abed and Shell Oil—Abed was placed as a liaison between West Pakistan army interests and oil companies located in Bangladesh. He fled to England on the strength of his ingenuity and British passport, resigned from Shell and supported the Liberation War from abroad. He returned when the war ended in January 1972. With funds from the sale of his home in England and an initial grant from Oxfam, Abed founded BRAC. What he thought would be two to three years of tough relief work turned into a lifetime commitment. At eighty-one years of age, he remains active as Chair of BRAC and continues to be the heart and soul of BRAC.

The Bangladesh Liberation War erupted on the 25th March 1971. Decades of rising Bengali nationalist sentiments had exploded in the wake of Pakistan’s national elections in December 1970, in which East Pakistan’s political party, Awami League, had won a landslide victory that was not recognized by Pakistan’s military junta (located in the capital city of Karachi, West Pakistan). Between January and March 1971, attempts were made to create a coalition government. These attempts failed and offered the

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278 Ian Smillie’s book on BRAC is a superb analysis of the story of BRAC: Freedom from Want: The Remarkable Success Story of BRAC, the Global Grassroots Organizations That’s Winning the Fight Against Poverty. Bloomfield, CT: Kumarian Press. 2009. Also, see BRAC’s website: brac.net. Mr. Smillie, a Canadian, is well known in the international development community. CARE sent him to Bangladesh, soon after the Liberation War in 1972. He met Abed in those early days of BRAC and has returned many times to Bangladesh over the decades to work with BRAC and other NPOs.

279 Smillie, *Freedom from Want*…, p. 23.
Pakistani junta time to plan a military operation that would quell the heightened Bengali nationalist furor. The Pakistan army moved troops and ammunition into East Pakistan. On the 25th of March, they deployed “Operation Searchlight”, an action characterized by targeted killings and wholesale slaughter of Bengalis. The next day, 26th March, Bangladesh declared its independence from Pakistan and the civil war began. It lasted nine months with India’s support. Pakistan surrendered on 16 December.

Decades of unrest in East Pakistan preceded the Liberation War. The Dominion of Pakistan was created in the Partition of India, 1947. This partition created two states: a Hindu-dominated India and a Muslim-dominated Dominion of Pakistan. Pakistan was a country with two geographically and culturally distinct constituent parts, West Pakistan and East Pakistan (today Bangladesh). These two regions of Pakistan were more than 1600 kilometres apart and separated by India (See Map 1 below). Islam was Pakistan’s single common denominator, although it was expressed more conservatively in West Pakistan than in East Pakistan. Urdu was spoken in the West and Bengali in the East. The differences were stark and bitter resentment and anger festered under Pakistan’s rule of its citizens in East Pakistan. These years were characterized by economic, ethnic and cultural discrimination against East Pakistanis and asymmetric power by a domineering West Pakistan. A shared religion had no ability to unite these two fundamentally different countries under such rule.²⁸⁰

The aftermath of the Liberation War was devastating. First, another humanitarian crisis emerged—cholera, dysentery, and a virulent smallpox epidemic (the last in the world) ravaged the population. Second, the country had lost much of its intellectual capital—teachers, professors, doctors, lawyers, writers, engineers, and artists. Pakistani forces had assassinated them throughout the war, with the largest two executions occurring on the 25th of March and on the 14th of December when it was evident that Pakistan was losing the war. This final assault was intended to shatter the building of a new nation.

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282 The largest massacres took place two days before the Pakistani Army surrendered; over 200 intellectuals were murdered in one night, their bodies dumped in the swamp in Rayerbazar, in Mohammadpur, Dhaka.
At independence, Bangladesh was one of the poorest countries in the world. Its per capita Gross Domestic Product (GDP) of US$92 placed it above only Upper Volta (today, Burkina Faso).²⁸³ Life expectancy was 47 years and one in four children died before the age of five. Bangladesh was in such a grim state that many wondered if it would survive as an independent state and, if so, whether it would ever be able to wean itself off international aid.²⁸⁴

I realized, as I read about Bangladesh and BRAC ahead of my first visit there in 2013, that any notions that I had about Bangladesh were frozen in time. My first engagement with Bangladesh had been in 1974, when mass starvation killed an estimated 1.5 million people in ten months.²⁸⁵ I wrote a high school paper at that time on population growth and over-population. In that school report, still tucked away in a binder at home, there is a yellowed newspaper photo on the cover page showing a Bangladesh mother holding her emaciated infant. My caption read: “While you are reading these words four people will have died from starvation…most of them children”.

In the mid 1980s, I started following the rise of microfinance in Bangladesh as I began working in this field. But I focused on the methodologies and specific practices of microfinance rather than on Bangladesh’s society and economy. I knew little of the country’s struggles and opportunities. In any event, I could not then have appreciated the remarkable changes that would unfold in Bangladesh in the coming decades. Nor could I imagine the range of innovative poverty alleviation strategies that would be developed there.

²⁸³ Gross Domestic Product per capita is the “sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output. GDP per capita is gross domestic product divided by mid-year population. Growth is calculated from constant price GDP data in local currency”. UNICEF website accessed January 28, 2014 (http://www.unicef.org/infobycountry/stats_popup7.html).


On July 1, 2015, the World Bank announced that Bangladesh had moved from a low-income to a lower-middle-income country, along with Kenya, Myanmar, and Tajikistan. Bangladesh now shares the same World Bank ranking as India, Morocco, the Philippines, and Vietnam. Commenting on its surprising trajectory, economist and Nobel laureate Amartya Sen wrote: “Self-assured commentators who saw Bangladesh as a ‘basket case’ not many years ago could not have expected that the country would jump out of the basket and start sprinting ahead even as expressions of sympathy and pity were pouring in.”

4.2 Bangladesh: Geography, economy, and climate:

The People’s Republic of Bangladesh is a tiny (147,570 sq. km), low-lying country on the world’s largest delta formed by the Ganges-Brahmaputra river system. About eighty percent of the country is an alluvial plain, most of it less than ten metres above sea level. The only significant hills in Bangladesh are located in the Chittagong region in the southeast of the country. Bangladesh is almost completely surrounded by India but shares a small border with Myanmar in the southeast. Its southern border is the Bay of Bengal. Sixty-five percent of Bangladesh’s surface is devoted to agriculture; forestlands comprise almost 17%; and urban areas encompass 8%. Water and other land use account for the remaining 10% of the surface area. (See Maps 2 and 3 below.)

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287 Amartya Sen, “What’s happening in Bangladesh?” The Lancet, 22 November 2013 accessed December 8, 2015: http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(13)62162-5/abstract. This issue of The Lancet, a medical journal, presented a series of papers on Bangladesh and its advances in health care and overall health of its population. BRAC staff authored some of the papers and the organization was featured prominently for its contributions to healthcare in Bangladesh.

Map 4.2: Bangladesh Reference Map. See Appendix E for Map Source Statement.
Map 4.3: Bangladesh Elevation. See Appendix E for Map Source Statement
Arable land is a critical resource (See Map 4 below). With a population of 165 million, the arable land-to-person ratio in Bangladesh is one of the lowest in the world at 0.05 hectares per person.\textsuperscript{289} The intensity of land use is marked. I observed croplands shoehorned into the smallest of spaces; tobacco leaves hung to dry, packed in multiples tiers between village trees such that the scent of tobacco was overwhelmingly thick; seasonal island chars intensively cultivated; and grazing animals (cows and goats) tethered throughout—in villages, in urban slums, and at the roadsides where there was some, if not minimal, grass cover, or fodder provided. In the photo below, taken from the Bangabhandu Bridge crossing the Jamuna River, island chars are visible. Chars are river bars/islands that are susceptible to flooding. In this photo, taken at the end of the dry season, at the far left of the photo some greenery is visible, including a tree, denoting a more permanent char with cropland and/or grazing areas. Home to many of the poorest, many chars are submerged for several months each year in this region given its status as one of severe river flooding (per map above).

\textsuperscript{289} Bangladesh’s population growth: 1951 (East Pakistan) ~42 million and at independence in 1971: 66.5 million (World Bank, Bangladesh accessed September 15, 2016: https://data.worldbank.org/country/Bangladesh.

Rice is the dominant product, occupying nearly 75% of the cropped area of Bangladesh and accounting for almost 20% of Bangladesh’s GDP. Rice is essential to Bangladesh’s people. It provides two-thirds of citizens’ caloric intake and about 50% of rural employment. Bangladesh’s tropical monsoon climate supports rice cultivation. During the Monsoon season, rivers overflow depositing rich silt over the adjacent lands,

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building up soil and renewing its quality. This annual cycle, heavy rainfall, a long
growing season, and the use of high yield crops, fertilizers, and pesticides allows
greater yields in rice production (and in other crops).

Bangladesh has benefitted from the adoption of both high yielding rice varieties and
cultivation approaches introduced as the “so called Green Revolution package”.
Bangladesh was slow to adopt these changes due to war, the postwar period of
rebuilding, and highly protectionist trade policies through to the early 1980s. However,
today it has accelerated rice production through high-yielding varieties developed
abroad and in Bangladesh.

Photo 4.2: Rice cultivation, Rajshahi Division, Bangladesh (Jacqueline Koerner photo)

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292 Derek D. Headey and John Hoddinott, “Agriculture, nutrition and the green revolution in Bangladesh”,
Agricultural Systems 149, 2016, p. 124.
Map 4.4: Bangladesh Land use. See Appendix E for Map Source Statement.
Bangladesh’s location, its low-lying land, and the shallow coastal shelf of the Bay of Bengal make it one of the most disaster-prone and climate vulnerable countries in the world. It is on the receiving end of about 40% of all the world’s storm surges. The frequency and intensity of floods have increased over the past thirty-five years affecting the lives, homes, and crops of millions of Bangladeshis. (See Map 5 below.) Cyclones occur almost every year in the coastal regions of Bangladesh. A severe storm hits every three years, on average. Bangladesh’s population density is highest along rivers and, therefore, most likely to be impacted by current and projected inundations. (See Map 6 below.)

Data from the International Panel on Climate Change (IPCC) show that “rising sea levels will wipe out more cultivated land in Bangladesh than anywhere in the world”, swallowing up to 17% of the land and displacing about 18 million people by 2050. Rising sea levels are also expected to cause rice production to drop 10 percent and wheat production by 30 percent. In a country as densely populated as Bangladesh, these are dismal projections.


Map 4.5: Bangladesh Flood-Prone Areas. See Appendix E for Map Source Statement
Bangladesh is also one of the most densely populated countries in the world (1078 persons per sq. km). If Canada’s British Columbia were occupied at the same density as Bangladesh, there would be about 955 million British Columbians. In 2015, British Columbia’s population was less than one two-hundredth of this, 4.7 million people.\(^{296}\)

Bangladesh’s density soars in its urban centres. One-tenth of Bangladesh’s population (approximately 17 million people) live in Dhaka, the capital city.\textsuperscript{297} It is the most densely populated city on earth with a density of 44,000 people per square kilometre.\textsuperscript{298} About sixty percent of Dhaka’s population lives in slums where densities reach 1 000 000 persons per square kilometre.\textsuperscript{299}


\textsuperscript{299} Wendell Cox, “Evolving Urban Form…”.
Map 4.7: Population Density. See Appendix E Map Source Statement
Bangladesh's soaring population strains the country's weak infrastructure. River transportation is still a critical means of moving people and goods in Bangladesh. Even with the rhythm of the flood and drought seasons, inland ports handle about 40% of Bangladesh's trade.300 Road transport accounts for the vast majority of transportation in Bangladesh today, yet only 21,642 kilometres of paved roads exist in Bangladesh.301 Further, roads cover only 7% of Dhaka.302 (Roads cover 17% of Vancouver, BC's land that is permitted for developed.)303 Much has been written about the nightmarish traffic in and around Greater Dhaka. It has even been referred to as “a vast urban pathology … that continues to kill”.304 Critical to note is the cost to human health in poor air quality generated by vehicular traffic, the costs to businesses in lost hours from productive work and increased transportation costs for goods and services, and the future losses to Bangladesh's people and commerce if its infrastructure cannot be improved.


304 Judy, Rosen, “The Bangladeshi Traffic Jam…”
Photo 4.3: Dhaka to Savar Highway: the two-lane highway connecting the industrial and commercial centres of Dhaka and Savar (combined population 20 million) (Jacqueline Koerner photo)
In 2015, *The Economist* considered only Damascus, Syria more unliveable than Dhaka. The combination of poor infrastructure, poverty, and soaring population density creates a paroxysm of activity. It is at once both chaotic and ordered as I noted in my journal one week after my arrival to Dhaka in November 2013:

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4.2.1 Journal entry, Old Dhaka, November 2013:

“Old Dhaka” is the historic old city of Dhaka, centuries old, a mix of different religions and traditions and, a remarkable labyrinth of winding narrow streets and passageways.

It is one of those things that cannot be explained easily in words: the unrelenting, pressing crush of humanity; the grinding traffic and exhaust fumes experienced riding in both tuk-tuks and rickshaws; the smells in the absence of public latrines; and the indescribable utilization of every square metre of physical space.\(^{306}\)

The intense effort and alertness needed to walk safely here is mind-boggling. If there are sidewalks, they are packed with stalls and vendors and the occasional motorcycle because the driver is fed up waiting in gridlocked Dhaka traffic. The entrepreneurialism launches from every vantage point—two defining characteristics, frugality and no waste. Below street level markets are labyrinthine, organized by function—fabrics, housewares, electrical parts, jewellery, et cetera. Goods are jammed in tightly: space at such a premium. Heavy labour is carried out by people of ALL ages. Rickshaws pass by with all matter of oversized loads—I am drawn to memories of the Grinch’s sled brimming with all of the stolen toys, teetering precariously on the edge of the snow cliff.\(^{307}\) Dhaka is unspeakably busy, a constant assault on all senses.

An open rickety wooden cart stacked with lunches in stainless tins is pushed along through the narrow alley by a parent, the tiny baby asleep atop. We make our way to another alley—barely wider than a couple of rickshaws need to pass each other. We enter, stooped over and pressed against a wall


\(^{307}\) *How the Grinch Stole Christmas* was written by Theodor “Dr. Seuss” Geisel in 1956. It is an entertaining children’s story depicting the true meaning of Christmas, a celebration of love, redemption, and acceptance.
along an interior passage stuffed with sacks of supplies. Several metres along, the passageway opens into a cramped, window-less, airless, dust-filled, poorly lit, noisy workshop where eight men are making shakharis, traditional conch-shell bangles. The brutal work just to get by is omnipresent—necessitating young children to look after younger children.

Impatience is palpable and pervasive—if one is not working, then no money is being earned, and every taka earned matters for an individual or family at the economic margins.308

4.2.2 Rural-to-urban migration

Bangladesh is urbanizing rapidly in haphazard fashion. At independence, eight percent of 66.4 million Bangladeshis lived in urban centres. Today, thirty percent of 165 million Bangladeshis do so. Current projections are that Bangladesh’s population will stabilize at 243 million persons by 2050 with 70% of its citizens living in urban areas.309 In effect, much of Bangladesh will become a city-state.310

Rural-to-urban migration is viewed today as both “saviour and villain of the national development story”.311 It has been accelerating since independence, providing a growing workforce to support the economic expansion of Bangladesh. At the same time, migration is so pervasive that eighty percent of Dhaka’s population live beyond places of their birth. Half-a-million people move into Dhaka from surrounding areas every

308 Bangladesh “taka” is name of the Bangladesh currency, expressed as “BDT”.
year. Urban infrastructure is wholly unable to support this influx and slums are proliferating. Despite the severe challenges of life in Dhaka, many migrants stay. Many others return home seasonally, tied to the agricultural cycles of planting and harvesting.

The main reasons for rural-urban migration are economic, environmental, and family reunification. Fifty-five percent of migration is economic; twenty-seven percent is environmental, mostly from loss of land due to flooding and/or erosion; and ten percent is driven by the desire for family reunification. Poverty is, overall, the greatest driver of migration. About twenty-five percent of Bangladesh’s population lives below the poverty line as defined by the World Bank’s guidelines of US$1.90 per day. Of these, twelve percent are classified as ultra-poor, living on less than US$0.70 per day. The poor view migration as a “livelihood coping strategy” and people move to urban areas simply to survive.

In Bangladesh, rural-to-urban migration peaks twice a year during “monga”—a season in which hunger and starvation rise in the rural areas due to reduced job opportunities for rural workers (once rice planting is complete, twice yearly). This is due less to the scarcity of food than to the income insecurity of the poor. During the rice growing seasons, work in rural areas declines. As poor Bangladeshis lack the resources to bridge lean times, they migrate to earn enough money to meet their nutritional needs. Here migration is a survival strategy for the poor and may continue on a seasonal basis.

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312 “Ebb and flow: Bangladesh’s internal migrations”, The Economist, 16 May 2013 accessed January 10, 2017: http://www.economist.com/blogs/banyan/2013/05/bangladesh-s-internal-migrations; and Water and Sanitation for the Urban Poor (WSUP) accessed through the WSUP website on December 20, 2015: http://www.wsup.com/programme/where-we-work/bangladesh/. (Some sources put the total at 400 000 versus 500 000 migrants arrive into Dhaka each year.)

313 In my research, I touch on rural-urban migration as one of the contributing factors to BRAC’s increased attention to, and introduction and adaptation of, urban programming in its initiatives.


or shift into a more permanent arrangement. Migrants gain work as day labourers in construction and informal sector enterprises where few, if any, technical and/or literacy skills are required.

Not all migrants leave rural areas for economic survival. Overall low wages, difficult local politics, land scarcity and disputes, and conservative social conventions all serve as push factors. In the past, most rural-urban migrants were young men but increasing numbers of adolescent girls and young women are now migrating to avoid early marriage. Bangladesh has the eighth highest child marriage rates in the world. Also, young married women are leaving their families, including their children, in their home villages in an attempt to increase their family income. Migrating to urban areas offers these women a chance at greater personal freedom even as it means demanding work schedules and often unsafe conditions that yield little pay. Women live jammed into tiny rooms, sending extra money home to their families. The rapid growth in factory jobs in Bangladesh, specifically the ready-made-garment industry (RMG) largely located in the Greater Dhaka region, is the biggest magnet for women migrants. Lauded for full-time employment opportunities for women and vilified for the Dickensian nature of the workplaces, this sector is changing the lives of poor women through their productive participation in the workplace. Difficult as their lives are, many women are choosing to stay in urban areas and bringing family members to join them there rather than return to a traditional, conservative, and rural life.

4.2.3 The ready-made-garment industry:

The greatest opportunities for factory-based work in Bangladesh occur in the ready-made garment sector (RMG), in the production of clothing for well-known international

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brands such as Joe Fresh, H&M, Benetton, Walmart, and J.C. Penny. The RMG sector’s rise over the past thirty years has been swift. Today, over five thousand factories offer full-time employment to over four million women.\footnote{Women comprise over 80\% of RMG workers. Source: Kaniz Farhana, Md. Syduzzaman and Md. Shayejh Munir, “Present Status of Workers in Ready-Made Garment Industries in Bangladesh”, \textit{European Scientific Journal} 11, no. 7, March 2015, p. 564.} Most of the RMG employees are poorly educated and low skilled migrants from rural villages.

The RMG sector alone generates 80\% of Bangladesh’s total export earnings and 20\% of GDP.\footnote{International Finance Corporation (IFC), World Bank Group, “Transforming Bangladesh’s Garment Sector”, OFC Issue Brief, IFC, Washington, DC, 2014.} It places Bangladesh in the vortex of the global capitalist economy in which production is parsed out to lowest-cost bidders. Bangladesh’s low labour costs are its singular advantage in this globalized marketplace.\footnote{Bangladesh Garment Manufacturers Exporters Association (BGMEA), Export Promotion Bureau, Bangladesh Bank, Compiled by BGMEA, 2013, p 175.} However, workplace conditions mar the industry’s reputation. Abuses include extremely poor safety standards, maltreatment by employers, forced over-time, and the absence of fair and/or on time pay to workers.\footnote{Mohammad Yunus and Tatsufumi Yamagata, “The Garment Industry in Bangladesh”, Chapter 6 in Fukunishi (ed.), \textit{Dynamics of the Garment Industry in Low-Income Countries: Experience of Asia and Africa (Interim Report)}, Chousakenkyu Houkokusho, IDE-JETRO (Institute of Developing Economies, Japan External Trade Organization), 2012.}

These grievous conditions were brought to the world’s attention on 24 April 2013, when the eight-story Rana Plaza factory complex collapsed in Savar, located just outside Dhaka. This disaster killed more than 1100 people and injured thousands more. The collapse of Rana Plaza became emblematic of global inequality, the opaqueness of supply chains, and the horrific working conditions within the RMG sector in Bangladesh, in which garment workers earn the lowest wages in the world for garment work. The building collapsed because of illegally constructed additional floors. The scale of the tragedy increased because of locked safety exits, and most grievously, the insistence that workers enter the workplace on the morning of the collapse despite their concerns about safety (there were already visible cracks in the buildings). Commitments were made in the wake of the disaster to improve safety and worker rights in the RMG sector.
In May 2013, the “Bangladesh Accord on Fire and Building Safety” was established by global fashion brands, trade unions, retailers, and civil society organizations in Bangladesh. These groups committed to a five-year period of collaboration to improve worker rights and workplace safety in the RMG sector. Four years later, progress is slow. While some factories have been shut down, audits and required improvements continue while most factories continue to operate at full capacity.324

4.2.4 Population growth, climate, and migration

Migration to urban areas is increasing as Bangladesh’s population continues to grow. Even though Bangladesh has made remarkable progress in reducing fertility since independence—from 6.94 live births per woman in 1971 to 2.3 in 2013—reproduction is not yet at, or below, replacement level and continues to have significant momentum.325 Land scarcity has become a key motivator of migration among the rural poor as properties are divided up among family members. Between 1984 and 2008, small farm holdings (0.05-2.49 acres) increased from 70.34% to 84.27% of the total; medium farm holdings (2.50-7.49 acres) declined from 24.72% to 14.19% during the same time period.326 Many smallholdings are now too small to be economically viable. Areas less than 0.05 acre are deemed too small to generate income, although they may support a household kitchen garden.

The inundation of agricultural lands due to heavier and/or more prolonged rains, rising sea levels, and the increasing intensity of storm events is also driving Bangladeshis

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324 Since the collapse of Rana Plaza in Savar, Bangladesh, April 2013, there has been increased attention by foreign purchasers on factory worker safety in Bangladesh’s RMG sector. Formalized through the “Bangladesh Accord on Fire and Building Safety”, factory audits continue today. Yet changes are slow to transpire; and factory incidents, sadly, continue. See Chandra, R., “Three years after Rana Plaza disaster, has anything changed?”, Reuters World News, April 21, 2016 accessed August 24, 2016: http://www.reuters.com/article/us-bangladesh-garments-lessons-analysis-idUSKCN0XJ02G.


from their rural homes. “Environmental” or “climate” migrants account for more than a quarter of internal rural to urban migrants in Bangladesh today.327

4.2.5 The ‘Bangladesh Paradox’328

In the face of all these challenges, Bangladesh has consistently improved its Human Development Index (HDI).329 Today, life expectancy at birth is 71.6 years; at independence in 1971 it was 47 years.330 Life expectancy in Bangladesh is now four years longer than in India, where income per capita is 50% greater than in Bangladesh and where GDP growth has averaged 8% over most of the past two decades. Bangladesh’s GDP growth has been weaker historically but has averaged a robust 6% since 2000. This growth has reduced poverty more significantly than envisaged in the Millennium Development Goals (MDGs).331

Remarkably, Bangladesh’s socio-economic development has proceeded in what political pundits characterize as a “dysfunctional democracy”.332 Authors and academics regularly point out that Bangladesh continues to bootstrap its way out of poverty despite widespread political corruption, personalization of state power, in-fighting, election

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rigging, use of the military from time to time, calls for debilitating ‘hartals’ (national strikes), and intolerance of opposition.333

Bangladesh is a democratic republic with a two-party system. Presently, each of the two parties is led by a woman. Their acrimony is legendary. Both the current Prime Minister Sheikh Hasina (leader of the Bangladesh Awami League) and the Opposition Leader Khaleda Zia (leader of the Bangladesh Nationalist Party) have long political histories in Bangladesh. Both have served as Prime Minister; both have been Opposition Leaders. Both women have had immediate family members assassinated while they served in office as Prime Minister: Sheikh Hasina’s father (1975) and Khaleda Zia’s husband (1981). Bangladesh politics is characterized by the centralization of power, partisan politics, and patronage in both political and legal institutions. The country places 14th in the world rankings for corruption. The intensity and frequency of politically motivated ‘hartals’ is on the rise.334

In this volatile political arena, two commitments stand out. First, the Bangladesh government has consistently funded education and social programs, in particular those supporting women.335 Second, the government has provided this support while being “unusually friendly to NGOs” (non-governmental organizations, also known as NPOs),


according to Amartya Sen. He noted that perhaps the leaders realized that they needed all the help they could get.\textsuperscript{336}

4.3 The role of NPOs and BRAC in Bangladesh’s success

NPOs in Bangladesh have played a critical role in the social-economic advancement of Bangladesh since independence. Volunteerism and mutual self-help were long characteristic of Bengali history but there were very few NPOs in the country in 1971.\textsuperscript{337}

In the immediate aftermath of the cyclone and war, large inflows of international aid allowed NPOs to provide relief services to a population in dire poverty.

The proliferation of NPOs was stimulated by international pressure exerted on the Bangladesh government to engage NPOs for service delivery. This reflected donor concerns over the weak, patronage laden, and corrupt government’s capacity to effectively reach the poor.\textsuperscript{338} It was also facilitated by the wide berth extended to the NPO sector by the Bangladesh government that has allowed the sector room for experimentation, innovation, and improvisation “according to the resources available and to the needs of the poor”.\textsuperscript{339}

Bangladesh NPOs have consciously engaged in activities and services traditionally delivered by the government (health, sanitation, and primary education) and, to some extent, the private sector (financial services targeted at small enterprises, skills training, employment, and enterprise opportunities). Their participatory approach, rather than


\textsuperscript{338} Md Shahidul Islam, “The NGOs sector in Bangladesh: emergence, contribution and current debate”, Advances in Asian Social Science (AASS) 7, no. 2, 2016, p. 1183.

more bureaucratic and hierarchical government-delivered programs, has created a grassroots power base that is touted as both strength and concern of the Bangladesh NPO sector that today totals approximately 19,000 organizations.  

NPOs have utilized two broad approaches in their programming—social mobilization and service delivery. Professor K. Sabeel Rahman (Brooklyn Law School) outlines that social mobilization initiatives “are tied to concepts of empowerment, collective action, and engagement with the broader political system”. Service delivery initiatives are “separated from the broader polity”. Rahman argues that empowerment, particularly women’s empowerment, is rooted in social mobilization and addresses the systemic roots of vulnerability. He further notes that “…collective action that addresses the socio-political bases of poverty” remains vital in Bangladesh even as the NPO sector has moved away from it and toward service delivery since the 1990s.

The growth in the NPO sector in Bangladesh has occurred in three phases according to Dhaka University professor Sajjad Zohir. Each phase demonstrates an entrepreneurial bent and tenacity and is characterized by an overall shift away from earlier social mobilization and empowerment programming toward service delivery. The first phase occurred immediately after Independence and was characterized by relief and rehabilitation. In the mid-1970s, the second phase was characterized by integrated development programs targeting specific sectors, delivery of skills training, and empowerment-building at the grassroots level. In this phase, micro-credit was introduced in the NPO sector. In the 1980s micro-credit began to grow rapidly, both financially and in its delivery networks. According to Zohir, the second phase laid the foundation for the third phase that started in the 1990s. This was “rooted in more explicit commercial motives”. It was in this decade that micro-credit was scaled up, becoming micro-finance and including broader financial services. Growth in the NPO sector

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342 Ibid., p 455 and 452.
continued to accelerate in the 1990s with a steep rise in international support reflecting broader international influences grounded in surging neoliberal policies.  

This third phase was not simply directed by the international donor market. Bangladesh’s first free and fair elections occurred in 1991, ushering in a period of greater political stability and opening up the economy to freer market policies. It was during this time that NPO programming moved away from a focus on social mobilization toward service delivery, consistent with broader neoliberal trends. This third phase continues to evolve and has extended into the growth of industry competitive social enterprises by some of the large Bangladesh NPOs.

The continued growth of the NPO sector is not without concern within Bangladesh and falls into two broad inter-related categories: the rise in both apolitical service delivery and autonomy within the NPO sector.

NPOs are continuing to carry out basic services considered to be the responsibility of the state. These include health, sanitation, and primary education. In a paper published in 2002, Professor Shamsul Haque (National University of Singapore) asked about the “rights and entitlements of citizens to basic services.” At that point, the social contract was being re-written in Bangladesh with NPOs both replacing and initiating government services. NPO supported initiatives were intended to continue until the government could deliver a full suite of services, but they have turned into long-term work by NPOs, both independent of and in partnership with the government.

Within this service delivery paradigm, NPOs are carrying out their work within a domestic climate of overall support for NPOs, but one in which there is low tolerance for political activism. The state harasses and shuts down activism that does not serve it. Thus, NPOs have moved toward apolitical service delivery in response to both domestic constraints and international donor influences. Rahman criticizes the depoliticization of service delivery arguing that it has weakened the public sphere and domestic

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344 Davis, “NGOs and Development in Bangladesh…”,” no pagination.
democratic institutions, and that robust development must employ economic change and local political context—empowerment and rights that “can promote and sustain gains in poverty alleviation and growth.”

The rise in service delivery, and more recently commercially motivated social enterprises within the NPO sector in Bangladesh, is offering larger NPOs increased autonomy from donors and the state. It also provides the ability to influence government policies in relevant economic sectors. The growth in independent revenue generation frees NPOs from some fundraising—the constant staff effort involved in securing grants, the effort in maintaining donors, government contributions, and the stipulations associated with grants including specific reporting requirements. As well, the growth of industry-competitive enterprises by some NPOs enables them to become more independent of the state. They can create alliances independently within Bangladesh and abroad with public and/or private sectors to meet the organizational needs and mission. This growing economic independence has spawned claims of unfair competition (largely by the private sector) in the form of “tax exemptions, foreign assistance [and] low-interest loans”.

NPOs are known for their community knowledge and ability to deliver services effectively. But as they have become larger and more diversified a distance has grown between field staff and programs and organizational leadership. Haque argues that this has led to more hierarchical organizations and a decline in, or lack of, participatory decision-making. Further, he suggests that more attention must be paid to the impacts of NPOs to ensure that they continue to eradicate poverty, and to ensure that fair regulation of the NPO sector is in place, including addressing possible changes to taxation.

The rise and influence of some of Bangladesh’s largest NPOs has extended well beyond the country. Some of them (Grameen and BRAC for example) have become

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well known internationally, giving them “outstanding legitimacy set against a
government that lacks it”.\textsuperscript{349} Furthermore, an increasing number of the NPOs have
become “essential partners of the government in Bangladesh” in which the NPOs
deliver essential services.\textsuperscript{350} David Lewis (Professor of Social Policy in the London
School of Economics) identifies three distinct roles (which occur simultaneously at
times) for NPOs—implementer, catalyst (motivating and contributing to social
transformation), and partner (with government and the private sector).\textsuperscript{351} With growing
international recognition and greater economic independence through enterprises and
partnerships with government, NPOs are charting a new ‘operational space’ that
challenges long-held assumptions of what constitutes the activities of a NPO and how to
create the most productive regulatory regimes.

Although some claim that this transition to partner and service delivery in the NPO
sector has weakened the transformative work of NPOs in Bangladesh, my two case
studies complicate, enrich, and challenge this observation. Service delivery anchors
NPOs firmly in communities, extending to them trust by their clients, and in-depth on-
the-ground knowledge that is significantly greater than that of the public sector.\textsuperscript{352}

Women are near the centre of much programming in the diverse NPO sector in
Bangladesh. Some estimate that, on average, 80\% of all NPO members are female (it is
as high as 95\% in organizations such as BRAC).\textsuperscript{353} Even if these figures are high,
NPOs are having a profound effect on female participation in the economy and this
influences how they care for their children and families, and engage in broader society.
Women have become a large political force, increasingly participating and being elected
in local elections. Women’s political organizing power has led the government to

\begin{thebibliography}{99}
\bibitem{350} Islam, “The NGOs sector in Bangladesh...”, p. 1185.
\bibitem{352} Discussions and meetings held with project team (comprised of BRAC, Bangladesh government program, international scholars, and other regional NPOs project members) on the “Doing While Learning” field visit, March 2014, Bangladesh.
\end{thebibliography}
become increasing reliant on the NPO sector for “political support, stability and legitimacy... [offering the NPOs] additional leverage over the government to shape public opinion in favour of their espoused objectives and policies”.

Social mobilization and service delivery approaches are well integrated in BRAC’s TUP program according to Rahman. In his view, this helps to build “the physical, financial, human and socio-political assets of the poor” alongside social mobilization that reduces “the exclusion, exploitation, and other risks faced by the poor by changing structures (government, political structures, traditional social institutions, and market transactions) and processes (laws, regulations, polities, social norms, market relations)”.

TUP is directed at destitute women and their children, directing further attention at the empowerment of women. As well, the transfer of productive assets to these women integrates many of them into BRAC’s dairy social enterprise. This ecosystem of support and social enterprise initiatives is robust and accelerating.

Donors have pushed for greater financial sustainability in the NPO sector, perhaps in direct response to the rise of neoliberalism and its support of non-government service delivery mechanisms, particularly those supporting market-based development approaches. In Bangladesh, this pressure was greeted with a strong belief in the power of microfinance to reduce poverty; the ability of community health programs to profoundly change health outcomes; and the ability of non-traditional schools to capture those children missed by the public system. The Bangladesh NPO sector continues to target women. Even as the NPO sector has grown rapidly since the 1990s and embraced greater programmatic attention to service delivery, NPOs have not abandoned social mobilization approaches. Further, the continuing need for NPO services in Bangladesh signals that they will not be winding down anytime soon and may become more important in ensuring that all citizens are benefitting, rather than being excluded, from improved economic conditions.

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354 Ibid., p. 420.
4.4 BRAC: Its approach and evolution toward social enterprise

In March 2014 at the second annual BRAC Frugal Innovation Forum in Savar, Bangladesh, Fazle Abed enjoined over 120 practitioners in mobile money and big data management from the Global South: “Don’t be satisfied with small and beautiful, don’t be satisfied with doing little things but be ambitious…have an impact on your society, that is what we want after all. Be ambitious, don’t be satisfied with small things”. Abed is consistent in stressing the importance of scale and hard work and has been quoted for decades as saying, “small is beautiful, but big is necessary”.

BRAC’s central philosophy has not wavered since inception. It is a philosophy that envisions a world “free from all forms of exploitation and discrimination and [in which] everyone has the opportunity to realize [her/his] potential”. The organization aims “to empower people and communities in situations of poverty, illiteracy, disease and social injustice. [BRAC’s] interventions aim to achieve large scale, positive changes through economic and social programmes that enable women and men to realize their potential. Its values are “integrity, innovation, inclusiveness and effectiveness”.

BRAC’s multidimensional approach to poverty alleviation evolved from Abed’s early firsthand lessons about poverty. In a 2016 interview Abed opined: “It’s not just lack of income…all kinds of deprivation…constitute poverty…Ultimately, it’s also

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356 Chairperson Abed addressing BRAC’s Frugal Forum, Savar, Bangladesh, March 2014. Mobile money is the use of a mobile phone to transfer funds, make bill payments, deposits or withdrawals between account holders or banks. The mobile phone does not have to be a smartphone. A basic flip phone suffices. Big data management is the management and analysis of large volumes of data generated by today’s digital revolution. The use of this data provides valuable insight into how consumers behave and therefore can shape the development of new products and services (May, Maria A., “The decidedly not flat world of data”, BRAC blog, January 28, 2014.)

357 This phrase was used as a BRAC motto in the 1970s accessed January 06, 2016:https://apps.nlm.nih.gov/againsttheodds/exhibit/community_health/simple_solution.cfm. E.F Schumacher wrote the book, Small is Beautiful: Economics as if People Matter in 1973. In this book Schumacher challenges what he sees as dehumanized “gigantism” in modern society and industry. He calls for an economic system that is more humanizing, smaller scaled, and appropriate to the needs of humanity. Abed’s extension of Schumacher’s words is not inconsistent given BRAC’s attention to human and societal needs and relationships.

powerlessness to do something about poverty, how to come out of it”. Additionally, Abed and staff learned that there were limitations to the local scale—not a large enough market in which to sell goods, middlemen who treated the producer unfairly, and uncertain income streams for the producer that reinforced producers’ vulnerabilities.

Abed maintains that in BRAC’s early days, in the years after the Liberation War, the government was struggling to govern the country and did not have the ability to assist BRAC as they desired. So BRAC forged ahead with international donor support, making particular use of Abed’s accountancy and management skills. Abed insisted that BRAC produce detailed financial records and transparent reporting of what projects had worked and, more importantly, those that had not. To further its transparency and learning, BRAC started its own Research and Evaluation Division in 1975.

In the absence of support from the Bangladesh government, BRAC framed its foundational development programs (including empowerment, health and nutrition, and literacy and education) and made three decisions that continue to define the organization and contribute to its on-going success. BRAC committed to focusing programming for women and girls; it introduced micro-credit services; and it developed livelihood support programs.

BRAC’s decision to focus on women and girls as agents in development was defining and risky to both the organization and to the women. Few development programs targeted women in the 1970s and BRAC was widely denounced for moving to do this in a then very conservative Muslim country. BRAC had hard lessons to learn in establishing effective pathways to female empowerment. For example, in such a

361 Starting in 1977, after five years of operation, BRAC began its targeted development approach through the establishment of Village Organizations (VOs), specifically the social mobilization (empowerment, collective action) of women as the fulcrum around which all programming was delivered. Women’s agency has increased profoundly in Bangladesh over the past four decades and today one hears much more about the positive changes for women in Bangladesh, how their empowerment has increased their confidence. It started with birth control (and therefore, choosing the size of her family). This was complemented with more comprehensive health services for women and their children; empowerment
male-dominated society as Bangladesh, BRAC had to devise programming approaches that could reach women in a culturally sensitive way.

Bangladesh, in its early years, had a very high incidence of diarrhoeal disease that contributed to high rates of infant and child mortality. In 1980, BRAC launched a program called OTEP, Oral Therapy Extension Program, to reach every household in Bangladesh to teach women how to make oral rehydration solution (ORS)—a homemade solution comprised of household salt and sugar, mixed with clean well water, and measured using fingers and a fist rather than commercially purchased measuring utensils. OTEP’s work took a decade and was characterized by failure and refinements along the way. One key change was the need to expand ORS training to include men. Men were suspicious of this new approach and only through training did they come to accept oral rehydration therapy (ORT) and permit women to offer ORS to ill family members.362 Today, it is accepted that women’s empowerment and gender equity are central to development and that the work of BRAC and other NPOs in Bangladesh have been key to Bangladesh’s advancements.363

BRAC also differentiated itself by introducing micro-credit services in 1974, a couple of years ahead of the well-known work of Nobel Laureate (2006) Dr. Muhammad Yunus who founded the Grameen Bank (“rural bank” in Bengali). In 1976, Yunus was an economics professor and Head of the Rural Economics Program at the University of Chittagong, Bangladesh. He began working with a group of poor women in Jobra (north of Chittagong) providing credit to them as part of a research project to look at the role of credit in poverty alleviation.

though education; and asset building through microfinance (including chickens, goats, or a sewing machine for income generation purposes). Continuing along the continuum of female empowerment, in 2002, BRAC introduced a suite of rights training and legal services to educate and support further women’s emancipation.


Micro-credit is the extension of small, short-term capital to low-income borrowers. Ian Smillie, a Canadian with long-time development experience including with BRAC, points out that neither BRAC nor Yunus’ research efforts in Jobra started microfinance. It has been practiced in myriad forms for centuries within family, religious, and community circles. Micro-credit was revolutionized by various NPOs in the Global South in the 1970s and Bangladesh was an early leader in this field with the work of three large organizations founded in Bangladesh, BRAC, Grameen Bank, and Proshika. Initially, all three organizations focused on micro-credit methodology and cost recovery in order to extend the reach of their loan programs. With greater understanding of the challenges facing the poor and the role of financial services in supporting them, additional financial services such as savings, insurance, and different loan products were introduced over the years. This extended micro-credit into microfinance.

Grameen focussed on financial services but BRAC (and Proshika) considered microfinance to be a useful tool among a broader suite of development support services such as empowerment, education, health, nutrition, and sanitation. BRAC calls its approach ‘microfinance plus’. Today it is the largest provider of microfinance in Bangladesh and microfinance is the largest component of BRAC’s operations. In 2015 BRAC had 4.9 million microfinance borrowers with an outstanding loan portfolio of US$1.4billion.

Livelihood support programs emerged quickly in the 1970s as Abed and his staff recognized that the poor needed productive sources of income generation. As these initiatives—called program support enterprises (PSEs)—grew they extended BRAC’s development programming impacts and extended programmatic interventions beyond grant funding. They were mission-led initiatives intended to develop backward and forward linkages between the livelihoods of the poor and markets. This would ensure

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the sustainability of BRAC’s development interventions (such as health, education, and empowerment training) and offer productive work opportunities to its clients.\textsuperscript{367}

Smillie defines the “kiosk economy” as one part of the much larger informal economy in which people—mostly women—sell things such as toys, vegetables, and cigarettes in the streets/markets at a very small profit. They are not producers; they are simply aggregators of a few goods to sell in one spot. BRAC learned that developing productive sources of income for the poor necessitated multiple interventions to provide the support, training, credit, and market access for these women to be successful. The women were mostly in a precarious economic state and could not afford to be risk-takers. BRAC observed that few of the micro-enterprises grew in size because they were too hampered by competition and the costs of goods sold. These micro-enterprises contributed only some additional income to the vendor. BRAC, therefore, focused its attention on the skills, opportunities, and constraints facing poor rural women in developing its enterprise initiatives.

BRAC’s PSEs were pioneering in their approach to specific industries in Bangladesh such as dairying, artificial insemination of cattle, garment and handicraft production, and micro/small scale rural chicken rearing. This engaged the rural poor in productive livelihoods in their villages and offered them fair prices and timely payment for their products. This village-based approach also facilitated producer participation in BRAC’s development programs. In other words, BRAC built its PSEs around complete value chain management.\textsuperscript{368}

BRAC chose the value chain approach initially due to “the absence of efficient markets to provide reliable inputs and the lack of infrastructure”.\textsuperscript{369} By controlling the value


\textsuperscript{368} Value chain management is organized around adding value to the original product. Supply chain management is concerned with logistics of the activities that move a product through the steps required to get it to the customer. Supply chain functions are subsumed in value chain management.

chain, BRAC was able to intervene to add value to the product and to the lives of the poor (as vendors to the enterprise, as employees, and/or as consumers). BRAC’s ability to sell the products on an ongoing basis created and sustained multipliers. For example, veterinary services were unavailable to poor rural farmers in their community when BRAC started poultry and dairying. Farmers had to walk to the nearest centre, a chore that was often too difficult and expensive for them. BRAC created training opportunities for veterinarians and para-professional veterinarians. These self-employed professionals service rural communities in the farmer’s home for an affordable price.

By the early 2000s BRAC had become a highly integrated, charitable and enterprise-based development organization utilizing the powers of the market to reduce poverty and to empower people. Several BRAC PSEs were strong performers in their industries—some were national leaders. They were a significant part of the rapid growth in BRAC and in the rise of market-based solutions as part of poverty reduction. They also epitomized a changing Bangladesh where both demand for goods and services and competition were increasing.

4.5 BRAC: The largest NPO in the world today

Today, BRAC is the largest NPO in the world and in 2016, it was recognized as “Top NGO in the world” by NGO Advisor. Yet, BRAC is still often referred to as the development organization that no one has heard of.

BRAC employs 100 000 employees in Bangladesh; 2000 staff at the Dhaka headquarters and the remainder are distributed across BRAC’s network of 4000 locations (BRAC offices, MF offices and BRAC’s SEs), delivering services to about 69 000 villages. A further 100 000 persons are engaged on a commission-only basis.

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370 BRAC was ranked number one in 2014 and 2016 and number two in 2015, of 500 NGOs globally. See: “BRAC ranked number one NGO in the world” accessed November 05, 2016: http://www.brac.net/latest-news/item/978-brac-ranked-number-one-ngo-in-the-world. NGO Advisor “monitors the international nonprofit community for ideas, practices, and models that challenge traditional approaches to the non-governmental organization, or NGO”. See NGO Advisor accessed 01 December 2016: https://www.ngoadvisor.net/methodology/.

371 With the exception of Chittagong Hills Tract, where the Bangladeshi government has forbidden all not-for-profit organizations from working due to on-going challenges with the indigenous groups in this region.
with BRAC throughout the country, delivering community-based health support into largely rural communities. In 2015 BRAC’s total income was US$ 727 million with a net surplus of US$ 168 million before taxation (BRAC pays income and other taxes at source by third parties, Income tax deductions at sources for BRAC staff, VAT collection from customers and import duties) with a net surplus of US$ 165 million.\textsuperscript{372} Due to the efficiencies of operations MF contributes approximately 60% of BRAC’s earned income; social enterprises 10%; self-financing social development programs, 2%; investment income from BRAC’s investment subsidiary, 3%; and BRAC property (hotel/inn, conference centre), 1%.

For its first three decades, BRAC worked only in Bangladesh and hired almost exclusively locally.\textsuperscript{373} In 2002, BRAC became a global development organization based in Dhaka when it opened its first operation beyond Bangladesh in Afghanistan. Today BRAC has separate country operations in Afghanistan, Pakistan, the Philippines, Uganda, Tanzania, South Sudan, Liberia, Sierra Leone and, most recently, since 2014, in Myanmar. BRAC leads all NPOs in employing 111 000 persons and serving 138 million people worldwide.\textsuperscript{374}

BRAC’s international growth was spurred on by the addition of two independent affiliates in 2006. BRAC UK and BRAC USA were incorporated to raise awareness about BRAC’s on-going work in the Global South and to galvanize resources to assist BRAC organizations in other countries since Bangladesh regulations governing charities preclude BRAC from transferring funds to other countries. BRAC’s organizations beyond Bangladesh operate under the umbrella of BRAC International, which was incorporated in 2009 and maintains headquarters in the same Dhaka building as

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\textsuperscript{372} BRAC Annual Report 2015, Dhaka, Bangladesh, p. 80.

\textsuperscript{373} Here I include the long-term employment and participation by a small group of expatriates who committed to the building of BRAC with Abed. As well, BRAC continues to engage non-Bangladeshis to assist BRAC in supporting its development of best ideas and practices.

\textsuperscript{374} BRAC at a glance accessed January 15, 2017: \url{http://www.brac.net/#where_we_work}, accessed 06 January 2016; BRAC at a glance: \url{http://www.brac.net/partnership}.
BRAC. Mr. Shib Narayan Kairy is the Chief Financial Officer (CFO) of both BRAC and BRAC International; each organization pays half of his salary and rent allocation.

With its origins in both disaster and conflict, BRAC believes that it has much to share with other Global South countries experiencing conflict and/or post-disaster reconstruction. Its goal is to build new “frontline” organizations in these countries rather than to act “as brokers for international aid”. In addition to the countries in which BRAC has a direct operating presence, it has extended its service provision to other countries through sharing learning broadly (publications and forums such as the annual Frugal Forum) and through technical support agreements for example with the “Targeting Ultra-Poor Programme”.

Understanding the global significance of BRAC is important. It is the first Global South organization (indigenous to the south, not an international NPO with southern affiliates) that grew from poverty to global scale operations with a “pervasive and penetrating influence in Asia and Africa”. BRAC’s emergence and growth is a first—a Global South organization now exporting its skills and expertise to other Global South countries, directly and indirectly.

BRAC has its critics, especially among development NPOs and scholars. BRAC’s twenty-story head office is viewed as evidence of the corporatization of BRAC and its multi-faceted corporate, NPO empire. BRAC’s omnipresence in Bangladesh and its

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375 BRAC International is a foundation officially known as “Stichting BRAC International” and is registered under the laws of the Netherlands (Stichting is a private foundation under Dutch regulation). BRAC International Holdings B.V. is a wholly owned, limited liability, subsidiary of Stichting BRAC International; it was incorporated in 2010 to house BRAC’s microfinance programmes and for-profit operations for BRAC International (BRAC International accessed January 06, 2016: http://www.bracinternational.nl/en/).

376 In July 2017, Mr. Kairy retired from BRAC after 35 years of service. He is currently Treasurer of BRAC University in Dhaka.


ability to shape its agenda independent of both public and private sectors evokes skepticism. According to one of BRAC’s first employees who is now head of a Bangladeshi anti-poverty organization, “government dependency on [BRAC’s] services has grown to the extent that they almost can’t run the country without them”.\textsuperscript{380} \textit{The Economist} has claimed that BRAC is a “parallel state” unaccountable to the Bangladesh government.\textsuperscript{381}

Manzurul Mannan, a Bengali social anthropologist at the Independent University, Bangladesh, addresses some of these concerns in his recently published book: \textit{BRAC, Global Policy Language, and Women in Bangladesh: Transformation and Manipulation} (2015). An employee of BRAC’s Research and Evaluation Division in the 1990s, Mannan claims that BRAC’s operations represent wholesale adoption of Western capitalism that alienates people and lessens their ability “to engage in local self-help project initiatives...[leading] to dependency” and disempowerment.\textsuperscript{382} He describes how BRAC has become a “poverty enterprise”, created through the combination and transformation of the poor and business activities.

Reviewing Mannan’s book, Imtiaz A. Hussain, professor and head of the Global Studies & Governance Program of the Independent University, Bangladesh, argues that Mannan needs to recognize the profound transformation of Bangladesh due to globalization in the last quarter century. One only need look to the critical importance of the RMG sector in Bangladesh and the growing importance of remittances paid by overseas Bangladeshi workers. Millions of workers, many of them women, are absorbed by these opportunities. Few of these workers have options for securing employment in the villages where most of them were born and raised.


\textsuperscript{382} Mannan, BRAC, Global Policy Language, and Women in Bangladesh..., p. 295.
4.6 BRAC and its social enterprises today

In 2007, Fazle Abed appointed Rumee Ali as the first Managing Director, Enterprises & Investments, BRAC. After a long career in commercial banking followed by the position of Deputy Governor, Supervision & Regulatory Reforms of the Bangladesh Central Bank, Ali was instructed to eliminate BRAC subsidies to its PSEs and to turn the PSEs into revenue-funded ‘social enterprises’ still within the NPO.

Ali was also given responsibility for BRAC Investments, a company with investments in for-profit companies that address underlying socio-economic issues including low-income housing, small enterprise loans, and information technology. BRAC Investments returns dividends to BRAC and acts “as a hedge or safety net against [any] future liquidity crisis within BRAC”. Key elements of BRAC’s overall approach to financial management are: excellent BRAC-wide management and financial accounting; social enterprises that extend development interventions and contribute to general operating; and investments that provide a hedge against uncertain futures.

The “new” social enterprises (SEs) meet three objectives. First, they extend BRAC’s mission and the development interventions of BRAC’s core programs. Second, they create productive jobs. And third, they produce a financial surplus to support on-going and new work within the SE and BRAC’s core programs.

In attending to the first of these, BRAC emphasizes the complex and necessary linkages between the poor and markets. The poor have limited success participating in market activities due to their lack of working capital; small production amounts; distance from markets; middlemen who control the wholesaling; and slow (or worse, non-) payment for goods sold. Professors Christian Seelos and Johanna Mair stress this point: “BRAC emphasizes the need to forward integrate and build bridges between the poor and markets. Without this there would be little incentive to produce and have a job.”

In keeping with BRAC’s development interventions, the producers in BRAC’s

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enterprises are poor or ultra-poor and largely comprised of women, many of whom are clients of BRAC through microfinance loans and other BRAC programs.\(^{385}\)

To build and sustain its SEs in the absence of efficient markets and infrastructure, BRAC found it necessary to manage all facets of production, marketing, and sales. This approach offers the greatest flexibility in adjusting to the value-driven, and increasingly style-driven, demands of consumers.\(^{386}\) Each SE tailors its approach to the circumstances in which it operates. For some of the SEs this means aggregating products produced by the poor for sale in urban markets (for example, garments, handicrafts, and dairy products). For other SEs, the employees and consumers are both the poor (for example, sanitary napkins and delivery kits, necessary products that are sold by BRAC Community Health Workers in villages and slums at prices affordable to the poor).

To implement this vision for the SEs, Rumee Ali hired new staff with commercial backgrounds, in particular MBAs with financial management training and/or experience in the relevant industry. The new enterprise management team reviewed each PSE, including a full cost analysis of each. After over 30 years of development programming in BRAC, the business language and culture of the enterprise management team generated suspicion about what this new department might “do” to the PSEs. Many development staff considered “business” a dirty word.\(^{387}\)

New social enterprise staff, who had come out of private industry struggled to understand BRAC’s mission-driven and “hybrid” approach to its work. Ali recalled an early debate over BRAC Dairy & Food Project (BRAC Dairy). On discovering that it drew milk from thousands of small dairy farmers, Ali believed that the closure or consolidation of some chilling centres (locations where milk was collected and held for

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\(^{385}\) These would include the Targeting Ultra-Poor Program and BRAC core programs such as legal rights, education, and health.

\(^{386}\) Interview, BRAC, B2, 2013.

\(^{387}\) Mehedi Sajjad, BRAC Interview, 2013.
transport to BRAC Dairy’s processing plant) would improve economic efficiency. But the 16 inefficient chilling centres he identified were in ‘ultra-poor regions’ and Abed refused to close them because doing so would deprive many dairy farmers of the opportunity to earn a fair price for their milk.

This experience demonstrated to Ali and his staff the challenges of growing the SEs within BRAC’s mission and operating framework. BRAC had to guard against mission drift, as that would take BRAC away from its raison d’être. There was an overall feeling by enterprise staff that much of the ‘social conscience’ of BRAC was still directed from the very top by Abed. Enterprise staff found significant challenges in meeting both the new expanded SE growth mandate while delivering on “development” and “enterprise” mission objectives.

In an effort to move BRAC toward financial self-sufficiency, Ali determined that each SE would transfer half of its annual net surplus to BRAC’s core fund to support development programmes specified by BRAC senior management. Development program allocations had to be spent within the year or returned to the core fund. Not all SEs were or are able to make transfers annually. The range, which reflects the profitability of each SE, is from zero to 50%. Over the longer term, BRAC’s Executive Management team evaluates the profitability and prospects of under-performing SEs, and some have been closed.

BRAC’s largest program, microfinance, remains a BRAC development program not an SE. It is the largest MF program in Bangladesh and the economic engine of BRAC. It underpins much of BRAC’s work and interacts in multiple ways with BRAC’s SEs. It has been financially self-sustaining since the mid-1990s. Yet, it faces many of the same challenges as the SEs, particularly the need for new product innovation in a changing Bangladesh and the need for more learning and piloting in urban programs.

Microfinance operations in Bangladesh are highly regulated by the state and the state continues to grant them NPO (and tax-exempt) status. BRAC takes this same approach

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with its SEs. They are a part of BRAC (no shareholders, no distribution of gains), and, until recently were not subject to income tax.

Several of BRAC’s SEs are very large, successful, and well-known brands in the country today. They rank as top performers in their industry. Aarong is the country’s largest lifestyle (clothing and crafts/housewares) retailer; BRAC Dairy is the country’s second largest dairy company; and BRAC Chicken is KFC’s (Kentucky Fried Chicken’s) sole contracted chicken supplier in Bangladesh today. This shift from program support enterprise to industry competitive SE continues to prompt interest in and criticism of enterprise functions within the NPO. It raises questions about how to ensure both attention to mission and appropriate regulatory frameworks in a changing sector. Further it raises regulatory concerns regarding non-taxable treatment of such enterprising NPOs.

BRAC has been challenged on the tax status of its revenue generating initiatives for over two decades. In 1993-1994 BRAC began a legal process when it refused to pay income taxes charged, stating that the revenue only benefitted development programs within BRAC and should remain tax-exempt. In December 2014, the High Court ruled in BRAC’s favour. However, in August of 2016, the Supreme Court Appellate Division, Bangladesh, ruled in favour of the government ordering BRAC to pay income taxes accumulated over 11 different fiscal years between 1993 and 2012. BRAC agreed to respect the ruling, and indicated that because it has been making provisions for taxes within the organization, that “none of its social development programs would be adversely affected”.

Like many countries, Bangladesh does not have a regulatory framework for charities operating social enterprises (neither does Canada), making the “hybrid” NPO space a decidedly grey area. There are few social enterprises in the country, so it may take

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some time to achieve regulatory clarity. The Bangladesh government has given a wide berth to NPOs operating income-generating programs (for example, microfinance), that turn their net surplus back into charitable activities. However, The Supreme Court ruling distinguishes taxable and non-taxable elements in an NPO’s enterprise initiatives. The Bangladesh government seeks to increase its revenue and BRAC and other hybrid organizations may not be exempt from taxes in the long run. The vital issue is to find a balance that encourages NPOs to continue their critical work in the lives of the poor in an environment of declining aid yet succeeds in providing sufficient revenue to the state.

4.7 Connecting to my research at BRAC:

It is impossible to appreciate BRAC’s SEs without understanding BRAC’s underlying commitment to eradicating poverty. BRAC’s approach to development recognizes “the need to go beyond economic development…[placing] it hand-in-hand with social and legal empowerment”. It transcends supply-side approaches to development (providing food, shelter, MF, livelihoods) by seeking to ensure that clients know their rights and how to access them and gain the confidence to do so.

BRAC organizes its work around five categories:

1. Well-being and resilience (disaster management and climate change; health, nutrition and population; water, sanitation and hygiene);

2. Economic development and social protection (agriculture and food security; integrated development; microfinance; enterprises and investments; targeting the ultra-poor);

3. Expanding horizons (education, migration, skills development);

4. Empowerment (community empowerment; gender justice and diversity; human rights and legal aid services; urban development).

5. Support programs (governance, management and capacity building).  

As I continued my work, the layers and layers of BRAC kept emerging, as did the role of place, the power of scale, and the attention to both slow and fast variables in development. I specifically focused on the critical and slower cultural and behavioural variables rather than the faster and often disruptive variables of storms, floods, political uprisings, and disease. I began to see how environmental concerns were bubbling at the edges of BRAC (edges are fruitful zones for innovation). I also began to see how change and persistence is woven into the work of BRAC.

Most BRAC initiatives create revenue-earning strategies that enable activities to continue and thrive after donor granting support is finished. The rare exceptions to this approach are initiatives such as TUP, which is free to its clients. Moreover, a significant portion of BRAC’s donor funding is now longer-term core funding rather than project directed funding and this has had a positive impact on the organization as outlined below in the section of the Special Partnership Agreement.

In developing my case studies on two of BRAC’s SEs, I probed development programming at BRAC to understand how it interacts with BRAC’s SEs (or not), how it interacts with other BRAC programs (or not), and how the work is funded. The diversity of BRAC’s activities is revealed in the following three brief accounts of the work of BRAC’s Social Innovation Lab’s (SIL) in support of “bKash” (a mobile money platform in which BRAC Bank is an owner), of BRAC’s Disaster, Environment and Climate Change program (DECC) and of BRAC’s Strategic Partnership Agreement (SPA)—an important component in promoting BRAC’s effectiveness and efficiency in its work. SPA, DECC, and bKash operate in a diversity of “spaces” at BRAC, not within a programmatic silo; Each is expanding its mandate and each reflects qualities of resilience as manifest at BRAC, although only one of them thinks that this is so.
4.7.1 The BRAC Social Innovation Lab (SIL) and its support of mobile money services

BRAC’s Social Innovation Lab (SIL) is a tiny, well-skilled and strategically placed group within BRAC. BRAC established SIL in 2011 as a “cross-disciplinary platform for BRAC staff to learn about best practices in development, generate ideas, experiment, and share knowledge about scalable innovations with the global development community”. With a staff of about ten, SIL works as “a knowledge and experimentation hub, and supports BRAC for tomorrow’s challenges by capitalizing on emerging opportunities and catalyzing innovation through the organization”.

The Manager of SIL reports directly to Asif Saleh, the Senior Director Strategy, Communication and Empowerment for BRAC and BRAC International. This direct reporting supports SIL’s key organizational role (See Appendix C for an organizational chart of BRAC). SIL was my host at BRAC and the perfect place to land. It is a tiny crossroads of smart and institutionally connected staff with a wealth of knowledge of the enormity of BRAC, Bangladesh history and culture, and generous hearts and patience.

Although BRAC’s history includes multiple innovations sustained over time, the organization had become so large by 2000 that senior management were further and further removed from the communities in which BRAC works. This prevented them from seeing emerging needs as readily. BRAC’s programs were increasingly independent of each other (or siloed) within more complex and larger organizational operations. Innovation was declining. These issues were exacerbated by the sudden death in

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394 Social innovation labs provide a physical space where complex problems are addressed. In particular, they draw on diverse perspectives from across and within systems under question, utilizing interdisciplinary approaches. They are characterized by co-creating solutions within an iterative approach. Accessed the following websites on January 10, 2016: http://sig.uwaterloo.ca/highlight/what-is-a-change-labdesign-lab and https://www.rockefellerfoundation.org/blog/how-social-innovation-labs-contribute/.


396 At the time of my visits, Maria May was the SIL manager. She is now Head, Executive Director’s office, BRAC.

397 Shameran Abed, Head of Microfinance at BRAC, and son of Fazle Abed, states that there have not been any innovations in financing for the poor in Bangladesh since the introduction of microfinance in the 1970s and 1980s. The two basic products for micro-loans and savings are largely unchanged and available throughout Bangladesh. (Shameran Abed, presentation at BRAC Frugal Forum, 2015).
2010 of BRAC’s Executive Director, Aminul Alam, who had an “uncanny ability to translate the needs into opportunities and problems into solutions”.  

SIL was created to provide a locus for staff engagement and the generation of innovative ideas; to provide connections in and outside BRAC; and to keep BRAC open to new opportunities and new vulnerabilities. With BRAC as its sole client, SIL provides a space for ideas and connection. Its approach is integrative—“a space to think about BRAC overall and how all of the pieces come together to evolve consistently in those ways that BRAC needs to tackle urgent problems to those facing poverty”.  

This role implies the desirability of a culture shift ensuring healthy debate about new ideas rather than siloed thinking and action, or inaction.

SIL makes the point that innovation is not just ‘shiny’ things like new technology and phone apps but also consideration of things that might be impeding innovation such as BRAC’s bureaucracy. Innovation is about process as well as a new or improved product and/or service. At BRAC innovation is also about creating solutions that, if successful, can be expanded to engage millions of clients.

The SIL focuses on BRAC’s development programs, not the SEs per se. However, a large and increasing number of products and services connect both development programs and the SEs. So, for example, SIL has a central role in supporting the integration of mobile money services into BRAC programs, its own administration (including paying staff through mobile money), and into the lives of its clients throughout Bangladesh. SIL’s ability to pursue this work is enabled by its strong philanthropic

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399 Ibid.

400 Social Innovation Labs are a growing phenomenon globally. They are most often independent organizations offering advisory services to clients. BRAC established an internal social innovation lab. Its objective is to re-ignite innovation within the organization and “to incubate and nurse ideas, to give space for others to contribute and to think about BRAC overall and how all the pieces come together” (Maria May, Skype call, 2015). See BRAC website accessed July 15, 2017: [http://innovation.brac.net/index.php?option=com_content&view=article&id=151&Itemid](http://innovation.brac.net/index.php?option=com_content&view=article&id=151&Itemid).
partnership with The Bill and Melinda Gates Foundation, an early donor and an investor in bKash (bKash is a limited liability company and subsidiary of BRAC Bank).\textsuperscript{401}

Mobile money provides financial services over mobile flip phones, enabling cash-dependent, “unbanked” persons (those who do not have accounts with financial institutions or mobile money services providers) to gain efficiencies, security, and geographic reach in their transactions. Globally, about 2 billion persons are unbanked.\textsuperscript{402} In Bangladesh, “where 95% of the population has access to mobile phones “but only 20% have a formal bank account”, mobile money services promise significant gains in financial inclusion.\textsuperscript{403} Mobile money services have grown rapidly in the Global South since 2005, including the introduction in 2011 of bKash in Bangladesh.

BRAC was engaged with bKash’s rollout from its inception through BRAC’s MF program. MF’s national network assisted bKash in the selection of its first 5000 bKash agents (persons with whom a mobile money user can cash in or out) and adopted bKash into its program in 2012. In September 2013, The Bill and Melinda Gates Foundation granted SIL a three-year, US$ 2.6 million grant to create an Innovation Fund for Mobile Money. The purpose of the grant was to support BRAC’s own adoption of mobile money within its entire structure and in the lives of its clients; the creation of yearlong pilot projects in mobile money; and the contribution of BRAC’s experiences in mobile money to the broader discourse in the Global South.

\textsuperscript{401} bKash is a limited liability company, a subsidiary of BRAC Bank: https://www.bkash.com/. BRAC Bank’s 51% ownership of bKash is a Bangladesh regulatory requirement. Mobile financial services must be provided by a bank or “a company that is classified as a bank subsidiary by the central bank” (Gregory Chen and Stephen Rassmussen, “bKash, Bangladesh: A Fast Start for Mobile Financial Services”, CGAP Brief (the Consultative Group to Assist the Poor), July 2014, p. 1. BRAC Bank is a private commercial bank dedicated to delivering financial services to the SME sector in Bangladesh, a sector heretofore un/under-banked. See: https://www.bracbank.com/. It is a founding member of the Global Alliance for Banking on Values: http://www.gabv.org/.


\textsuperscript{403} Chakma, H., “Mobile money in Bangladesh” Will it revolutionize banking for poor women?”, Dhaka Tribune, February 14, 2016 accessed September 15, 2017: http://www.dhakatribune.com/feature/2016/02/14/mobile-money-in-bangladesh/. Different statistics are given regarding mobile phone use in Bangladesh. Some put the number at 85% (quoted in my research as well), rather than 95%.
In the first 6 months of the grant, SIL staff travelled to other Global South countries to study the use of mobile money and SIL invited experts to share their knowledge with BRAC. At SIL’s second Frugal Forum in Savar, Bangladesh in March 2014, half of the sessions were directed at mobile money and the other half large at large data management. Over 100 Global South practitioners attended the forum adding to both information sharing and recognition of the rise of multiple mobile money platforms as a central feature in financial inclusion.

Leading up to that Forum, SIL announced the Innovation Fund Challenge, an open call for ideas regarding mobile money. Over 100 ideas were received in one month and seven pilots were selected. This underscores BRAC’s “learning by doing” and “doing while learning" approach. In addition, SIL staff engaged in a range of activities to create a buzz around mobile money at BRAC: they wrote blogs, they invited mobile money presenters to address the monthly SIL Innovation Forums, and they presented a surprise flash mob dance. Each of these activities garnered interest and curiosity in mobile money.

At the same time, bKash expanded its agent network far beyond BRAC’s MF network (today there are over 100 000 bKash agents in Bangladesh). Initial concerns, particularly amongst MF borrowers, were directed at the “invisibility” of bKash transactions (versus a paper passbook in which loans and savings within BRAC’s MF program are documented). In response to such concerns BRAC increased its staff presence at BRAC MF branch offices to support clients and provide them with paper summaries of transactions for a period of time to build their confidence in using bKash.

By 2015, bKash was growing exponentially in Bangladesh and was by far the largest mobile money platform there. Men comprise the vast majority of users. Uptake continues to be slower amongst women, and in particular poor rural women. While women are active members in microfinance groups, many have not taken easily to mobile money. BRAC has learned that there are two fundamental reasons for this:

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absence of necessary basic literacy and numeracy skills; and the belief among these women that mobile money use is the domain of men. Both challenges are being addressed. BRAC is already finding that 3-6 months of financial education provides the skills for women to adopt mobile money. Additionally, women’s trust in BRAC and in bKash mobile money agents is leading to their transition to mobile money use and their realization first hand of the benefits of mobile money over cash transactions. The Gates Foundation’s Innovation Fund for Mobile Money grant continues to support this work and was renewed and increased in 2015 with the award of US $6.6 million over three years to support “additional client education, policy, and software development and implementation”.

SIL staff continue to advocate the value of bKash within BRAC programs and to carry out pilot projects that seek to increase financial inclusion through mobile money services (for example, the payment of school fees by instalment through bKash). Although SIL’s mandate is to support “development” services at BRAC, SIL’s influence and the rapid uptake in mobile money has stretched into Aarong, BRAC’s garment and handicraft SE. Aarong chose to roll out its health security scheme to its producers through bKash. There simply was no paper option offered. Many of the SE producers are MF borrowers who would have switched to mobile money services in time, making the health security scheme rollout easier. So, the SEs are benefiting from the innovative work of SIL.

bKash is delivering vital financial services in the lives of the poor. While reviewing bKash’s services is not part of this research, themes arising from its existence do warrant a mention here. The corporate structure of bKash brings to light how different institutional forms exist within the larger cluster of BRAC organizations. bKash is a privately held for-profit company owned by BRAC Bank (51%); BRAC owns BRAC Bank. Both bKash and BRAC have received grants to support bKash’s uptake amongst unbanked persons in Bangladesh. BRAC has learned that inclusion does not just

405 Chakma, “Mobile money…”, np.
happen for the marginalized client without such strategies and SIL is supporting this function for bKash within BRAC.

This is important work and, yet, simultaneously bKash has been criticized for charging high and often hidden fees to users, paying low fees to agents, and for contributing possibly to potential issues of security as these transactions occur outside of regulated banks. In July 2015 Bangladesh Bank (the central bank of Bangladesh) issued draft guidelines for mobile financial services operators in an effort to address concerns raised by this rapidly growing sector. The rapid growth in mobile money is emblematic of the need for its services and, equally the need for thoughtful oversight and regulation so that it can be both mission-directed and profitable, such that it can be sustained over time. Its existence raises ongoing questions regarding what institutional forms are best suited to serving the needs of the marginalized while simultaneously incenting innovation and best practices.

SIL’s role and location within BRAC positions it to promote new ways of thinking and programming at BRAC and in the lives of the poor. SIL’s staff know that their work as communicator, bridge builder, networker, and experimenter are each vital to the success of BRAC and its ability to innovate and scale its work. Its work in supporting the uptake of bKash draws attention to the longer-term work of behaviour change in the lives of the marginalized and how technology alone does not provide the solution.

4.7.2 Experimentation, integration, and BRAC’s Disaster, Environment, and Climate Change Program (DECC):

When I interviewed staff, I asked about resilience—how they defined it and how resilience was expressed at BRAC. Each and every respondent referred me to the Disaster, Environment and Climate Change Program (DECC). They did not see their own work as resilience building.

DECC was founded in the aftermath of the devastation of Cyclone Sidr in November 2007 to allow BRAC to move from a reactive disaster relief approach to a proactive

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407 DECC was renamed Disaster Management and Climate Change subsequent to my last visit.
preparedness approach. The Bill and Melinda Gates Foundation provided the initial funding to build a program with a focus on disaster preparedness and disaster management. In three years, 100,000 people were trained in standard operating procedures to respond to a disaster. This involved a train-the-trainer approach that reached into the most remote areas of Bangladesh. Combined with weather forecasting and communications administration, BRAC staff receive weather updates in real-time, facilitating prompt preparation by communities and support from BRAC.

This early attention to disaster preparedness expanded into diversifying livelihoods in climate change affected regions mostly in Southern Bangladesh (two Northern drought-prone sites were also selected). DECC established a partnership with UN Women and the Norwegian Agency for Development Cooperation (NORAD) managing a project to provide livelihood support and training the most climate-vulnerable women. At the termination of the 3-year project in December 2015, BRAC’s Targeting Ultra-Poorest (TUP) program took it over.

DECC had learned that the ultra-poor were not necessarily the most vulnerable. Risk and wealth are closely correlated and include a matrix of variables such as the location of a home, the materials of the home, water sources, and revenue-generating activities conducted. DECC also learned that vulnerability to climate change continues beyond disaster events. For example, rising salinity in the drinking water of the southern coastal belt is having a deleterious effect on human health and crops. BRAC has found that poor and climate vulnerable persons will remain in their home until they have no option but to move. With earlier intervention and program supports they might be able to stay and reduce their climate-related risks (but likely not eliminate them). What started as a disaster preparedness program has now evolved into a preventative asset-building graduation-based program managed by TUP for the most climate vulnerable women.

DECC has partnered with BRAC’s Social Innovation Lab (SIL) for the use of mobile money services to collect donations post-disaster and to distribute grant vouchers to recipients. In July and August of 2015 as part of SIL’s Innovation Fund for Mobile Money, bKash distributed relief monies (post cyclone) with positive result for the
recipient (timely receipt of funds, no line-ups) and for BRAC (less stress on field staff).
An added benefit was that many recipients who were new to mobile money used mobile money thereafter.\footnote{Lamia Shams and Maria A. May, “No lines, no relief camp: 4 lessons on using mobile money for post-flood relief”, BRAC blog, March 03, 2016 accessed March 20, 2017: \url{http://blog.brac.net/2016/03/no-lines-no-relief-camp-4-lessons-on-using-mobile-money-for-post-flood-relief/}}

Like SIL, DECC plays a multi-dimensional role in BRAC in reaching out across several otherwise separate programs; researching, experimenting and deploying new approaches to program practices. DECC is philanthropically funded and does not charge clients for its services. It has no direct links to BRAC’s SEs but its actions support SE producers directly and indirectly (through the ultra-poor program; through community disaster training so households are informed of what to do in the event of a disaster; through interventions developed to support the most climate vulnerable women, and now adopted by BRAC ultra-poor program; and through disaster relief so that producers can get on their feet more quickly). DECC has broadened its mandate since the collapse of Rana Plaza in 2013 to include human-made disasters highlighting its commitment to provide urgent relief in Bangladesh as quickly and effectively as it can.

With the severity of Bangladesh’s climate vulnerability and human induced disasters (fire and workplace disasters are the most common), DECC has a central role in fostering prevention and mitigation rather than simply relief. Its services help the producers of BRAC’s SEs, contributing to their robustness.

4.7.3 BRAC: Organizational development and integration: The Strategic Partnership Agreement:

In 2011, BRAC signed a five-year “Strategic Partnership Agreement” (SPA) with the United Kingdom’s Department of International Development (DFID) and Australia’s Agency for International Development (AusAID). What was unique about this arrangement was that it provided core funding, not specific project funding. The SPA’s total allocation was US $584 million, to be granted over a period of five years. In 2015,
BRAC’s total grants totalled US $100 million of which the SPA comprised US $61 million. Both DFID and AusAID are long-term funders of BRAC.

Moving toward a core funding relationship was possible because of this history and mutual trust. The SPA also endorsed BRAC’s organizational development needs (both strategic and administrative); BRAC’s internal change management and succession planning; and its development toward long-term sustainability as overall aid declines in Bangladesh. The SPA was renewed in 2016 for a five-year period. This granting cycle will end in 2021 when Bangladesh celebrates its 50th anniversary and, it is to be hoped, middle-income country status.

BRAC employees often told me that the SPA provided stability over time and that instead of figuring out how to access funds for a project design or pilot, requests were made to management under the SPA. Staff mentioned that the broad nature of the SPA encouraged staff to think beyond program siloes that were often driven by donor funding requirements.

The CFO of BRAC and BRAC International estimated that the SPA had saved BRAC over US $2 million (by 2015). Each department usually allocates 2-3% of its budget for fundraising purposes and this is not necessary with the SPA. He also observed that the SPA had changed interactions among staff as they spent less time wrangling over projects, donors, and needs. The SPA empowered BRAC to decide what to fund, leading it to think “BRAC-wide” and permitted BRAC to fund programs that do not yield immediate results, such as Human Rights and Legal Services.

The SPA also supports ongoing work on the institutional integration at BRAC. This is an enormous and important task. During my visits to BRAC a first phase of this work was being completed. Manik Kumar Saha, a young professional with MF, was tasked with the difficult assignment of mapping all of BRAC’s physical sites—BRAC offices, MF offices, and all of the SEs locations and production sites. His map identifies over 4000 BRAC locations throughout the country. Each location was photographed and its spatial coordinates entered into a GIS database. However, programs do not share a common tracking system for branches or clients—different programs have their own systems. So
a common system is being developed that will allow BRAC to move toward developing unique IDs for each client. With unique client IDs, BRAC will be able to “see” all the services that a client is using within the BRAC system, track them over time, and not “lose” them if/when they move to another region temporarily or permanently.

The SPA draws attention to the benefits of core funding over a longer period of time, a rarity in today’s short-term, project focused donor environment. The SPA is promoting BRAC-wide conversations and collaboration within an organization that had become deeply siloed under donor directed programs and the sheer size of the organization. One aspect of the SPA dovetails with that of the Gates Foundation funding of mobile money and financial inclusion—both support the funding of administrative upgrades at BRAC as a necessary part of maintaining and growing excellence in meeting its mission. Again, this is rare in today’s funding arena of NPOs in which very few donors extend grants for general operations including technology upgrades, new management information services, and staff training. Yet, as in the for-profit sector, this is equally important for NPOs to achieve and exceed organizational goals.

These three briefs highlight the inter-linkages between various aspects of BRAC programming and how innovation in one area spills over into others. Donor funding is key to these initiatives providing room for experimentation, error, and refinement. As well this funding indirectly subsidizes the operation of the SEs by improving the lives of the poor who are the producers. These interactions draw attention to the importance of cross-subsidy within BRAC. It also shows how BRAC can create diversified opportunities for the poor at a variety of scales—from idea development within BRAC and early pilot phases right through to the rollout of service delivery to myriad clients and onward to the influence in its SEs’ adoption of some of these services.

4.8 Introduction to case study one: Aarong’s social audit tool: a possible path to resilience building?

Aarong is BRAC’s garments and handicrafts SE. It was started in the 1970s to provide productive employment for rural women. It has grown into the country’s most popular
lifestyle retail chain, both garments and crafts/housewares, and has been World Fair Trade (WFTO) certified since 2007.\textsuperscript{409}

At the outset, nearly all of Aarong’s artisans were entirely under Aarong’s “roof”. However, over the past decade Aarong has changed its artisan profile profoundly in order to meet rising demand for its goods in a cost-effective way. Today approximately half of Aarong’s 65 000 artisans are independent micro and small enterprise producers (IPs) on contract to Aarong. This shift away from Aarong’s direct control has presented oversight challenges for Aarong that include workplace safety, fair pay, production standards, and quality control.

Within this context, both Aarong and WFTO acknowledged in 2010 that there was a need to work with this IP segment to ensure that they were Fair Trade compliant. Early research by Aarong’s Production Efficiency department revealed that there was no social compliance approach to evaluate micro/home and small enterprises in Bangladesh; they were directed at large-scale factory compliance. From there, Aarong developed its own social compliance approach and has been carrying out this work since 2012.

I engage with Aarong’s social compliance process to investigate several issues: the interactions between BRAC’s core development services and Aarong; how social compliance might help in resilience building and in understanding the role of place; and how social compliance might assist in the large societal shift underway in Bangladesh with the growth of poor, non-farm workers living and working in a rapidly urbanizing Bangladesh.

4.9 Introduction to case study two: BRAC Dairy & Food Project: reaching the ultra-poors

BRAC Dairy & Food Project (BRAC Dairy) was started in 1998 to support small dairy farmers with fair pricing and market access for their milk. BRAC Dairy demonstrates the inter-activity between the SE and BRAC development interventions. Specifically, I am

\textsuperscript{409} Aarong website accessed November 15, 2017: http://www.aarong.com/about-aarong/. Products for sale in Aarong include garments, jewelry, leather products, ceramics, textiles, crafts, and housewares.
interested in the length, or reach, of its value chain—from ultra-poor producers dispersed in rural Bangladesh to the urban consumer purchasing high quality ghee for meal preparation—and the multiple cross-scale interactions through different BRAC and BRAC Dairy service supports. BRAC Dairy’s engagement with multiple facets of BRAC is compelling in its diversity. It includes BRAC’s core development programs (health, education, sanitation, legal rights), microfinance (MF), targeting the ultra poor (TUP) programs and BRAC Artificial Insemination SE (AI).

At the local scale, support services extend beyond the dairy farmer to his/her family through programs such as animal husbandry training for adolescent girls. At the national scale, BRAC Dairy’s operations are being squeezed through rising domestic competition and changes in international tariffs that make imports more affordable.
Chapter 5: Case Study—Aarong

My research questions ask how BRAC uses its historical knowledge and understanding of place to empower its clients beyond poverty and how cross-scale interactions interact with slow variables to affect resilience building in the lives of the poor and within BRAC.

This case study of Aarong investigates Aarong’s introduction of support services for its artisans as well as for its independent producers in order to deliver on BRAC’s mission in a changing Aarong. Aarong has undergone pronounced changes in both the structure and location of its production and in its overall growth over the past decade plus. With these rapid changes, Aarong has developed a suite of services for its artisans and independent producers in order to build out and support robust social compliance in its operations. This continues to be challenging work as it spans rural villages to the labyrinthine network of micro-small-medium enterprises of peri- and urban areas.

5.1 Introduction

Aarong is BRAC’s oldest social enterprise. It was established in 1978 to provide productive employment to poor rural women who were members of BRAC’s village organizations. Today it continues to produce high quality textiles, clothing, and handicrafts sold domestically through its fifteen retail outlets. It is nationally recognized and the recipient of many awards and has been World Fair Trade Organization (WFTO) certified since 2007.

Initially all artisans worked directly for Aarong, through the Ayesha Abed Foundation, both full-time and part-time. Fazle Abed established the Ayesha Abed Foundation (AAF) in memory of his first wife and co-worker, Ayesha Abed, to further the work that she started in sewing and craft making with poor, rural women. The AAF continues as the organizing body for all the artisans (85% are women) who work directly for the AAF, numbering about 35 000 persons located in villages and towns. Today there is an equally important and separate producer stream for Aarong outside of the AAF that is responsible for almost half of its production: the independent producers (IPs). There are 800 IPs supplying Aarong. These IPs engage about 30 000 artisans and are located
mainly in peri-urban and urban areas. The growth in the number of IPs occurred over the past decade as Aarong expanded production and looked to the growing numbers of un-skilled and low-skilled workers in micro and small-medium enterprises (MSMEs) located in the cities of Bangladesh. Today, over 50% of Aarong’s independent producers are located in Greater Dhaka.

The shift in producer profile within Aarong challenged its ability to ensure compliance regarding workplace safety, worker rights, fair pay and quality control for goods produced. These are critical issues for Fair Trade certified organizations. In 2010, Aarong began to design a social compliance approach that would meet WFTO framework requirements. Aarong, with support from WFTO, developed its own social compliance approach (since none previously existed for micro/home and small/medium enterprises in Bangladesh) that became mandatory for all producers within Aarong in 2012.

Aarong’s social compliance activities fall into two broad categories: a social audit and educational/empowerment supports. In the social audit, Aarong social compliance staff evaluate the two producer streams (AAF and IPs) and support them toward full compliance where they are deficient. Educational and empowerment supports include the Artisan Development Initiative (an adaptation of BRAC’s core development services); an emergency health security scheme; and enterprise support training for Aarong’s independent producers. I engage with these initiatives to investigate how social compliance might assist in resilience building and in understanding the role of place within BRAC’s initiatives. As well, I am interested in how social compliance might assist in the large societal shift underway in Bangladesh with the growth of poor, non-farm workers living and working in a rapidly urbanizing Bangladesh—mostly working within unregulated micro-small enterprises.

5.2 Why Aarong
I first arrived in Bangladesh in November 2013 a few months after the devastating collapse of Rana Plaza (April 2013) in which over 1000 garment workers lost their lives. It was a difficult time that included bloody protests by Ready Made Garments (RMG)
sector workers protesting for an increase in the minimum wage, which was then US$38.00 per month for full-time work (6 days per week). This was less than one-fifth of what some considered a living wage and one of the lowest in the world.\textsuperscript{410}

Most RMG employees work in unsafe and unregulated or under-regulated buildings. Untreated environmental toxins flow out of these buildings and into the nearest rivers or lakes—where people bathe and wash their clothes. The RMG sector is critically important to Bangladesh, earning 80\% of Bangladesh’s foreign exchange and generating millions of jobs for Bangladesh’s growing population, particularly women. Yet, regulatory oversight continues to be substandard and corrupt. In the wake of multiple disasters, efforts are underway to improve worker safety and rights in this sector. However, change is slow.\textsuperscript{411}

The importance and characteristics of the RMG sector piqued my interest in Aarong. As a garment focussed SE, how was Aarong dealing with the challenges of this troubled sector in its relationships with its 800 independent producers? I set about my investigation by spending time at Aarong Headquarters in Dhaka and time in the field, both at Aarong’s AAF production and sub-production centres and on social audit visits to independent producers. I employed field observations with semi-structured interviews as the major sources of information since there is little documentation for this work at Aarong beyond internal social compliance reports and blog posts (which I used).

Aarong became WFTO certified to ensure that its practices would set a high standard for inclusion in the workplace. Aarong’s almost exclusive focus on domestic sales sets Aarong apart from most Fair Trade designated organizations (Aarong has 33 international buyers as of 2015 and earns only 1\% of its revenues from international sales). The vast majority of organizations seek Fair Trade certification to sell their products to markets in the Global North where consumers look to Fair Trade designation when buying goods produced in a developing country. In seeking Fair


Trade certification, Aarong wanted to set a high bar for domestic production and consumer confidence.

There are many stories regarding the genesis and practice of fair trade approaches to commerce, dating back to the 18th and 19th centuries in Europe and the United States. However, the Fair Trade movement’s origins are found in the work of Edna Ruth Byler, an American Mennonite. In 1946, Byler started buying embroidery made by poor women in Puerto Rico and selling these products in the USA. Her project, SelfHelp Crafts eventually became Ten Thousand Villages, a key initiative of the Mennonite Central Committee. Fair Trade efforts were directed at sourcing products from poor producers in developing countries in which artisans were not receiving fair wages or on-time payment for their work and were unable to create better exchange of goods on their own. Organizations in the Global North “provided distribution channels through which small (and usually marginalized) producers in the Global South could reach northern markets.” Fair Trade is structured upon democratic principles, inclusion, and improved working practices.

The WFTO is a member organization located in the Netherlands. There are 10 principles outlined in the WFTO charter, presented below. In order to assess member compliance with WFTO standards, member organizations must engage in regular ‘social audits’. If there are deficiencies, then WFTO works with the member organization to remedy the situation through a corrective action plan (CAP) for up to a three-year period.

Aarong’s social compliance efforts define the changing nature of compliance in the rapidly expanding micro/small-medium enterprise sector (MSME) of Bangladesh, a sector spurred on by the rapid rise of sub-contracting in the RMG sector. An investigation by the Stern School of Business (New York University) estimated that one-

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413 Davenport and Low, “From trust to compliance…”, p. 97.
third of garment work is done by informal sub-contractors working in micro and small enterprises. Typically, these enterprises operate beyond official oversight leaving workers highly vulnerable to exploitation and dangerous working conditions.\textsuperscript{415}

10 PRINCIPLES OF FAIR TRADE

![10 Principles of Fair Trade](image)

Figure 5.1: The ten principles of Fair Trade (World Fair Trade Organization website)

\textsuperscript{415} Sarah Labowitz and Dorothée Baumann-Pauly, "Beyond the Tip of the Iceberg: Bangladesh’s Forgotten Apparel Workers", NYU Stern Center for Business and Human Rights, Leonard N. Stern School of Business, New York University, New York 2013.
5.3 Aarong’s history— inclusion of poor rural women in productive livelihoods

BRAC founders started Aarong after realizing that women and children were the most disadvantaged segment of Bangladesh’s society and that alleviating poverty was much more complex than increasing income.

Rafiqul Islam, Program Head, BRAC/AAF told the origin story of Aarong in our interview. He has worked at BRAC since its earliest days as a relief organization. He was in Microfinance until 1997 when he moved over to Aarong. Like many long-term BRAC employees, his story of BRAC wove together the multiple dimensions of poverty. He also spoke about the effects of climate change, productive livelihoods, and how BRAC approaches its work.

He emphasized that in the 1970s BRAC learned that women did 65-70% of a household’s work (not inclusive of agricultural activity). This work yielded little economic benefit for the women and their children because the proceeds went “to the pocket of the men”. Determining that only women knew needlework and sewing skills and that the “men had nothing to say” about them, Ayesha Abed began working with women producers of traditional textiles in the Manikganj district.

Bangladesh has a long and rich history in textile and embroidery design dating back centuries. Mughal and Nawab rulers prized Dhaka muslin as did consumers in continental Europe. To honour special occasions like births and weddings, Bangladeshi families celebrated with Nakshi kantha, a type of embroidered quilt that presents stories, unique narratives, life’s desires, and blessings. Women making such quilts passed down the embroidery skills from one generation to the next. Protecting this history and further developing these traditional skills while empowering women were important features of the program. The women were interested in improving their skills and raising their incomes.

Mr. Rafiqul Islam, Program Head, BRAC/Ayesha Abed Foundation, Interview, November 2013.

Manikganj is about 80 kms west of Dhaka. This district has over 1 million population (2015).

In the period leading up to British rule in the 18th century.
Ayesha Abed’s support of sewing work was facilitated by BRAC’s programmatic structure. Starting in the 1970s, BRAC developed village organizations (VOs)—groups of approximately 30-50 women from one village who met weekly with a BRAC Program Organizer. By providing microfinance loans and core development programming addressing issues such as health, sanitation, and education (including information about traditional textiles), and encouraging collective decision-making on matters affecting their wellbeing and struggles, BRAC sought to empower the poor and reduce poverty through productive livelihoods.

Photo 5.1: BRAC Village Organization (VO) meeting, Niphamari District, Rangpur Division (Jacqueline Koerner photo)

At the time, women sold their products on consignment only and the average transaction time between delivery of goods and receipt of payment was up to three
months. Producers bore all the risk of goods going unsold. This was a tough financial proposition to those living at the economic margins. Ayesha Abed set out to create a steady, reliable income stream from productive sewing activities.

To assist her efforts, Fazle Abed entered early on into a partnership with The Mennonite Central Committee’s (MCC) Ten Thousand Villages operation, which knew the business of marketing rural handicrafts but did not have a production unit. Fazle Abed proposed that BRAC and MCC work together for a year to launch a store in Dhaka, after which BRAC would take over responsibility for the shop. It was at the end of this one-year partnership that BRAC renamed the shop, Aarong, “village fair” in Bengali. Aarong was formalized in 1978.

Beyond organizing and supporting production in the villages, Aarong had to develop skills in design. Since there was no fashion industry in Bangladesh at that time, Aarong hired fine arts students and others who were graduating from universities to catalogue traditional designs and develop contemporary designs based upon them. These “designers” visited museums, pored over historical Bangladeshi books, and researched current fashion trends. Some went on to start up their own boutique houses and brands in Dhaka, which are supplied by some of Aarong’s independent producers, exemplifying Aarong’s positive influence in local job creation at multiple levels of expertise.

Following Ayesha Abed’s death in childbirth in 1981, her family and friends started the Ayesha Abed Foundation (AAF) in 1982. They opened a production centre in Manikganj where Ayesha Abed had begun her work with artisans in the 1970s and

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419 Smillie, Freedom from Want, p. 119.
420 Interview with Mr. Rafiqul Islam, November 2013.
421 Aarong’s attention to Bengali traditional textile-making and garment design is reflected in its one-room design library at its headquarters and the attention it takes in cataloguing every design that Aarong has ever produced.
422 The baby, Shameran, survived and today is Director, Microfinance, BRAC and BRAC International. His older sister, Tamara, is Senior Director, Enterprises, BRAC. They both were educated abroad and worked abroad before returning to Bangladesh and joining BRAC.
focussed on providing work opportunities for poor women, including training and technical assistance.

5.4 Aarong today

Aarong’s production is highly distributed, comprising 541 one-room village-based sewing centres, 13 production centres and over 800 independent producers. If one traced the journey of a cluster of threads into a finished Aarong garment, it would speak to this geographically diffuse, economically ‘inefficient’ yet mission-based journey. It can take up to one year to complete a garment due to Aarong’s distributed production approach and the multiple steps involved in producing intricate garments. This production process is also complicated by the infrastructure of Bangladesh, both in the quality of roads as well as in their diverse use (See three photos below).

The three components of garment production—making the fabric; adding value to the fabric through dyeing, block stamping and embroidery; and tailoring the pieces—take place in different locations. Fabric is made on hand looms in non-industrial production centres where women work full-time. Dyeing, block stamping, and tailoring are also completed by production centres or by IPs. The village-based centres (called sub-production centres, or sub-centres) only carry out hand sewing and embroidery by part-time workers. When hand sewing is complete, products go to a production centre for tailoring and finishing.

Only 300 copies of any Aarong garment are produced, enhancing distinctiveness and creating cachet. This production and sales approach underscores that Aarong does not compete with Bangladeshi low-cost garment producers.

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423 Hand-powered looms are a relatively inexpensive investment and still provide 77% of the textiles for the local market, creating direct employment for nearly one million people (“Textiles: design and production development in Bangladesh”, Report from a visit to Dhaka, Design Without Borders, June 2003. [http://www.designerswithoutborders.org/html/MAINmenu2.html](http://www.designerswithoutborders.org/html/MAINmenu2.html)).
Photo 5.2: Village road, Rajshahi Division (Jacqueline Koerner photo)
Photo 5.3: Secondary Road, Rajshahi Division (Jacqueline Koerner photo)
5.4.1 The Ayesha Abed Foundation:

The Ayesha Abed Foundation (AAF) is self-sufficient and operated exclusively as a part of Aarong. It employs 35,000 artisans through its thirteen producer centres and 541 sub-centres scattered throughout Bangladesh. By including all of the production and sub-centres within the AAF, Aarong can control work conditions (pay, quality, safety, etc.) for these workers and implement BRAC’s mission.

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Footnote 424: Fifteen percent of the producers are men, largely in the crafts side of Aarong. Some men do tailoring and a few embroider as well at the AAF production facilities. I have focused on the garment aspect of Aarong since it comprises 70% of Aarong’s production, the AAF sub-centres only engage in one activity, hand sewing, and, at the time of my research, interactions between BRAC development programming and Aarong artisans were through the AAF only.
Women work full-time at the AAF production centres and receive training in order to be productive artisans; daycare is provided on site for free. The AAF production facility in Manikganj employs 700 workers and more than 100 village sub-centres are active in the area. The AAF production centres engage in a full-range of garment production—fabric dyeing, block stamping, cutting, machine sewing and some embroidery and hand sewing. Most embroidery and hand sewing is done in the villages, but some is also done in the production centres.

Photo 5.5: AAF production centre, hand-loom, Betila in Manikganj District, Dhaka Division (Jacqueline Koerner photo)
Photo 5.6: AAF production centre, Manikganj, Dhaka Division (Jacqueline Koerner photo)
The AAF recruits women to lead village sub-centres. The AAF also assists in finding and renting suitable space in villages. These rented premises are typically small and have no lights but do have open windows for daylight and to catch any breeze. About 20 women usually sew in each. Since these sub-centres only engage in hand sewing and embroidery, Aarong delivers cut pieces of fabric to the village sub-centre and collects finished pieces monthly. Aarong oversees the overall production processes that include both AAF workers and independent producers.

The sub-centre leader is in charge of all sewing supplies, production activities, production deadlines, and worker recruitment—an ongoing activity given household duties, pregnancy and/or marriage that can temporarily or permanently remove artisans.
from sewing. She recruits women through village networks and BRAC MF borrowers. For her responsibilities, the sub-centre leader earns twice what the village women earn hand sewing.

To maintain quality, all work is done in the sub-centre; materials stay in the room. Women work part-time, with work schedules ebbing and flowing according to domestic duties (household and childcare, crops and animal husbandry), and the production demands of Aarong. Peak demand occurs prior to the two most important Islamic celebrations, Eid al-Fitr and Eid al-Adha. The women’s days are already long and a few hours sewing can be a significant addition to their responsibilities. Yet, in villages in which women’s options are limited by domestic responsibilities, and religious, marital, and family norms, there are no other employment opportunities outside of the home. Hand sewing can be an important source of additional income for village women.

Photo 5.8: AAF village sub-centre, Manikganj district (Jacqueline Koerner photo)
Aarong pays on a piecework basis and upon collection of the work. This is a Fair-Trade requirement as well. Aarong pays bonuses for meeting targets on top of piecework rates, especially during the two Eid seasons when the workload is heavy. Wages are a complex issue within the AAF. Workers earn less, on a cash basis, than others in the industry. Aarong’s distributed production creates opportunities for the rural poor while adding complexities to the value chain logistics and expenses of Aarong’s overall cost structure. Slowing the rate of rural-urban migration is important in Bangladesh and viable productive rural employment assists in this.⁴²⁵

Wages for Aarong artisans vary. In 2014 Aarong staff stated that AAF artisans could earn BDT2500-3500 per month (US$32-45) for part-time work in the sub-centres—an amount that would provide a supplement to family income. During the months leading up to the two Eid holidays, workers could earn BDT 5000-6000 per month (US$64-77) for up to full-time work in the villages. For reference, the minimum wage in the RMG sector was raised from US$38 to US$68 per month in December 2013 (for a 6-day work week). This minimum wage is still considered vastly inadequate to support workers (and their families) living in urban centres in which the factories are located.

Aarong continues to seek mission-aligned cost efficiencies. In 2012-2013 the market for Aarong’s more traditional garments peaked. Aarong closed a few sub-centres and curtailed any plans for expansion in garments. Aarong introduced a new clothing line, Taga, for young, middle class customers. During my period of investigation, approximately 100 village sub-centres were closed down due to a decline in the need

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⁴²⁵ Rural-urban migration can be uncertain and difficult. It involves finding a place to live in the urban slums; enduring the separation from family; finding work as an unskilled worker; and managing the rising costs of urban living in Bangladesh—particularly in the Greater Dhaka region where most of the RMG sector is located. Many migrants though are not absorbed into the RMG sector. I asked ‘what was a going day wage for an unskilled worker’ at various places in peri-urban/urban settings. Two data points: a roadside diner server was earning BDT 100/day and a day labourer, BDT 80/day.

The minimum wage in the RMG sector is below the World Bank poverty line and situates Bangladesh RMG workers at the lowest end of the pay scale for their work when compared to other countries (Fair Labour Association, “Toward Fair Compensation in Global Supply Chains: Factory Pay Assessments in 21 Countries”, August 2016 accessed February 01, 2017: http://www.fairlabor.org/sites/default/files/documents/reports/toward_fair_compensation_in_global_supply_chains_2016_report_only_0.pdf.)
Emerging fashion demands in Bangladesh are for more modern looking designs with less appliqué, beading, and embroidery. Aarong closed down those centres in which the additional income was not seen as critical to the women and her family. But this was not done easily and Aarong staff acknowledged that there was, and is, a need for further investigation into the importance of sub-centre earnings in the life of a woman and her family, what constitutes a living wage in a village, how to improve wages overall, and what are viable alternative income generation initiatives in the absence of hand sewing in the village sub-centre. In Bangladesh, there is no minimum wage rate for micro/cottage industry workers so the onus is on Aarong to investigate and establish benchmarks for fair pay.

A living wage study funded by the Gates Foundation in 2011 disclosed the complexity of wages paid to AAF artisans. In some regions, the wages paid by Aarong equated to a living wage, and in others not. A separate report also completed in 2011 echoed the same concerns and included a commitment by Tamara Abed to assess whether wages were high enough. Aarong staff were clear on one point: cash cannot be the only measurement—it is too narrow due to the non-wage benefits offered to the AAF artisans. These include free medical check-ups including eye treatment and eye glasses, artisan retirement fund, daycare (for full-time artisans only in production centres), six months paid maternity leave, savings accounts, and emergency health insurance to all of its artisans and for up to three family members. In supporting non-wage benefits, Aarong is also nudging artisans to invest in areas that they might not, or could not, invest in on their own.

These added non-wage benefits directly impact the wellbeing of the artisan and her family. This is particularly true of emergency health insurance. A health emergency is the greatest risk to an artisan’s income generation, whether personal or a family

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426 By 2016 about 100 sub-centres had been closed (Tanvir Hossain, conference call, 24 January 2016). In 2017 there are 541 sub-centres operating (Aarong accessed October 13, 2017: https://www.brac.net/brac-enterprises/item/878-aarong).

member. It can drain any family savings, put the family into further debt and/or reduce income into the family. Artisans would not be able to purchase this independently.

5.4.2 Aarong’s independent producers

Separate from the AAF’s sub-production and production centres, there are 800 independent producers (IPs) who produce for Aarong on a contract basis. These micro/small business IPs represent almost half of Aarong’s artisans today, approximately 30,000 persons. Aarong has consistently engaged with independent producers, cooperative groups, and family-based artisans, particularly in the production of craft products such as clay pots, brass products, jewellery, leatherwork and baskets. However, in order to grow Aarong’s production significantly over the past decade, Aarong turned to the burgeoning peri-urban and urban centres where they could secure a wide range of skills. They could also structure growth to meet Aarong’s specific goals. Its independent producer segment grew from 200 IPs in 2007 to 800 today.

The rapid rise of the ready-made garment (RMG) sector in Bangladesh is the result of global supply chain opportunities based on cheap labour in Bangladesh combined with lax enforcement of Bangladesh building and labour regulations. In the race to the bottom based on price, a labyrinthine network of sub-contractors has emerged comprised of both SMEs and micro/home producers. Micro-enterprises, or cottage industries, are defined as having fewer than ten employees. SMEs comprise the remaining IPs. Small enterprises have up to forty-nine employees; medium-sized enterprises have up to 99 employees. Micro enterprises represent 97.6% of all enterprise units in the combined micro and SME sectors in Bangladesh. These sub-contracting practices in the RMG sector create supply chains that pass along all risks to the producers.

Aarong stands apart from this race-to-the-bottom and does not produce RMGs but it does contract with IPs in the hyper competitive, under-capitalized, under-regulated (or un-regulated) environment established by the RMG trade. Approximately sixty percent

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of Aarong’s IP’s are located in Greater Dhaka and account for most of the tailoring, metal work, and leatherwork produced by Aarong. Ninety percent of the IPs with which Aarong engages produce exclusively for Aarong and over half are micro-enterprises. In developing approaches and tools to empower this sector, Aarong/BRAC are creating possible platforms for much wider application in Bangladesh and beyond.

5.4.3 Retailing products

Aarong sells its products through fifteen retail outlets in Bangladesh (nine of which are in Dhaka) and one franchised outlet in London. Seventy percent of Aarong’s products are textile; the remaining thirty percent are non-textile handicraft products. Aarong’s product list is extensive with over one hundred product lines including women, men and children’s clothing; accessories such as leather belts and shoes; jewellery, both costume and higher quality with precious stones; handicrafts including brass and metal works; and housewares such as pillow and bed coverings, and candles.

Aarong has a very strong presence in Dhaka—advertisements for its products are widespread. Billboards present beautiful Bangladeshi people wearing stunning Aarong clothing. Aarong’s messaging is about garments that have excellent quality, promote Bengali heritage, and connect with citizens’ sense of national pride. The stores attract the growing middle and upper-class Bangladesh population. Many are young and are savvy consumers both in price/value and style considerations. The bustling Aarong stores have well-trained, helpful, and attentive retail staff. Even when the stores are jam-packed, they are a welcome oasis of calm and order in the chaotic environment of Dhaka. All of this seems to contrast starkly with Aarong’s explicit aim to empower disadvantaged people so that they can realize their full potential. Some Aarong managers recognize the irony but believe that consumers would tire quickly if artisan profiles were the leading image and story of Aarong.

The high fashion face that Aarong shows to the world is nonetheless underpinned by BRAC’s approach to its SEs which it decrees should succeed or fail in the marketplace, while at least meeting BRAC’s mission. In the late 1990s and early 2000s, Aarong’s successes were dwindling under weak management, poor inventory control, and lack of
innovation. Between 2002-2004, Aarong was restructured. Tamara Hasan Abed, the daughter of Ayesha and Fazle Abed, returned to Bangladesh and joined Aarong as Head of Design after a career in finance in New York City. Within two years, she became Head of Aarong. Business grew and the organization strengthened financially.\textsuperscript{429}

Aarong has grown significantly. In 2007, its revenues were US$ 24 718 962 with a net surplus of US$ 3 944 893. By 2015 Aarong’s revenues had grown to US$ 67 123 517 with a net surplus of US$ 10 577 115 of which almost 50% was put toward inter-program allocations per the commitment of the SEs to direct 50% of net surplus to BRAC’s core development fund. I was struck by the growth in the net surplus of Aarong and its significant intra-organizational allocation in support of BRAC’s development programs even as Aarong was not able to demonstrate living wages paid to all of its artisans and was still building out its social compliance program. It appeared to me that Aarong needed to keep more of the net surplus for its own operations in order to deliver strongly on its mission, BRAC’s mission. Yet, it was not so simple: the development programs needed the transfer from Aarong for their operating budgets. It was not a zero-sum game, but rather a delicate balancing act to keep all boats afloat while trying to raise the tide for all, over time.

Rapid growth brings challenges for any business venture. For those with double (social and/or environmental and economic) or triple bottom lines (social, economic, and environmental) the challenges are greater. There is a constant juggling of decisions, each with its own opportunity cost, made more difficult by the growth in competition in Bangladesh. One Aarong staff person commented during a meeting that it would be so much easier for Aarong to cluster its artisans into several factories. Management would be able to oversee all aspects of production and the logistics of Aarong’s supply chain would be remarkably simplified. However, this would be anathema to BRAC’s mission and approach of problem solving in service of the poor in place. Thus, in pursuing its

\textsuperscript{429} 2003: Revenues USD $8 million with a net surplus of USD $800 000; 2008: Revenues USD $ 24 million with a net surplus of USD $ 4 million; 2015: Revenues USD $ 71 million with a net surplus of USD $ 10 million.
mission BRAC must continue to ask: how can it reach far enough back to empower the poor in the present-day competitive marketplace of Bangladesh? This is increasingly difficult work and Aarong’s social compliance efforts seek to understand and address these challenges.

5.5 The emergence of social compliance in Aarong:

The emergence of a social compliance department at Aarong was due to a confluence of several principal factors. The corporatization of BRAC’s SEs in 2007 placed greater demands on them to generate revenues for BRAC. In Aarong this translated into the rapid growth in the independent producer (IP) segment and this shift outstripped Aarong’s capacity to verify working and environmental standards within the enterprises. In this changing context, Aarong needed to meet Fair Trade standards and operate in ways consistent with BRAC’s mission.

As a member of the WFTO, which operates at the organizational level not the product level, Aarong participates in both internal and external compliance assessments. These include organizational self-assessment, peer visit, external monitoring audit and verification, and follow-up. Since 2013, the WFTO has also invited public input on compliance related concerns in an effort to increase scrutiny of its members. WFTO subjects members who fall short of required standards to a corrective action plan (CAP) to move toward full compliance over an agreed period of time.

Aarong’s efforts to encourage greater workplace safety and worker rights started in January 2010 with just two people—the manager for Social Compliance and Producer Relations (SCPR), and one student intern. The SCPR department has two functions. First, it is the place in Aarong where producers can express ideas and concerns regarding their working relationship with Aarong. Second, SCPR ensures that

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430 Brenda Kuecks, conversation, October 2013.
producers, both independent and in AAF’s production centres, meet compliance standards as set out by the World Fair Trade Organization.

During its first year, SCPR set out to establish a social compliance policy for Aarong. During an interview, one Aarong staff person remembered this first year—specifically, the realization of how much work lay ahead once they reviewed producers’ responses to compliance questions.\footnote{B7 Aarong interview 2014.} When asked individually about their working conditions, artisans would uniformly say that “everything is fine, no problems”. Yet, in many circumstances, working conditions were not close to compliance standards. This finding was consistent with BRAC’s experience in its work with the poor—producers did not have the confidence or sense of free will and rights-based knowledge to speak of their concerns.

In 2011, a student intern, Nasiha Mahazabeen, noted in her report: “As a new department SCPR is very slow and reluctant about its activities, but it needs to be fast and strong because this is the only department which makes policies, directly deals with producers, and controls all the rules and regulations of the producers; some policies were approved but [Aarong] does not follow those properly; and Aarong needs to extend the SCPR department…[D]ue to lack of space, [Aarong] is not hiring more people. So as a result, SCPR is unable to work [quickly]”.\footnote{Nasiha Mahazabeen, “Aarong: The fusion of tradition and innovation”, student intern report, Aarong, SCPR, 2011. p. 71.}

The first phase of compliance was underway at that time, directed at the AAF (production centres and sub-centres) and its 35 000 artisans. Mahazabeen felt that Aarong needed to improve its environmental practices since not all of the centres had effluent treatment plants (ETPs) (necessary for compliance with Fair Trade requirements).\footnote{Abu Fardous Md. Abdullaah Choudhury, “A study of Social Compliance policy activity and its impact: Aarong”, May 18, 2010 accessed November 15, 2013: \url{http://dspace.bracu.ac.bd:8080/xmlui/bitstream/handle/10361/803/05304057.pdf?sequence=4}.} Further she noted the need for capital funding for these ETPs and that Aarong had received a generous grant from the Bill and Melinda Gates Foundation that could pay for them.
In 2009 the Gates Foundation had awarded a 3-year, US $1 million grant to the AAF for both modernization of its processes and capacity building amongst staff and producers. Specifically, the grant was directed at strengthening the AAF’s support for its producers by gaining efficiencies in producer centres, reducing waste of raw materials, managing effluent, modernizing internal information technology systems (particularly a product data management system) and training AAF and Aarong staff in specific production methods and in producer capacity building approaches. The grant had been accepted, despite the edict regarding the corporatization of the SEs in 2007 that was to stop any subsidies to them.

BRAC USA hired Richa Agarwal, an American fashion industry professional, as Project Manager for this grant. This entailed grappling with deeply held beliefs about how “to stay true to Aarong’s core mission.”\textsuperscript{435} Agarwal reflected that there was much work involved in simply understanding Aarong. It had grown up organically, but by 2009 was large and unwieldy—processes were bumpy and designs were getting lost. Driving change was difficult work for all involved and required bringing top-down directed expertise and management together with bottom-up practitioners to reconcile demands for economic efficiency with BRAC-Aarong’s social enterprise mission.

In 2012 a new Manager, Tanvir Hossain (who reported directly to Tamara Hasan Abed, Senior Director, Enterprises, BRAC) took decisive steps to improve social compliance and build on the work of his predecessors.\textsuperscript{436} The greatest challenges lay in the independent producer segment. When Hossain and his three staff began their work, they took the audit framework used with the AAF and searched for other social audit frameworks for micro and small/medium enterprises (MSMEs) in Bangladesh. They found none. In Bangladesh, social audits were typically top-down, third party certified, and reserved for large export-oriented factories. So they adapted Social Accountability International’s SA8000 guidelines to establish 39 standards across 9 areas: cleanliness and sanitation, waste management, chemical management, fire safety and prevention,

\begin{itemize}
  \item Richa Agarwal, telephone conversation, April 2017.
  \item Tanvir is now Head of Marketing and Customer Relations Management, BRAC-Aarong (since 2016).
\end{itemize}
working conditions, infrastructure, production efficiency, human resource management, and product and personal security.\textsuperscript{437}

When social audits became mandatory in 2012-2013, Aarong insisted that enterprise owners attend regular skills development seminars at Aarong headquarters. Achieving social compliance is a staggering and increasingly difficult task. Today twelve SCPR staff deal with social compliance and producer relations. The social compliance segment has five full-time staff—three social compliance officers, one data entry person, and social compliance coordinator—to cover Aarong's 65,000 artisans.\textsuperscript{438} The social compliance officers are responsible for site visits to producers; social audits, corrective action planning and follow-up; and reporting and dissemination of results and progress. They conduct fieldwork in pairs, leaving someone behind in the office at all times to carry out duties there.

Three foundational undertakings underpin social compliance activities: 1) compliance assessment; 2) monthly enterprise and safety/health training events for IP owners and quarterly meetings for IP producer segment representatives with senior Aarong management; and 3) social, economic, and environmental improvements in the workplace.

By 2015 a compliance officer had visited each IP once. On the initial site visit, field officers explained what a social audit involved, why it was important, and how Aarong supports the producer as he/she moves to remediate any compliance challenges. Photographs record the circumstances at the initial visit and provide a visual baseline against which to evaluate future changes. A follow-up document sent to the independent producer detailed any corrective action necessary along with a timeline to complete such improvements. Corrective actions must be completed within one year. The corrective action plan (CAP) includes a breakdown of tasks to be completed each month and a schedule of follow-up telephone calls. There may be a scheduled follow-up


\textsuperscript{438} The Bangladesh Institute of Management offers an evening program leading to a Diploma in Social Compliance. One of the officers has completed this program.
site visit or compliance staff might appear unexpectedly to verify that the work has been done. Staff may also request that the producer bring photographs with him on his next visit to Aarong to deliver his goods to Aarong’s quality control and payment department.

Most MSMEs struggle to achieve social compliance. Generally, they are unaware of their obligations to their employees; how to keep accurate books; how to establish and maintain a safe work environment; and so on. Thus, education must precede compliance. Furthermore, IPs, for the most part, rent their premises, so they must negotiate with their landlords for necessary leasehold improvements, adding costs both to the producer and landlord. There is an enormous amount of sub-contracting in the RMG sector. Generally, the IPs want to continue to work for Aarong because of its fair dealing, but at a certain point, they will seek contracts elsewhere (many of the IPs are not exclusive to Aarong, specifically the larger SME IPs). Most IPs do comply with the terms of any corrective action plan. A few producers do not. They are issued warning letters. Continuing failure to comply brings down a six-month suspension from contracting with Aarong. Producers are allowed to re-apply to Aarong after these six months if they have corrected all of the deficiencies.

The WFTO is supportive of BRAC’s robust bottom-up approach to its social audit. Field visits add a different vantage point for assessment, so I have included one set of field notes here as section 5.5.1 to provide a context for the social audit. The other field notes are located in Appendix A. These visits clarify issues at the heart of Aarong’s efforts to build an inclusive value chain and empower their producers, specifically in logistics, safety, and fair labour practices.

5.5.1 Mirpur, Dhaka: initial visit to an independent producer:

The Mirpur district is a part of Greater Dhaka. It feels like it is growing with every minute we are there. With the intense competition for space, Dhaka is becoming increasingly expensive. Mirpur has a frontier feel to it, chaotic and bustling, unfinished—a poorer cousin to more established districts in Greater Dhaka—so it is more affordable to smaller independent producers who have fewer resources. Even with cheaper rents, micro and SMEs may have workers scattered around the area in their homes and/or in
satellite locations due to the cost and/or availability of space. These producers find compliance difficult in many cases, as there are only so many improvements landlords are willing to make to comply with Bangladesh standards, let alone Aarong/WFTO standards.

A couple of observations are helpful here in describing the area. We set out in an Aarong car.\footnote{BRAC cars that I have seen are unbranded, consistent with BRAC's modest and under-stated approach. Only the trucks moving goods are branded with the social enterprise name.} Usually, BRAC staff take public transportation. However, in the case of these compliance visits, many independent producers cannot be reached by public transportation in any reasonable timeframe since they are often located down meandering dirt alleys and tracks that are well off bus routes. Google maps indicated that the first producer was located 8 kilometers from BRAC Centre (where we started this morning) with an estimated travel time of 18 minutes. Over one hour later, in ‘standard’ traffic, we arrived in Mirpur and could not find the producer. With mobile phones in use, and after criss-crossing, actually scraping, over dirt berms between the paved roads and the dirt roads, we find our way to the producer. The road is not named, the building not numbered. Our travel time nestles in perfectly with average travel time in Dhaka; 8-15 kilometers per hour, depending on which report one reads. It is an understatement to say that infrastructure is a critical issue for Dhaka and all of Bangladesh today.

I climb up a ship’s ladder from the ground floor to the first floor of an independent producer in Mirpur region of Dhaka. The ladder is located just inside the door, which we entered from the dirt road. I can hear the hum of machines and see the bright lights as I climb up the narrow ladder. As I reach the top, I pause to take it all in. There are about forty people here jammed into this small space. I scan the room, seeing that the male/female ratio is about 40/60. There are about thirty sewing machines, a few men ironing, and a few more in the far corner who I can’t really see. Fabric bolts are stacked floor to ceiling along the walls; wires hang like streamers all about. The light bulbs dangle. I can hear the generator powering the workshop. I learn that this enterprise
produces 35,000 t-shirts here each month in addition to meeting its production target for Aarong.

Photo 5.9: Mirpur SCPR visit: finding our way to an independent producer (Jacqueline Koerner photo)

This is the initial visit with this independent producer. We enter his small office directly and sit down. The two compliance officers, Bernadette Campu and Tapash Gain, begin their conversation with the owner. Their goal is to build awareness with him regarding social compliance. They tell him what the social audit process involves and assure him that they are here to support him. They then move on to a discussion of the documents that the producer will need to complete. The conversation and documents are all in Bengali. I sit and observe the patience of these two compliance officers. The owner is
engaged, asking questions. It is a productive and friendly meeting. The team takes time answering his questions, and systematically goes through the compliance categories with him.

They tell me later that they were careful to be supportive and informative, wanting the owner to understand the purpose and process of social compliance. Their patience on the initial visit is key, I learn, to engaging the producer as an active and willing participant in the process. Aarong’s practice is to work with the producers to assist them towards full competency in their enterprise’s compliance. For the larger SME producers like this one, becoming socially compliant will, most likely, lead to other sales eventually. Since this producer is not exclusive to Aarong, he could be in a position to benefit with future sales once he is compliant.

After about a half an hour, we leave his office and begin the walkthrough of the workshop, reviewing the different compliance points, such as the ability to exit the work area quickly in case of fire (when so much fabric is stacked every which way) and how to deal safely with dangling electrical wires. Taking photos completes the baseline inventory.

As we near the far side of the room, I see a group of children working. About six or seven girls and boys assist on the silkscreen line in the production of the t-shirts. When asked by the SCPR staff, the children admit that they are ten, eleven, and twelve years old. As I scan the room for others, I see a couple of girls at the sewing machines who cannot be much over fourteen years of age. None of them are in school. When queried about it, the common answer is that their family situation does not allow for school; they are too poor and too mobile. Primary school in Bangladesh is free until the end of grade 5 (approximately 10 years of age); the “junior school completion” certificate level. Secondary schools, even public schools, charge some fees, making school out of reach for many. Families move around frequently in search of work, so the children never establish ties to a school in their new location. Aarong’s social compliance has a zero tolerance for child labour, yet the problem is nationwide.
Child labour is omnipresent in Bangladesh. Children work everywhere, at all hours of the day. They run tea stalls; shine shoes; beg; look after children; tend animals; carry bricks on their heads in the brick factories; pick-up waste; work as domestic labourers; and so on. While Bangladesh has regulations concerning child labour, “social norms and economic realities mean that child labour is widely accepted and very common in Bangladesh.”

The regulations stipulate what type of work a child can do at what age, increasing in duration and difficulty until, at age 18, a child can work full-time in an employment of his/her choice. However, the reality is so very different. Child work is facilitated by the informal nature of much of it and the fact that so many citizens lack national identification cards, meaning that one’s age is fungible. Many employers turn a blind eye and hire the cheaper child labour. Documented current estimates put child labour (ages 5-14 years and outside of the home) at 4.3% of all children, totalling 1.3 million child labourers in Bangladesh today.

This reality is set against Aarong’s need to demonstrate no child workers in its supply chain. The children will not stop working, given their current economic situation. They will simply go work for the next factory, maybe one less safe, further away from home, without friends and/or family working with them. Layer upon layers, systems within systems, problems leading to more problems—poverty the driving force.

5.5.2 Social compliance—a change journey

Over time a small and tenacious staff have created an inclusive, bottom-up process of social audit, MSME owner training and dialogue between producers and senior management. The innovation continues with the transition from a paper-based audit system to a mobile application in 2014 (supported financially by the World Bank). To assist this transition, Aarong selected SourceTrace—a value chain management, android-based platform—as its supplier. SourceTrace works predominantly with smallholder agriculture in the Global South and, as such, is built to serve remote and

tiny operations. Aarong field officers on compliance visits can now enter data (text and photos) directly on handheld devices. Aarong has created a dashboard with key indicators; can now cross-reference data; and can begin, with BRAC’s Research and Evaluation Division, longitudinal analysis of how artisans’ lives are impacted by social compliance efforts. This robust platform offers Aarong the breadth and depth of data that it wants and needs to meet its overall objectives of empowerment and rights-based knowledge. It provides a bridge linking compliance with development services outcomes and the knowledge to understand the gaps.

Further innovation includes financing to producers for leasehold improvements for compliance purposes. Many producers have insufficient cash flow to pay for improvements, so they make the changes slowly. About 20 SMEs (as of 2016) have taken these loans at a sub-market rate of 10%. Suppliers complete a brief, one-page application at Aarong’s offices when they book orders. This one-stop service is very appealing to Aarong’s producers. BRAC Bank would like to have this business since compliance is a growing phenomenon but its rates are 16%. So BRAC Bank has lowered its rates a bit (not to 10% though) and only for loans over BDT 300 000. (US$ 3700.00).

The open competition between Aarong and BRAC Bank is in keeping with BRAC’s philosophy of “making it in the marketplace”. If BRAC cannot be competitive then it will always be dependent on subsidy, internal and/or external. To stay competitive in the sub-contracting MSME sector, Aarong staff said that they are considering a small, no-interest loan for improvements to the workplace. Herein lies the tension in this hyper competitive sector. There are significant gaps in financing opportunities to the MSME sector in Bangladesh and Aarong needs to ensure that its demands on its producers to become compliant do not drive them away from Aarong but encourage them to comply.

442 BRAC Bank is a private commercial bank in Bangladesh founded in 2001 to reach the under-served small-medium enterprise sector. BRAC Bank is owned 50% by institutional investors, BRAC (33.51%), International Finance Corporation (9.5%) and Shore Cap (6.99%). The balance of the shares (since 2007) have been distributed to the general public and mutual funds through an Initial Public Offering (IPO) on the Dhaka and Chittagong Stock Exchanges (Global Alliance for Banking on Values, BRAC Bank accessed January 20, 2017: http://www.gabv.org/members/brac).
Social compliance is not just a “social” issue. It is something that Aarong staff view as a “change journey”. In their view, social compliance is not simply “passing the audit”. Rather, compliance is an investment in one’s enterprise and staff, thereby creating both a rights-based and competitive enterprise over time. Aarong wants to capture the self-interest of the employer while empowering artisans so that they participate in the transformation in their work life. Aarong hopes that producers and artisans ultimately take the knowledge into their home life and community spheres, to create multipliers beyond the workplace.

5.6 The Artisan Development Initiative

The Artisan Development Initiative (ADI) is BRAC’s first attempt to deliver its six core development services—Water, Sanitation and Hygiene (WASH); Community Empowerment (CEP); Health, Nutrition and Population (HNPP); Education Program (BEP); Microfinance (MF); and Human Rights and Legal Services (HRLS)—in the workplace rather than in a village organization (VO). BRAC programmatic staff in collaboration with Aarong SCPR staff introduced ADI on a pilot basis in November 2012 in two districts in which there were clusters of Aarong sub-production centres. In 2013, ADI was piloted in eight more districts. By December 2014, ADI was reaching 29,000 artisans working in sub-production centres. The program sought to empower, educate, and improve the time management of women through training in the workplace.

As with other programs, the origin story of ADI is important. Aziza Sultana Mukti, who was part of ADI’s concept development and brainstorming phase, recalled discussions at Aarong about raising wages and improving prospects for workers in the competitive and price sensitive apparel industry in Bangladesh. In 2011, a World Bank consultant raised the idea of an artisan development initiative. This idea prompted Aarong staff to approach BRAC core development programming staff. In 2012, BRAC assigned a “focal” person from each of the six core BRAC programs to work toward artisan development in Aarong. Aarong acted as a client of BRAC to pilot the workplace program and BRAC covered its costs.
Ms. Mukti, a long-time employee of Aarong in SCPR, was the Aarong representative selected to work with this team and the concept development team made its first presentation to the BRAC Executive and Senior Directors in January 2012. The proposal adopted a holistic approach toward improving the artisans’ circumstances by giving them opportunities to access basic rights (such as education, health, legal aid, and the right to information), alongside economic empowerment. Having a workplace delivery program was a first for both Aarong and BRAC.

An SCPR intern saw the development of ADI as following the “BRAC way”—typified by relatively informal cross-department collaboration.\textsuperscript{443} “Focal” persons (located in head office and connected to the field) working with Aarong made ADI happen—not detailed contracts, work plans and budgets. This intern offered as an example the health component to ADI, one part of the much larger BRAC health services program that engages 100 000 community health workers throughout Bangladesh. Each community health worker has a regular schedule for her community-based service delivery, covering a small area on foot close to her home.

ADI needs to fit into this existing program, as ADI is too small within a village setting to require rejigging health care delivery there.\textsuperscript{444} Health workers were asked if they could add one hour to their workdays to visit sub-production centres. “These health workers were not compensated for delivering the sub-production centre training. It was just an additional piece that they added to their schedule. SCPR staff explained that this is how additional value is created, by every single person in the field doing just a little bit more, just one person doing one hour more, all over Bangladesh creates this huge initiative actually”.\textsuperscript{445} This voluntary workload stretch by BRAC staff has its limits. Also, not every sub-centre can be reached so ADI will not achieve 100% coverage.

Although artisans are not charged for ADI training or services, they lose time from sewing (paid only on a piecework basis) by attending. Artisans were loath to participate

\textsuperscript{443} BRAC interview, B8, 2015.
\textsuperscript{444} Aarong staff group meeting, Dhaka, 2015.
\textsuperscript{445} Sascha Denkinger, Interview, Aarong SCPR, 2015.
at first, but Aarong convinced them of the value of participating. Now they participate as an investment and enjoy the time efficiencies of workplace training often delivered during the one-hour lunch break at the sub-production centre. On those days, the artisans do not return home for lunch. I also heard anecdotally that women preferred the workplace setting for discussions of sensitive personal issues such as health and legal rights, away from other family members (who would likely be present at a village organization-based meeting).

Yet challenges emerged. During the months leading up to both Eid celebrations, artisans are very busy. Demand for Aarong’s garments soars leading up to these two holidays, as it is customary for Muslims to buy new clothes for Eid celebrations. Pressed for time, producers have been known to sew through BRAC training putting into question whether the women could retain knowledge if they were sewing. This tension is an extension of overall frictions that arise between a “development” focus and an “enterprise” focus within BRAC’s SEs. Staff commented that ADI is a way to break down these departmental siloes at BRAC and work toward greater integration.

ADI remains the only BRAC development program delivered in a social enterprise workplace. Aarong would like ADI to continue to belong to BRAC both programmatically and financially thereby continuing the separation of “development” from enterprise initiatives. Given the logistics of ADI program delivery to over 500 village sub-centres, this makes sense. But there is no revenue model at this time (2015) for ADI and it is unusual for BRAC to continue programs past the pilot and proof of concept phases, both of which ADI has clearly achieved.

The World Bank supported ADI in its early phase, but to cover its budget going forward, ADI needs subsidy from BRAC’s internal funds, from an outside donor, or by payment from Aarong (via either the artisans directly or from Aarong as a service it provides to artisans). Running the program through voluntary contributions of staff and stretching of budgets indicates that ADI cannot be scaled and enhanced as it is already stretched in its current structure. During my last visit to BRAC, the funding future of ADI was unclear and, as well, an uncharted path for BRAC given the overarching commitment to not
subsidize the SEs. Given BRAC’s attention to revenue generation and the use of targeted subsidies into its program and some of the SEs, ADI’s BRAC-dependent status will no doubt change with time.

Greater than budgetary concerns for ADI delivery to AAF producers, Aarong and ADI staff members regard the extension of ADI services to all artisans working for independent producers as the major challenge ahead. That way every Aarong artisan would be benefitting from BRAC core development programming.

5.7 Aarong and its Health Security scheme

The costs of medical procedures often lead the poor to delay or avoid medical treatment. In 2016, Aarong began a health security scheme for all AAF active artisans and their families. Consistent with BRAC’s approach of charging fees for as many initiatives as possible, Aarong’s health security scheme is a co-payment scheme into which both the artisan and the AAF contribute equally. Up to four household members are eligible for coverage under the plan. Unmarried artisans are covered along with their parents and an unmarried sibling. If the artisan is married, then she and her spouse are covered, and up to two dependent children (up to 18 years of age). There is a list of covered services and the maximum payable for each service.

Registration for the program was swift with 6000 artisans (of a possible 35 000) signed up within months. bKash is used for all aspects of this health security scheme, there is no paper option, reflecting the push by BRAC to spread the use of mobile money. Aarong has much to learn from this health insurance scheme. One initial concern, for example, was that caesarean sections are covered under this health plan. In BRAC’s experience with its maternal mother support program, Manoshi, it learned that mothers prefer caesarean sections even when there is no medical indication that it is preferred for maternal or infant health outcomes. So, Aarong will be tracking how services are used so it can analyse any surprise or negative outcomes. Aarong will be looking

446 Active artisans have worked four of the past six months. See Heidi Lowe “Going beyond Fair Trade: How Aarong artisans help finance each other’s healthcare”, BRAC blog, August 20, 2015 accessed October 10, 2016 https://www.brac.net/2015/08/going-beyond-fair-trade-how-aarong-artisans-help-finance-each-others-healthcare/.
closely as well at qualitative indicators such as: Does this insurance shift the insured’s sense of entitlement to health care and her knowledge of health issues overall?

BRAC has a health security scheme for its 100 000+ employees. In conversation Shib Narayan Kairy, the CFO of BRAC, stated that the administrative costs are close to zero for this insurance scheme. Kairy also indicated that he believed that Aarong’s health security scheme could be scaled up for application to the other BRAC SEs after the challenges were ironed out. At that scale, this approach to health insurance would provide insights for the Ministry of Health and its interest in a possible health security scheme for the poor and ultra poor.

5.8 Aarong Findings

Aarong’s SCPR has introduced new ways of thinking about and integrating social compliance through a bottom up and inclusive approach including 1) a social audit, 2) the Artisan Development Initiative and health security scheme for AAF artisans; and 3) enterprise management and compliance training for the IP owners. Aarong has built out its social compliance framework with support and input from BRAC and/or international donors; it is the first SE to have BRAC’s core development services delivered in the workplace. As well, Aarong is the first and only BRAC SE to have a significant urban IP stream, placing Aarong in the vortex of the unregulated and under-regulated MSME sector in Bangladesh. Aarong’s social compliance work is an entirely new effort for BRAC.

Aarong’s two separate producer streams—AAF and IPs—have necessitated different social compliance program components. As a part of Aarong-BRAC, the AAF manages its artisans distributed in its production and sub-production centres. Thus, the AAF has been able to direct and implement (and continues to improve) social compliance in all of its production sites. Yet this does not mean that the establishment of social compliance was straightforward. ADI was a novel concept at BRAC in 2013, such that a BRAC

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448 Email correspondence with Tanvir Hossain, 2014.
interviewee stated: “ADI is a new and emerging dimension for us [BRAC], making these levels of connection between a rights-based program [ADI] and a supply side program [Sewing].”\footnote{BRAC Interview, B4, 2013.} Bringing together BRAC’s 6 core development programs in the workplace through ADI was unprecedented for BRAC in three ways: in its locus of delivery; the teamwork involved amongst BRAC core program staff together with a social enterprise (not a BRAC development program); and the involvement of the Executive Management Committee (EMC) of BRAC in the approval of the development and ongoing subsidy of ADI by BRAC beyond the pilot phase.

In the IP stream, by contrast, 800 different enterprises carry out production in a multitude of locations scattered about in peri-urban and urban areas, and their leaders have not been trained in enterprise management practices and social compliance requirements. Furthermore, their artisans are likely unaware of their rights to a safe work environment, fair pay, etc., and direct all their energy at maximum productivity to earn enough of income to support themselves and likely their families as well.

The challenges inherent in all of this commanded a good deal of attention in my meetings with Aarong staff. One has to consider the size of the IP stream, its complexity, its geographic distribution, its opaqueness and its hyper competitiveness, as well as BRAC’s lack of experience in this type of producer stream. To achieve social compliance in the IP stream, Aarong devised an incentive and consequence-based compliance approach for the IPs. They offered training and support to encourage compliance and de-registration as an Aarong supplier for non-compliance. Aarong has had to imbue the importance of compliance into the owners of the IPs, that compliance is good for business—good for the owner’s self-interest—not simply a cost to be endured to remain a supplier to Aarong.

To conclude this chapter, I turn to ponder the roles of place and resilience building in Aarong, at BRAC, and in the lives of the poor. I organize this discussion around two broad, inter-related themes.
1) Changing places:

The non-profit sector often uses the words “place and place-based” in reference to the locale in which the NPO operates and the location of its service delivery. This is a necessary and important but partial engagement with the term place. Here I return to Gieryn’s notion of place—as a combination of geographic location, materiality, and meaning making—to reflect on its role in Aarong’s social compliance efforts and in the lives of its producers.

Place is multi-scalar, embedded in the multiple engagements of each person’s life—home, community, workplace, place of worship, seasonal migration, etc. It is dynamic, a quality that needs emphasis in capturing the sustained and rapid change occurring in Bangladesh today, socially, economically and environmentally. It also figures differently albeit as a common thread in Aarong’s AAF and IP components.

In deciding to deliver the ADI in the workplace rather than the village in response to client demands for fewer meetings, BRAC opened a new pathway to program delivery to give marginalized clients opportunities to acquire skills for empowerment and livelihood training. But this shift for convenience had unanticipated consequences. Aarong staff noted that the production sub-centres became development platforms, “not just [places] to learn rights, sanitation and MF, but to bring people together”.450 In similar vein, SCPR staff explained that bringing people together in this way led to greater empowerment and self-awareness, individually and collectively.

The rise of the IP stream was also much more than a shift in the location of production and its organizational form (from rural to increasingly urban, and from AAF to independent producer). At one level it marked a growing separation of the “work of BRAC” from the “workplace” of IPs, a separation that led, some said, to the absence of BRAC’s standards in the IP workplace (safety standards, fair pay, etc.); the absence of BRAC core development services available to IP artisans; and the absence of opportunities to nurture personal empowerment and rights-based approaches among

450 Aarong staff meeting, 2015.
women artisans. One Aarong staff person summed this up succinctly with the comment: “There is no BRAC in the IPs.”

Aarong has engaged IPs in its production for decades, however the number of IPs was much smaller and known to Aarong. The change in the past decade toward growth in the IP stream over growth in the AAF stream has been profound, aligning with a key tactic of neoliberalism, that of contracting out services as a cost saving strategy. Yes, this is one view of Aarong’s engagement with the IPs and it is partially correct. Aarong chose to engage with the IP sector to match its demand for certain products within existing enterprises, thereby facilitating Aarong’s efficiency and cost saving. Aarong’s AAF production facilities could not accommodate the room for growth in production that Aarong desired. There was another component in Aarong’s decision-making, logistics. The IPs are located in peri- and urban areas which are more central to Aarong’s markets. This assists in such an infrastructure weak country such as Bangladesh. Last the MSME sector in Bangladesh is growing rapidly and is attracting many poor, unskilled workers. In engaging with the MSME sector as a Fair Trade organization, Aarong could be a part of solution building toward greater fairness and justice within this vast, largely unregulated sector.

Aarong’s SCPR has taken significant steps to bring BRAC into the IPs. SCPR staff have implemented the social audit, IP owner training, and regular meetings between the heads of IP producer groups (such as garments, leather, woodwork, etc.) and Aarong senior management. The current social compliance efforts have improved workplace standards, but Aarong has yet to devise an approach to reach the IP artisans directly. In my meetings there was much discussion amongst staff considering possible approaches to this next phase of programming. Given the IP artisans’ geographic distribution, not only within one enterprise but also within the greater dispersion of their lives (towns or peri-urban and urban areas, not village-based, rural areas), how could clusters of IPs be organized for training and empowerment? Which components of BRAC’s core development programs would be useful for IP artisans? What other

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451 Aarong SCPR staff meeting, 2015.
organizations might be helpful partners in the design and delivery of this artisan empowerment and training initiative?

Place is at the centre of SCPR’s efforts in social compliance as evidenced by attention to location, materiality and meaning making in supporting the empowerment and rights of marginalized workers. The attention given to shifting ways of meaning making within services at BRAC-Aarong is a central tenet of its engagement with resilience. If the poor are empowered with knowledge, skills, rights, and the ability to act, they will be able to influence change in their own lives, in their home, community, workplace and society. It is within this context that SCPR staff view social compliance as “a change journey” and one that takes time.

2) Siloes and integration:

SCPR staff told me: “BRAC will learn from us (Aarong)”. Staff talked about ethical sourcing and social compliance as a big part of the work ahead for BRAC and Bangladesh. Both of these issues are connected to a rights-based approach to development. Conversations moved repeatedly between “us/them” (“Aarong/BRAC”), but always rolled up in the “we”—the “BRAC family”, “BRAC”, the “BRAC way”. SCPR staff commented on the “development effects” of their work, something that was part of “BRAC” programming.

Siloes are strong in BRAC, borne of both internal factors (BRAC’s enormous size and donor funding specifications) and external conditions (donors and other agencies, and societal conditions interacting with BRAC’s work). Staff work to bridge siloes in order to make new connections, seeking top down/bottom up and cross-programmatic bridging. With the cultural deference to hierarchy and the sheer size of BRAC, staff acknowledged that bottom up efforts will only go so far. SCPR staff told me that Tanvir Hossain’s (manager of social compliance) direct reporting to Tamara Abed (head of social enterprises, and former head of Aarong) provided an important conduit to “push up” the social compliance agenda to the top. Some of the bridging emanated from the top as well. The Executive Management Committee (EMC) included the senior manager of each SE in leadership meetings from 2013, to improve understanding of
“development” and “social enterprise” initiatives, and in hope that—as Tamara Abed commented—“interest would be generated and people would talk amongst one another”. This effort was not initiative specific, but a realization that the SE’s had become “alienated…and not part of the mainstream of BRAC”.  

Siloes were shaped in response to BRAC’s specific engagement with a problem. One example is the prevalence of child labour in the garment sector (children less than 14 years of age). Aarong’s social compliance has zero tolerance for child labour yet staff acknowledge that this approach does not solve the problem, it simply pushes it along. Staff noted that child labour is a new issue for BRAC and is an intractable problem in Bangladesh and other South Asian countries. They talked of child labour as a deep-seated cultural practice in Bangladesh, akin to child marriage and dowry, and fuelled by poverty. Therefore it would need “cooperating strategies and solutions to start the journey toward its termination”.  

Given that BRAC had no child labour program to support Aarong’s social compliance, and that SCPR staff had already learned that enforcement in the IPs does not work without opportunity, SCPR started to inquire in the community about the services being provided to child labourers, and by whom. This revealed that there were not nearly enough NPOs engaged to address the scale of the problem. In 2016/17 SCPR began to support a school that garment workers 14-17 years old could attend on a part-time schedule so that they could work part-time as well, as permitted under Bangladesh labour code. This would permit SCPR to “learn by doing” as a way to consider how Aarong-BRAC might be involved in addressing child labour.  

“Learn by doing” is an oft-used phrase at BRAC. Another common one was “pilot, perfect, scale up”. These comments encapsulate the modus operandi of BRAC and the ways in which programs—such as MF, education, disaster preparedness or health—originating in one silo at BRAC often interacted with others within BRAC and reached far beyond, through partnerships and adaptation.

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452 B6, BRAC interview, 2015.
453 Aarong SCPR staff meeting, 2015.
In this context, ADI has great potential—as a bottom up/top down initiative to address a MSME sector rife with non-compliance. ADI is affordable, scalable and replicable—even in the smallest of home-based enterprises. SCPR staff know that the addition of rights and empowerment training for IP artisans is a necessary step and, with experimentation and time, staff will work toward meeting this objective. Last, in partnership with BRAC’s Research and Evaluation Division (RED), impact assessment research will provide evidence over time of development outcomes of the spectrum of social compliance services—social audit, training of IP owners and rights and empowerment training of the artisans.

My research question asked how BRAC uses its historical knowledge and understanding of place to empower its clients beyond poverty and how cross-scale interactions interact with slow variables to affect resilience building in the lives of the poor and within BRAC. Its historical knowledge enabled it to recognize the rural to urban/peri-urban migration as an opportunity to continue its work with the most marginalized individuals. Through Aarong, BRAC shifted the place it delivered services as the population shifted.

This study of Aarong reveals how “meaning-making in place” is a slow and incremental process, akin to the slow variables that build resilience in human dominated systems. Interventions, at multiple scales, support an overall shift from disempowerment and unsafe working conditions toward personal empowerment and safer workplaces. Grant support has played a role in both the revitalization of Aarong and the rollout of social compliance, indicating the need for specific subsidies from time to time in this SE. Cross-subsidy also exists in Aarong, as BRAC’s core development programs are offered through ADI, but Aarong is not paying BRAC for these services. Social compliance is addressed through a diversified approach consistent with the contextual differences amongst Aarong’s artisans and IPs. Social compliance is greater than a social audit, in which a set of standards is assessed. Standards are vitally important, and difficult to achieve for many, but it is the ability of a worker to act and to change her circumstances that drives to the heart of robust social compliance. This, in turn, builds resilient individuals and communities.
Chapter 6: Case Study—BRAC Dairy & Food Project

As with the case study of Aarong, my case study of BRAC Dairy & Food Project (BRAC Dairy) explores the role of place and qualities of resilience in its dairying initiatives. BRAC Dairy grew out of the need for small dairy farmers to receive fair prices for their milk. Today it is one of Bangladesh’s largest dairies, offering a suite of dairying support services to, and collecting milk from, over 50,000 dairy farmers throughout the dairying regions of Bangladesh.

BRAC Dairy ensures collection from the poorest and smallest producers through the location of chilling centres in their regions and through support services delivered to them by BRAC’s Targeting Ultra-Poor Program (TUP). Dairying is a critical activity in a protein-deficient country and, as well, a country needing robust job creation. BRAC’s dairying support services offer pathways to strengthening milk production in Bangladesh as well as creating jobs in the lives of the poor, even as BRAC Dairy has to be ever more nimble to operate successfully in a country deeply impacted by tariffs and subsidies on dairying products as well as price sensitive domestic customers.

6.1 Introduction

I am reading the front page of the [Dhaka] Daily Star for 13 November 2013 during my second week in Bangladesh. The country is paralyzed by on-going, multi-day, ‘hartals’ (strikes, often characterized by violence, arson, and killings). The streets outside BRAC are empty; a few rickshaws and tuk-tuks pass by. These are the same streets that are jammed, every which way, on the few non-hartal days that I have experienced over the almost two weeks since my arrival. I am inside BRAC Centre in Dhaka, all field travel cancelled for BRAC staff. The TV broadcasters offer a constant stream of images of burning buses, injured citizens in hospital wards, and grieving families. The gates at BRAC Centre are closed with armed security guards on duty.

454 Hartals are massive strikes in order for the opposition to press political demands. For further reading see: Roy and Borsha, “Hartal: A Violent Challenge …”, pp. 86-97.
The front page of the paper displays a photo of rural milk producers dumping their milk onto the ground in their village. The aluminum and plastic jugs hold a few litres of milk each, a producer’s daily yield. The sale of even a few litres of milk per day constitutes important additional income to households on the economic margins. There is no refrigeration in the villages, and in Bangladesh’s heat, fresh milk spoils within four to six hours. Fearful of the hartal violence, drivers are not collecting milk for delivery to the dairy processing plants; milk yields beyond household consumption needs are thrown on the ground in an act of protest to call attention to the breadth of suffering in Bangladesh.


\(^{455}\) In Bangladesh (and some other South Asian countries, India, for example) the Vedic numbering system is used: 1 lakh = 100 000 units; 1 crore = 10 000 000 units. (Jacqueline Koerner notes from interview with Mr. Kairy, BRAC)
Dumping milk is only one of many losses along the dairy value chain during these strikes. Transportation operators, chilling centres, processing facilities, wholesalers, retailers and microfinance lenders are also affected. Everyone suffers. About 500 000 litres of milk per day are wasted during hartals which cost Bangladesh about US$7 billion in 2013.\textsuperscript{456} The dairy industry is important in Bangladesh. While it represents somewhat less than 3\% of Bangladesh’s GDP, it is estimated that dairying employs about a fifth of the rural population, making it one of the most important economic sectors in the country.\textsuperscript{457}

Hartals affect both formal and informal sector work, and they impact upon the poor most grievously, as they are least able to withstand interruptions to their income. Many of BRAC’s Microfinance (MF) clients are marginal, poor, dairy farmers.

The next day, Md. Reaz Uddin, Programme Head, Microfinance, at BRAC tells me that the past few days have been difficult in BRAC’s MF program. The country has ground to a halt; many people are unable to work or trade. It is a huge national crisis. Poor people need funds because they have insufficient financial capacity to bridge the economic situation created by the hartals. Uddin said that on 13 November, BRAC’s MF program extended US$1.0 million in emergency loans, and more were likely.\textsuperscript{458}

In this chapter, I explore BRAC’s Dairy & Food Project social enterprise (BDFP—known as BRAC Dairy), whose dairy products are sold nationally under the brand name Aarong Dairy. This social enterprise has multiple operational layers in its own activities and through its deep integration with other BRAC social enterprises and with BRAC’s development programs (particularly BRAC’s Targeting Ultra-Poor Program (TUP)).


\textsuperscript{458} BRAC Microfinance disbursed USD$1.9 billion in loans in 2014, averaging, therefore, just over $5.0 million in loans disbursed per day. BRAC Annual Report 2014, p. 16.
BRAC Dairy has made some critical business decisions to maintain ultra-poor producers in its value chain, adding to its operating costs.

BRAC Dairy is a social enterprise advancing the mission of BRAC, both empowerment and livelihood support approaches. It engages with dairy farmers—64% are female producers and the ultra poor—and with other service providers along the dairy value chain, such as para-professional veterinarians, veterinarians, and milk collectors.

The dairy industry is expanding to meet a growing national demand for dairy products. It is also challenged by changes in tariffs and increased foreign competition that heighten competition among producers for market share. BRAC Dairy constantly strives to be more agile while attending to its BRAC mission and paying attention to its environmental footprint through improved milk collecting and processing.

Job creation is critical in Bangladesh, and even more so today to stem rural-urban migration. Bangladesh’s population is still 70% rural and dairying is a viable income generating initiative for the rural poor that also contributes improving food security for Bangladesh. BRAC Dairy continues to introduce and program support services that blend empowerment and income generation services for marginalized dairy farmers with BRAC Dairy’s savvy industry know-how.

6.2 BRAC Dairy—origins, importance, and challenges

BRAC began providing MF loans for dairy cattle acquisition by the landed and landless poor in 1978 to assist them in creating productive and reliable sources of income. BRAC understood that borrowers needed to procure productive assets with their loans rather than using them for household consumption and/or to service other loans. Village milk production rose, but in that time, there was not enough demand in one village to

459 Landless poor can still raise cattle, grazing them on common property such as roadsides and open areas.
generate enough income to the producer. And without refrigeration to store unsold milk, much of it was wasted.⁴⁶⁰

In 1978, a single government-owned milk processing company (Milk Vita) controlled the entire Bangladesh market. Middlemen carried out the milk collection and paid the milk producers poorly. In this monopolistic market, there were no support services such as training in animal husbandry. Veterinary services were provided by local government extension services and were inadequate and difficult to access. Farmers struggled, animals died, and milk production was very low, on average 1.25 litres per day per cow.⁴⁶¹ Furthermore, animal feed was an additional expense for many of the landless poor (due to inadequate grass in common grazing areas), adding to the marginal results in income generation.⁴⁶² With more MF loans financing the acquisition of dairy cattle, milk production was rising but more milk supply simply transferred into continued poorer pricing to the dairy farmers.

With land scarce and protein shortfalls in the diets of most Bangladeshis (30 percent of Bangladeshis still consume fewer than 1900 calories per day—the minimum daily intake is considered 2300 calories) and a growing urban market for dairy products, it was both imperative and an opportunity to raise per-cow milk yields.⁴⁶³ So, BRAC decided to enter the dairy business to build a dairy value chain. Its goals were to support dairy farmers with milk collection services, market access, and fair pricing.

In 1983, BRAC started experimenting on a new livestock programme in Manikganj with a package of services including credit, skills training, artificial insemination (AI) and veterinary services”, operating it as a program support enterprise of BRAC.⁴⁶⁴ Fifteen

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⁴⁶¹ Mr. Shafiqur Rouf, Deputy General Manager, BRAC AI & Producer Services, Interview, 2015.
⁴⁶⁴ Harder and Barua, “Dairy Production…”, p. 16.
years later, BRAC Dairy & Food Project began with the opening of a processing plant in Gazipur, forty kilometres north of Dhaka. In 2007, BDFP, known as BRAC Dairy, was converted to a social enterprise as part of the corporatization of BRAC’s SEs. In the transition, BRAC engaged outside consultants to advise BRAC Dairy on how to grow a successful dairy enterprise. BRAC Dairy was staffed from two sources; BRAC staff who had worked with the dairy program moved into the SE, and BRAC Dairy hired industry experts to offer new insights and directions. Consistent with other BRAC SEs, this melding of development staff with industry staff has been challenging—balancing development objectives with growth of the enterprise in a competitive national industry and establishing the necessary decision-making processes that that entails.

Photo 6.2; BRAC Dairy Processing plant, Gazipur, Dhaka Division, 2015: Emphasis on job creation at this plant is visible on each production line. (Jacqueline Koerner photo)
The growth in BRAC Dairy has been notable since 2007. With revenues of US $11.5 million in 2007, BRAC Dairy’s net surplus was almost US $1 million. By 2015, its revenues were US $38 million and net surplus was US $2.6 million. For all that, BRAC Dairy has not been able to contribute 50% of its net surplus to BRAC’s core development fund on a consistent basis (as each BRAC social enterprise is expected to do), due to rapid changes in the dairy sector and BRAC Dairy’s commitment to offering support services for the smallest and most remote milk producers in Bangladesh.

BRAC Dairy is now the second largest dairy company in Bangladesh (behind Milk Vita) with 21% share of the national dairy market. In 2012, BRAC Dairy was re-branded and since then its products are sold nationally under the name ‘Aarong Dairy’. BRAC Dairy collects milk from over 54 000 dairy farmers, many of whom only have one or two cows. It employs 1500 persons, processes over 150 000 litres of milk each day and is one of BRAC’s largest SE’s.465

Milk production is mainly from the North and West of the country with two districts, Pabna and Shirajganj, accounting for about 70% of the milk. The eastern region of Bangladesh does not have a significant dairying tradition so milk is sold into this part of the country. BRAC Dairy has 101 chilling centres distributed in 25 districts in Western Bangladesh (there are 64 districts in all of Bangladesh), largely in the North and West. It also has chilling centres located in southern districts of Bangladesh. It is the only dairy enterprise in Bangladesh to do so, reflecting its commitment to mission. Ten of the twenty-five regions are located in ultra-poor regions (in the North), the least viable economically to BRAC Dairy.

In rural Bangladesh, almost two-thirds of households are engaged in dairying activities. Dairy cattle are valuable assets because they contribute more than milk to household diets and incomes, including food, income, savings, draught power, manure (used as fuel and/or fertilizer, or as a raw material in the production of bio-gas) and calves to yield further income. Even in death, all parts of the cow are used, including the hide, bones, and horns, maximizing possible income. Last there is also a social and cultural function for cattle in Islam—the prices of cattle leap in the days before Eid al-Adha festival during which cattle are slaughtered.

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Importantly for producers, the demand for fresh milk and dairy products is growing robustly as income per capita rises in Bangladesh. This pattern is being repeated in other Global South countries experiencing rising income per capita. Bangladesh’s milk production doubled between 2001 and 2011, when output reached 3.46 million metric tons. However, Bangladesh would have to increase production to five times the current level (2013) simply to meet the World Health Organization (WHO) recommended minimum daily consumption of 250 ml of milk/person/day. There is a growing and significant gap between supply and demand in Bangladesh. It is met increasingly with imports in non-fat dry milk powder (NFDM).

Imports of NFDM powder increased about thirty percent between 2011-2015. They now total about 27% of the country’s milk consumption needs. These imports use up valuable foreign exchange and undermine growth in the domestic dairying industry. Changes in domestic and international fiscal policies have prompted this rise in NFDM imports into Bangladesh. Until Fiscal Year (FY) 2008-2009, NFDM was levied a 51.5% import duty by the Bangladesh government. This import duty was lowered to 37.5% in FY 2009-2010; then to 33% in FY 2010-2011; and to 25% in FY 2015-2016.

At much the same time, the European Union (EU) increased its export subsidies to dairy farmers, to the point that NFDM could be sold below the costs of production. Falling Bangladesh tariffs made imported NFDM products cheaper than domestic NFDM products, depressing the price paid to local milk producers, thereby continuing to undermine the growth of the domestic dairy market.

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467 Haque, “Bangladesh: Social gains… “, no pagination.
470 Ibid.
472 Steve Tibbet, “If the cap doesn’t fit, change it: how EU taxpayers undermine Bangladesh dairy farmers”, ActionAid Denmark, September 2011, p. 3.
A 2011 report by ActionAid highlights the disparities between EU and Bangladesh production: "One recent analysis found that a typical farm in Bangladesh (with two cows) produces milk 50% cheaper than a typical farm in Germany (with 31 cows). The same study found that for every million kilos of milk produced by EU dairy farmers, 7.6 jobs are created, but in Bangladesh the number is 350 jobs—46 times as many".\(^{473}\) In a country with under-utilized dairying potential and one in which job creation, income generation, and protein availability are each critical to continued development, the EU subsidies and Bangladesh’s lowered import duties are challenging to local producers. What is even more contradictory is that at the same that these subsidies exist, the EU continues to provide aid to Bangladesh, aid that has supported the very dairy industry that it is undermining through export subsidies.

Given that Bangladeshis are very price sensitive consumers who substitute NFDM for fresh milk when the price differential increases, growing the domestic industry is not easy. The external forces of tariff policies and subsidies press on BRAC Dairy and the dairying industry overall in Bangladesh. At a roundtable organized by CARE Bangladesh and Prothom Alo (a Bangladesh daily English language newspaper and in which BRAC Dairy was a participant) in December 2016: “Bangladesh Dairy: Challenges and Opportunities”, calls were made for both increased public-private partnerships, public and private sector financing for the growth of the dairy industry and greater attention to dairy policy by the government to protect against subsidized imports. One speaker reminded participants that dairy product importers in Bangladesh are not “interested in investing in [the] local dairy industry. There must be a link made between importers and local producers”.\(^{474}\) What was notable in this gathering was the amount of attention directed at domestic and international dairy policies. This is consistent with my interviews at BRAC Dairy—the challenging nature of building a domestic dairy industry in the absence of dairy subsidies in a global dairy market shaped by both significant subsidy and tariffs.

\(^{473}\) Ibid., p. 7.

In spite of international competition, the overall rising domestic demand and large under-utilized dairying opportunity in Bangladesh contribute to BRAC Dairy’s ability to run a successful and growing mission-based social enterprise. Several significant challenges continue to confront dairying in Bangladesh, though, including low milk-yielding cows; ultra-poor producers with little dairying knowledge; spoilage due to heat and collection; inadequate health services for cows; and financing for cow acquisition. Further there is another constraint challenging dairying, as it challenges much of Bangladesh today, the decline in land per capita.

This presents with two challenges in dairying, reduced common land for grazing cows and the growing absence of land title for farmers. Thus, BRAC Dairy continues to intervene in each of these spheres through its provision of services to dairy farmers, and a commitment to “channel milk from rural areas into urban areas while channelling urban money into rural areas”, strengthened by other development services within BRAC. BRAC’s greatest asset in this complex sector is its multi-pronged support system and growing number of partnerships, both regarding the direct delivery of services and in its participation in roundtables and discussions relating to best practices.

6.2.1 BRAC Dairy: Systems and more systems in support of dairying

By supporting an inclusive dairy value chain in BRAC Dairy, BRAC has developed an entire system of dairying support that underpins systems within and beyond BRAC Dairy. BRAC Dairy’s support services are directed at developing the skills and improving the livelihoods of dairy farmers, whether they produce for BRAC Dairy or not. BRAC Dairy strengthens national dairying cattle stock through artificial insemination, veterinary services and further training; produces nutritious, safe, high quality, fresh milk; and minimizes environmental effects in its value chain.

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475 BRAC’s development services include a Property Rights Initiative in which land entrepreneurs—BRAC trained persons who assist with land registration, rights training, and disputes—intervene on issues of property. See BRAC Property Rights Initiative: https://www.brac.net/human-rights-legal-aid-services/item/836-property-rights-initiative.

There are three sub-sections to my investigation of BRAC Dairy: integration with BRAC’s ultra-poor program participants; support services to the dairy farmer and her cattle; and current opportunities and challenges.

6.3 Integration with BRAC’s Ultra-poor program

The inter-twining of BRAC’s Targeting Ultra-Poor Programme (TUP) with BRAC Dairy demonstrates a social enterprise’s ability to reach the most marginalized producers.

In the early years of its MF loans to dairy farmers, BRAC observed that some people remained beyond the reach of their efforts because they did not step forward to participate. BRAC concluded that MF helped the “middle” poor but could not reach the most vulnerable.477

Through a program that ran between 1985 and 2000, called Income Generation for Vulnerable Group Development (IGVD), BRAC learned the complexities of supporting the most vulnerable and the limitations of some its own programmatic approaches. In 2000 BRAC put together a small group of experts, including Fazle Abed, to bring forward the best learning from BRAC and others to create an integrated program—Challenging the Frontiers of Poverty Reduction: Targeting the Ultra-Poor (TUP)—launched in 2002. One of the most significant aspects of BRAC’s learning in IGVD was that adding MF after skills training failed to provide the anticipated economic lift. From this BRAC concluded that “a cyclical and more complex perspective of graduation rather than a linear one” was required and built TUP accordingly.478


The chart above illustrates the heavy investment that TUP makes in the life of the ultra-poor person. Over a two-year period, TUP offers a suite of free services to each client in order to improve her social integration in her community, her confidence, her health and diet, and, as well, the necessary skills training, financial literacy and asset transfer to provide for her economic wellbeing going forward.

The asset transfer (grant) of a productive asset to the program participant (a cow, chickens or a sewing machine) is the linkage between TUP and BRAC Dairy. But the interaction is only successful because both BRAC and BRAC Dairy provide systems of support for the most vulnerable dairy farmers. TUP offers each client a weekly support meeting, one-to-one, simply to check in, handhold, find out how things are going, talk about the future, and make plans. In the last three months of the program the women attend confidence-building seminars.
In my interviews, TUP staff emphasized that each program component is important to the successful graduation of the client into regular BRAC services after two years. However, each interviewee stressed the positive changes in a woman’s affect, in her hopes for her future, for her children, and her sense that she could now make further changes in her life. She was no longer in the trap of extreme poverty. Esther Duflo, an economist at the Massachusetts Institute of Technology, known for her randomized control trial (RCT) approach to poverty analysis, has spoken of the quantitative successes of the TUP approach to programming. But she has also spoken of the unexpected consequence of hope and how it replaced the omnipotence of hopelessness that held back the ultra-poor.

6.3.1 BRAC Dairy support services

1. Collection: growing partnerships and automation:

Examining the myriad services that interact with BRAC Dairy I began to see the high degree of inclusion in this social enterprise and the challenges in keeping it competitive. Dairying in Bangladesh has changed little since the late 1970s, although the women involved in it are marginally less poor than they were.

Many dairy farmers living at the economic margins are not yet participating in improvements in animal husbandry and dairying. BRAC Dairy’s inclusive approach starts with milk collection, making it as amenable as possible to the small, more remote producer. The geographic distribution of dairy farmers challenges BRAC Dairy to collect in both cost and time efficient ways. The most critical challenge that BRAC Dairy has to address is milk spoilage due to the heat in Bangladesh, particularly in the summer.

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479 TUP program components: specific targeting in consultation with the community to ensure proper selection of candidates; grants of a productive asset; weekly stipends of food so clients don’t need to beg; savings accounts mandatory to create habit of saving even if just a few taka; intensive hands-on training and one-to-one weekly meeting with program staff person; and health care. (See Misiti and May “Tackling Extreme Poverty: from Bangladesh to a Global Agenda”, BRAC Social Innovation Lab, BRAC, Dhaka, Bangladesh, July 2013.)

months during which BRAC Dairy rejects 10-20% of milk delivered to the chilling centres. Milk turns within 4-6 hours in Bangladesh’s heat.

A BRAC Dairy farmer can deliver her milk to the chilling centre in three ways: through a milk producer organization (MPO)—a group of about 20 producers that drop off their milk at a collection point for pick up by a designated collector; taking milk directly to the chilling station, thereby saving money on commission paid to a collector; and pick up by an Aarong Dairy pedal rickshaw collector for the very small, more remote dairy farmers (1-2 cows), those farmers who are the most marginalized and are motivated to produce more milk if they are assured that a collector will collect regularly their small amounts of milk. MPOs and direct sales comprise 55% of BRAC Dairy’s milk purchases from its farmers, and pedal rickshaws handle the remaining 45% of BRAC Dairy’s milk deliveries.

Photo 6.4: BRAC Dairy pedal rickshaw milk collector, Manikganj District, Dhaka Division, 2014 (Jacqueline Koerner photo)
An early objective of BRAC’s dairy work was to eliminate middlemen in order to increase the price paid to the farmer. Today over 80% of the milk market in Bangladesh continues to be unorganized and reliant on middlemen for milk sales beyond the village. However, prices paid to farmers are poor and milk spoilage rates high. Collection is therefore fundamental to the dairy value chain. The collectors in the MPOs are simply commercial traders, collecting milk from groups of producers, bringing 200-300 litres at a time to the chilling stations. These collectors make it convenient for BRAC Dairy and the farmers; however, the farmers earn significantly less, inconsistent with BRAC Dairy’s objectives. In order to address this issue, and given the ubiquity of middlemen, BRAC Dairy is increasing collection directly from dairy farmers through organizational partnerships with other NPOs involved in dairying. Partnering keeps the costs down to BRAC Dairy thereby permitting higher prices to be paid to the farmers.

The first partnership started in 2013 with CARE Bangladesh. CARE has been involved in a multi-year Strengthening Dairy Value Chains II project, directed at poor dairy producers, most of them women. The Bill and Melinda Gates Foundation provided funding for the project. BRAC Dairy partnered with CARE Bangladesh to pilot the use of digital fat testing machines (DFT) at both collection points and chilling centres.

The DFT is improving the quality of milk in BRAC Dairy’s value chain and returning higher prices to farmers. Each dairy farmer is given an ID number, creating a database of all dairy farmers. The DFT tests milk quality, including the fat content, far more accurately than earlier testing systems. Milk’s fat content is equated with quality—the higher the fat content, the higher the price paid to the farmer. The range of acceptable milk fat is 3.5-6.5%. This system motivates farmers to produce good quality, rich milk. The DFT brings transparency to the transaction. CARE’s work with BRAC Dairy and others has confirmed the benefits of the DFT: better pricing for higher fat milk and more milk volume being sold in this sales channel. It is hoped that with this reaction that more

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dairy farmers will be motivated to invest in animal husbandry so that their cows yield higher fat milk.

So far, BRAC Dairy has established additional partnerships with Solidaridad (a Dutch NPO) and Char Livelihoods Programme (CLP, a Bangladesh NPO). These organizations have their own dairy farmer producer groups through their programming and they want their farmers to have access to fair prices. Thus, BRAC Dairy welcomes these producers into its collection system. In the new arrangement, dairy farmers drop their milk at a collection point where it is tested and measured by a BRAC Dairy representative. The farmer is given a receipt and the collector transports the milk to the chilling centre. It is this approach that BRAC Dairy is seeking to grow. This approach brings more dairy farmers into BRAC Dairy’s transparent collection system.

One of the early challenges flagged in this transition was the dairy farmers’ preference to take lower payments from middlemen because they pay cash on the spot. CARE and BRAC Dairy pay their farmers later the same day or the next. Middlemen as well, were initially not pleased because the testing brought a new rigor to their milk purchases. But with rising quality and volume of milk being sold, middlemen stand to make more money over time. In order to promote DFT and encourage more farmers and collectors to sell their milk in this channel, BRAC Dairy and CARE have offered awards for the best milk quality, highest volumes and peer referrals.\(^{482}\) Sessions are held to answer questions and queries from farmers, and to continue training in animal husbandry. These steps are all part of shifting “mindsets”.\(^{483}\)

Other strategies and practices in support of dairy farmers seek to attract more BRAC Dairy registered farmers. At intervals, BRAC Dairy hosts fairs at the chilling centres for farmers and their families. There are demonstrations of all the services that add to, and re-affirm, farmer knowledge and awareness. There are testimonials by farmers, often local government officers are present and people socialize. It is a way of embedding the

\(^{482}\) CARE Bangladesh, “SDVC II Weekly Update: “Best Farmer Award” Program at Batiya, Shahjadpur, February 16, 2015.

\(^{483}\) Ibid., p. 2.
values of BRAC Dairy in an informal and celebratory way. The most important message is that of hope and aspiration—as a member of BRAC Dairy’s family, I have potential to grow my skills, increase my ability to become a successful dairy farmer, and support my family’s wellbeing.\textsuperscript{484}

DFT was the first step in upgrading technology in the collection process. In 2015 both BRAC Dairy and CARE made significant investments in technology again with the introduction of automated milk collection units. BRAC Dairy installed, and paid for, 100 automated milk collection units in chilling centres.\textsuperscript{485} CARE is supporting the installation of automated equipment at farmer group locations. These machines include a data processor, a milk analyzer, and a sterilizer—significantly more robust than the DFT—that will allow BRAC Dairy to track and analyze the dairy farmers and their sales of milk in a centralized and timely way.

Using the automated equipment at its chilling centres, BRAC Dairy implemented its Enterprise Resource Planning system in 2015. This system will integrate the accounts of the current registered 54,000 dairy farmers. However, BRAC Dairy suspects that there may be up to 200,000 more farmers who supply them with milk occasionally. With the new automated system integrated into BRAC Dairy’s centralized software management system, all farmers will be documented including the amount, quality and date of milk dropped off. With the new accurate information, BRAC Dairy will be able to analyze it and identify trends, for example, where low-fat milk is being produced and how the organization might bring more support to the farmers there. These changes will make the entire value chain transparent.

To build out direct supply relationships with ultra-poor producers, BRAC Dairy entered into another partnership, with the Char Livelihoods Programme (CLP), a Bangladesh organization that works with the extreme poor living on chars (dynamic riverine/deltaic


\textsuperscript{485} BRAC Annual Report, 2015, p. 60.
islands) in Northwestern Bangladesh. BRAC has partnered with CLP to sustain the improvements in the circumstances of CLP dairy farmers achieved through their participation in a livelihoods support program. The six-year project, funded by both the government of Bangladesh and foreign donors, wrapped up in 2016. It was delivered by seventeen implementing organizations. Each program participant received twenty months of technical assistance. The program was based on BRAC’s TUP graduation approach. In partnering with BRAC and becoming BRAC dairy farmers, CLP’s dairy farmers will continue to have a ready and fair market and support services for their milk sales in the wake of the closure of the CLP dairy project. In this way, BRAC Dairy is reaching out to another local NPO to offer the same services that BRAC has provided to its farmers over the decades—creating market access for the poor in a way that is sustainable after the end of grant funding.

In building these partnerships, BRAC Dairy’s collection system will continue to embrace rural producers arriving with as little as a half-litre of milk at a collection point or chilling centre whenever they are able and build a robust database on the production of each farmer. Until now there has been no accurate way to know this information. There have been no surveys on the socio-economic status of dairy farmers and finding data on the livestock sector is also difficult. It is BRAC’s development programs that track this type of information, not the SEs. In my interviews with Taufiqur Rahman, Director of BRAC Dairy in 2015, he estimated that less than 10% of the farmers were economically “comfortable”. He suggested that 10% are ultra-poor, 25% are poor, and the remaining 55% were just “okay”. By “okay” he meant that they are still poor, but the children are going to school, the family has a sanitary latrine and a serviceable home.

2. Services directed at empowering the dairy farmer and improving milk yields:

Core services offered in support of dairy farmers through BRAC’s initiatives range from bovine health and husbandry training and services, artificial insemination, and animal feed including seed and fodder. I have included artificial insemination here to

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demonstrate BRAC’s approach in several ways: partnership with government, unrelenting push for improved cattle breeds, high standards, and an approach directed at supporting the poorest communities.

Recognizing the poor milk production of domestic breeds, BRAC moved early to introduce Artificial Insemination (AI). In the mid-1980s, BRAC worked with the government of Bangladesh to provide the rural poor with AI services. BRAC selected 120 persons with a minimum education standard of grade 8 to train as AI workers. After some persuasion by BRAC (the government felt that grade 8 did not provide the necessary academic requirements for this work), the government conducted the training and BRAC covered the costs. The government provided liquid semen and the necessary equipment. However, liquid semen lasts only two days and needs refrigeration. Rural areas have unpredictable electricity. In these circumstances, AI workers only had strong conception rates with the semen in the first few hours. After that, semen deteriorated and no conception occurred. The AI workers became frustrated and many quit.

BRAC re-deployed the AI workers as dairy farmer support technicians, expecting that government AI workers would provide AI services. However, the government program did not focus on supporting poor farmers or an outreach service of AI workers. With the government’s permission, BRAC started its own bull station operations in Mymensingh in 1998. BRAC differentiated itself in two ways: it would deliver all AI services at the farmer’s home and would target the poor. Growth in demand was strong for AI services delivered in communities and dairy production rose. With increased milk production, BRAC started up its dairy processing plant, thereby enabling it to process all the milk collected. By 2007, the AI program had become self-sufficient and became a social enterprise, at the same time that the other BRAC SEs were corporatized.

Today BRAC AI has over 2500 AI workers providing services to any dairy farmer in 61 of Bangladesh’s 64 districts—not just those engaged with BRAC Dairy (dairying occurs

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487 Mymensigh is 110 kilometres north of Dhaka city.
488 Mr. Shafiqur Rouf, Deputy General Manager, BRAC AI & Producer Relations, interview, 2015.
in nearly all regions of Bangladesh to some extent). AI workers use frozen semen kept in that state by liquid nitrogen. BRAC’s AI conception rates are strong at 61.5% (the international standard is 60-70%).\(^{489}\) The benefits from the AI work are striking. Skillful crossbreeding of cattle has raised milk production from 1.25 litres/day/cow to 10-20 litres/day/cow.

AI applicants must have a minimum grade 10 education and complete a two-month government mandated training program, per the government’s regulations. BRAC’s AI enterprise offers a two-month residential training course for this certification, in two regions, through the Bangladesh Agricultural University. BRAC AI pays 50% of the cost and the trainee the other 50%. The cost sharing helps some of those otherwise unable to afford the costs of training and is consistent with BRAC’s approach to levying fees on its clients. Upon graduation, BRAC AI loans the necessary equipment to the AI worker.

Once certified, the AI workers are paid on commission and are monitored by AI employees. There is a maximum price set on what AI workers can charge to customers, to ensure fair pricing for their services. In addition, 50/50 cost sharing arrangement with BRAC Dairy encourages farmers to utilize AI services. AI workers can earn a good income in this growing field, supporting dairy farmers throughout Bangladesh. I asked about opportunities for female AI workers. Had there ever been any? In 2015, there were only five women AI workers. Socially they are not accepted in this work and, furthermore, few women have the freedom to be mobile to attend to the cows. So BRAC has trained 44 females to do AI work with goats. A one-week training program enables village women to rear and improve the quality of goats within their villages.

AI work is supported by veterinary services, but vets are expensive and they are often called out unnecessarily. So BRAC Dairy is developing a curriculum to train para-professional vets. AI workers will be able to become certified with an additional 15 days of training. Taken together, BRAC Dairy and BRAC’s array of services aims to empower dairy farmers while keeping their costs as low as possible. Each of these service providers acts as a micro-entrepreneur, earning income only on services provided.

\(^{489}\) The government AI conception rate is 46.2% (2015). Mr. Rouf interview.
The growth and success in AI services also demonstrates how success in solving one problem often leads to the creation of another. In this context, rising land scarcity combined with increased numbers of crossbred cows have prompted a dependence on cattle feed—now a critical component in the health of the cow and in her milk production. Specifically, local—“deshi”—cows are accustomed to scavenging for food on common lands and their requirements are less per unit of milk output than high-producing crossbred cows. With open grazing in decline and new crossbred cows on the rise, farmers have to spend increasing amounts of money to buy feed. Yet, the price of feed has increased due to the lack of fodder and today accounts for 60-70% of the dairy farmer’s expense.\footnote{CARE Bangladesh, Strengthening the Dairy Value Chain Project II (SDVCB II) Weekly Update, e-Ag Conference, Pan Pacific Sonargaon, Dhaka, Bangladesh, December 3-5, 2014, no pagination.} In this cost structure and with the depressed milk prices due to international subsidies and tariffs (2015) both BRAC Dairy and therefore its dairy farmers’ net proceeds from the sale of milk are squeezed.

In response to the increasing cost of feed and other costs facing its dairy farmers, BRAC Dairy partnered with Artificial Insemination (AI) to establish the Cattle Development Fund, funded jointly with BRAC Dairy contributing 3% of its net surplus and AI contributing 10% of its net surplus. This fund grants fodder seeds (supplied by another BRAC SE, BRAC Seed and Agro), free de-worming tablets, and vaccinations to BRAC Dairy farmers. It also supports the cost of veterinary services. These services are delivered both in the farmer’s home and through events at the chilling centres, a location that is rising in prominence within BRAC Dairy as a site of service delivery. In order to contain costs, to attract new farmers, to celebrate successes, to educate farmers about dairying, and to instil in them the sense of the possible, BRAC Dairy is raising the profile of its 101 chilling centres. By holding fairs that include information sessions and competitions, BRAC Dairy is creating new places in the lives of the poor.

3. Building in environmental stewardship at BRAC Dairy:

BRAC Dairy has developed several environmental initiatives that complement and are interlinked with these socio-economic programs. New attention is being given to
environmental standards and practices in BRAC Dairy’s operations, particularly as more households have more cows and the availability and pricing of scale-appropriate technology improves. The single largest environmental footprint is associated with BRAC Dairy’s processing plant in Gazipur. Before its construction in 1997, an environmental assessment study was completed and an effluent treatment plant (ETP) was installed as the plant was built. The plant is ISO 22 000 certified and is the first dairy processing plant in Bangladesh so recognized. ISO 22 000 is a food safety management system rather than an environmental standard, but in a country in which food contamination is a serious concern this certification reassures customers that the milk value chain is held to high standards.

Environmental issues were not a priority when BRAC’s SEs were corporatized in 2007. Seven years later, BRAC Dairy hired Taufiqur Rahman as its first dedicated director; he had worked previously with a non-fat dry milk (NFDM) importing company. He understood the dairy industry thoroughly and was committed to strengthening BRAC Dairy’s implementation of BRAC’s mission as well as to increasing its market share. By 2015, BRAC Dairy was moving ahead in creative and inclusive ways, such as by piloting ten crate washers with effluent treatment capabilities in ten chilling centres—to reduce water use in crate cleaning and to treat the wastewater.

Most of the dairy farmers are too small and too marginal to pay for and benefit from the installation of any equipment to mitigate for their environmental footprint, such as a biogas plant. A minimum of four cows is required to make a biogas plant feasible. BRAC used to have biogas workers to install them but closed down this service because it became available by local companies. Today BRAC Dairy encourages the larger dairy farmers to install these plants once they have four or more cows. While few dairy farmers have biogas plants, almost all farmers use dung from their dairy farms for fertilizer and fuel. Demand for fertilizers is growing outside the key dairying regions in Bangladesh, in Eastern Bangladesh where dairying is scant. While the negative

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environmental and human health effects from chemical fertilizers are well known and prices represent an expensive input for marginal farmers, organic fertilizers offer a strong alternative. On my last visit (2015) BRAC Dairy was researching the feasibility of producing organic fertilizer. Specifically, BRAC Dairy was exploring how it might monetize this regional demand for fertilizer by training dairy farmers in other regions to make organic fertilizer, and then BRAC Dairy would buy it from them.

6.4 Findings:

My investigation of BRAC Dairy offers insights into its deep and evolving interconnectedness with both BRAC “development” programs and BRAC SEs. Specifically, BRAC Dairy demonstrates that while the locus of dairying continues unchanged (the farmer’s home), multiple and changing supports from BRAC “development” programs, “SE” initiatives, and partnerships with other NPOs present avenues toward individual empowerment and livelihood development for the diary farmer and her family—and for the continued success of BRAC Dairy. My research of BRAC Dairy demonstrates both the critical importance and changing nature of place and qualities of resilience building in the lives of the poor and in BRAC itself. Further it discloses that BRAC Dairy’s significant challenges lie outside of its control within both the context of a rapidly changing Bangladesh rife with its own strains and from international policy regimes regarding dairy subsidies, tariff schedules and foreign exchange.

In place: local, global and changing:

BRAC Dairy’s evolution reflects consistent attention to place over time. Specifically, for over three decades now, BRAC Dairy has delivered targeted dairying support services “in place” inter-linked with “BRAC development” programming that involves empowerment and skills training and microfinance loans, with each service delivered in the dairy farmer’s village. Since 2002, these inter-linkages have expanded to include BRAC’s TUP clients. With these ongoing inter linkages, the places in which BRAC Dairy operates are dynamic and multi-scalar—Doreen Massey’s notion of place as outward looking was manifest in the myriad interventions involved in BRAC Dairy’s operations:
• BRAC Dairy’s support services are directed at improved bovine health and animal husbandry skills of the dairy farmer, sustained by a suite of independent workers to support farmers, including AI workers, veterinary doctors and para-professional vets;
• BRAC core development programs serve most of BRAC Dairy farmers and provide the financing for their cows through microfinance. This has not changed with the corporatization of BRAC Dairy over the past decade;
• BRAC’s TUP reaches the ultra-poor, many of whom select dairying for their income generation. It is the comprehensive nature of the TUP that provides enough support to the very poor dairy farmer such that she can engage with BRAC Dairy; and
• BRAC Dairy’s attention to, and skill in, managing for external and often unpredictable conditions such as dairy tariffs, increased competition, and rising fodder prices has been strengthened through hiring experienced dairy industry staff into BRAC Dairy over the past decade.

BRAC Dairy’s services interact “in” place, in the client’s home, her village and at the chilling centres. BRAC and its development programs are the backbone of BRAC Dairy and, in return, BRAC Dairy is the backbone of microfinance borrowers who need to sell their milk for a fair price. The programmatic linkages are unchanged from the earliest days of BRAC Dairy as a program support enterprise within BRAC. In this way, BRAC Dairy continues to be “subsidized” by BRAC through BRAC’s support of dairy farmers through both BRAC’s core development services and those of TUP. Important to note here is that BRAC clients contribute to the costs of the BRAC core development services while TUP is one of the few 100% charitably funded programs at BRAC and is free to clients. Without BRAC’s programming (and thus indirect financial) support BRAC Dairy would be unable to reach the poorest and most remote dairy farmers. As it stands, BRAC Dairy absorbs the costs of chilling centres that are located in ultra-poor regions as its contribution to supporting the ultra-poor clients. The nature of this inter-relationship between BRAC and BRAC Dairy is particularly evident in the lives of the ultra-poor.
In the lives of the ultra-poor, place is a “site” of exclusions—psychological, social, physical, and economic. United in their hunger, isolation, and hopelessness—
experiences that are “overlapping and at times even indistinguishable”—the ultra-poor are shunned.\textsuperscript{492} BRAC’s Targeting Ultra-Poor Programme (TUP) provides free supports over two years such that clients can recreate their “place”. While place as physical location does not change over this time, place as “meaningful location” is transformed for the clients as they move out of ultra-poverty. With increased physical health, skills, confidence and income-earning assets acquired through TUP, female clients can join into the social fabric of village life and graduate into regular BRAC programming.\textsuperscript{493}

The shift in behaviour of the ultra-poor woman toward empowerment and the exercise of new capabilities represents a slow variable in resilience building. With greater agency in her life, a graduate of the ultra-poor program can begin to build further resilience in her life as evidenced by her decision to send her children to school, to invest in her health and that of her family, and to increase and diversify her income generation sources—such as buying an additional cow or adding goats and/or chickens. In my observations at BRAC, I found resilience building to be contingent on place and that BRAC’s myriad efforts at multiple scales are each in service of empowerment and livelihood development in place.

BRAC Dairy is continuing this approach with the expansion of place within its operations. BRAC Dairy’s attention to place over time has led to effective and efficient services to dairy farmers and their cows. The most abrupt changes in this enterprise have occurred outside of BRAC Dairy and BRAC and include more intense domestic competition in the dairy industry, tariff changes, and subsidies. These external challenges have made the operating environment for BRAC Dairy more difficult. To remain competitive and mission aligned BRAC Dairy continues to adapt its services. BRAC Dairy is “expanding” place to include “new” places in the lives of its dairy farmers. Specifically, BRAC Dairy is growing the role of its 101 chilling centres such that they


\textsuperscript{493} Cresswell, Place: A Short Introduction, p. 7.
become more holistic in service delivery, including fairs for celebrating and socializing, milk production competitions, recruitment of new dairy farmers, and training and reinforcement of skills—each activity deepening peoples’ knowledge and capabilities as dairy farmers.

2) Integration and partnerships:

Another way that BRAC is adapting to a more competitive and internationalized dairying industry is through partnerships, both internally and externally, that offer BRAC Dairy greater integration, effectiveness, and efficiency in meeting its mission. An internal example is the Cattle Development Fund (a partnership with Artificial Insemination), and an external example is BRAC Dairy’s growing number of partnerships with NPOs in the collection of milk. As well, BRAC Dairy is integrating all of its information on its dairy farmers into one database through the digitization of all milk collection data.

I encountered BRAC Dairy engaged with both BRAC and with external partners in service of mission. Staff constantly reminded me of the history of BRAC Dairy as originating out of BRAC’s core development services, from MF loans. Second, the establishment of TUP in 2002 augmented BRAC Dairy’s ties with BRAC. Last the external dairying industry in Bangladesh is so competitive and squeezed by domestic and international policy changes that BRAC Dairy has no choice but to become more efficient while still serving mission. The rise in partnerships with other NPOs engaged in dairying is notable for two reasons: it creates economies of scale for BRAC Dairy and improved services for the farmer (accurate assessment of milk quality and quantity) and offers other NPOs (CLP in this instance) the opportunity for the extension of program benefits to its clients at the wrap of their 6-year program.

BRAC Dairy is a finely tuned “business” seeking economies of scale at every turn to drive efficiencies. Yet in my case study I observed that these efficiencies were not detrimental to resilience building. For example, the rise in technology—both at collection points/chilling centres and for enterprise management—is increasing accuracy and detailed data such that BRAC Dairy can manage its “business” better, but also serve the specific needs of its dairy farmers.
The dairy market is expanding in Bangladesh with rising incomes and this bodes well for both dairy farmers and BRAC Dairy. The biggest challenge is not within BRAC Dairy but resides in the domestic and international dairying policy environment and how recent changes are negatively affecting liquid milk production in Bangladesh. This challenge is not unique to Bangladesh—subsidy and tariff regimes operate at odds with producers in many sectors globally. Somehow this seems particularly troubling in a country like Bangladesh that is trying to close a protein gap and provide productive employment to dairy farmers, most of whom are poor.

BRAC Dairy benefits from “cross-subsidy” from BRAC through the training, MF and TUP offered to clients. This leaves BRAC Dairy to address dairying only and serves to highlight the interdependent programs at BRAC and how they address multiple needs in the poor at scale and in place. Further BRAC Dairy continues to prove its ability to serve identified needs through the development of opportunities for income generation, an ongoing dynamic of problem identification and solution building. I fully expect to hear of an organic fertilizer SE effort in the next few years.
Chapter 7: Not So Fast: Place, Resilience, and BRAC

7.1 Go slow for resilience

In this dissertation I set out to investigate how qualities of place and resilience are manifest in BRAC and specifically in two of its social enterprise initiatives—Aarong and BRAC Dairy. A case study approach led my investigation into the nitty-gritty at BRAC as I looked at the role of place and how it informed program and service delivery. I also looked at how program and service delivery adapted to operate at multiple scales (large urban areas to small rural villages) to understand how these multi-scale/cross-scale interactions interplayed with slow variables in resilience building at BRAC and in the lives of the poor. My research approach was geared toward solution seeking by NPOs building viable programs that empower previously poor individuals and communities toward social equity, economic prosperity, and environmental sustainability. I set out with very little knowledge about the post corporatization phase of BRAC's social enterprises and with an open mind.

My interests lie in the NPO sector, which is known for both its successes and its struggles. Often a NPO's greatest struggle is its overall inability to scale its work in such a way as to transform systems in favour of inclusion—social, economic, and environmental. Bangladesh is an interesting country in which to investigate the roles and potential of NPOs because the state has been overwhelmingly supportive of NPOs and has given them a wide berth in which to operate and scale their programs.

BRAC's integrated charitable and enterprise initiatives have emerged from a particular set of issues, constraints, and context over time. They are not a universal panacea. They exemplify an adaptive process to solution building in Bangladesh. My inquiries indicate that the following are critical elements in resilience building at BRAC and in the lives of its clients: time, diversity in approach, attention to multi-scale/cross-scalar relationships, and experimentation.

Place is integral to resilience building at BRAC. I encountered BRAC as a complex adaptive system in which both place and resilience are dynamic and co-evolving.
concepts that intersect with external environments separate from, yet deeply intertwined, with BRAC. My research demonstrated the highly contextual nature of BRAC’s work—socially, culturally, economically, politically, and environmentally, and identified how that contributes to its resilience building efforts. Resilience building is a nuanced and unpredictable process (Chapter 3), not a tidy series of steps that one can replicate. Principles and themes that emerged in my research may be signposts for others (academics, policymakers, and directors and managers of NPOs) seeking to build resilience qualities into NPO work, and/or in efforts to learn from resilience building efforts ongoing in organizations to further scholarship and influence policymaking.

In this concluding chapter I comment on how this research contributes to ways of thinking about place and resilience building at BRAC and how my research findings address my research questions. In doing so, I return to BRAC as a complex adaptive system operating in a neoliberal globalized world. I bring forward persistent tensions and contradictions as I encountered them in specific initiatives at BRAC. I include reflections on these tensions for the broader NPO sector and, last, I include avenues for future research.

7.2 Resilience in the face of globalization: small is beautiful but big is necessary:

As I was framing this research project someone commented: “you are really investigating resilience in the face of globalization”. This comment has travelled with me throughout the arc of my research—it is both correct and partial. My focus is not only on resilience in the face of globalization but also on the ways in which resilience is built by collaborating and engaging with globalization. In investigating BRAC, I studied place and resilience building at the granular level. However, this does not mean only the “local” scale. Both place and resilience operate in multi-scalar relationships. With the rise of globalization, the local has become increasingly the global through global sourcing, production, and technology.494

My first research question was: What is the role of place in resilience building in BRAC and how does BRAC use its historical knowledge and understanding of the community to empower its clients toward lives of dignity beyond poverty?

Aware of Massey’s understanding of place as outward looking, dynamic, and multi-scalar, I often found BRAC confronting inward looking and stubbornly unyielding places marked by the extreme poor’s isolation, hopelessness and profound struggle to survive. I came to see BRAC’s initiatives as shifting place slowly from inward to outward looking, from a series of exclusions to inclusion and increasing wellbeing. This journey is ongoing; there is much work still to do as evidenced by the continuing need for TUP and other programs at BRAC.

BRAC’s understanding of the importance of place evolved in its early years to encompass the role of women in a mostly uneducated conservative society; how families and households live and interact; how power networks function in villages; and how middlemen operate in the lives of the poor, determining how and on what terms the poor participate in markets. Negotiating and navigating these socio-cultural-economic qualities as well as the physical characteristics of place were, and continue to be, critical to BRAC’s work. BRAC’s early attention to place underlies the breadth of its programming today. BRAC knows that its programs can benefit its clients only if they are offered within the socio-cultural-economic realities of their lives.

BRAC was founded when most Bangladeshis were poor and lived in villages. Yet even with the myriad challenges at hand, problems were not as complex then as they are now in the wake of both globalisation and Bangladesh’s development trajectory. For the poor ‘place’ was then highly local—their village life. BRAC’s Oral Therapy Extension Program (OTEP) (Chapter 4) program illustrates the point. With experimentation, extraordinary human effort (door-to-door training across all of Bangladesh) and donor support, BRAC educated the poor in their homes and fundamentally improved their health outcomes. This achievement took time, involved failure and re-design in the approach, but ultimately yielded life-changing and sustainable results.
BRAC staff commented on how today’s problems in Bangladesh are so large, complex, and intractable that it is no longer possible for BRAC to “solve” them on its own. Participation in a neoliberal globalized economy accounts for part of this. So is a rising population and the need for continual job creation. Job opportunities are growing most rapidly in the peri- and urban areas and rural-urban migration is on the rise. Today BRAC often increasingly partners with others, to grapple with the complex problems at hand and to overcome its increasing inability to intervene alone.

Changes in the nature of philanthropic aid and the rise of enterprise approaches for solving societal ills and for building more inclusive economies compound the challenges. BRAC must contend with the shift from donor-dependence to growing enterprise independence, while continuing to scale its programs to reach the needs of tens of millions of the poor daily.

In reviewing the work of Aarong and BRAC Dairy I noted how globalized markets and trade policies directly affect the work of BRAC (for example, milk subsidies in the EU influence the price of milk in Bangladesh). Today BRAC must be increasingly nimble in its business practices to navigate a complex and globalized Bangladesh economy, and it must continue to do so on behalf of the poor that it serves to meet its mission (Chapter 6). BRAC’s ability to navigate this complex arena remains dependent on its close attention to place and its ability to adapt to changing circumstances both within its control and outside of it.

BRAC’s adaptability over time in place overlaps with the first part of my second research question: What is the role of cross-scale interaction in resilience building in BRAC in lifting individuals and communities out of poverty? Scalar relations, and in particular resilience’s cross-scale interactions, are fundamental qualities in resilience and place. Both of these latter concepts are contingent on multi-scalar relationships that occur within a scale and/or between scales—such as within local scale political regimes and/or between local, regional, and national political structures. Although BRAC’s organizational structure is hierarchical (vertical scale with linear progression) my research demonstrates how BRAC continues to grow its horizontal interactions. This is
achieved through BRAC’s development and enterprise initiatives and its growing number of internal and external collaborations and partnerships.

BRAC refers to cross-scale interactions as crosscutting, by which is meant cross-fertilization of programming. BRAC staff understand the critical importance of multiscalar interventions and seek to include them within BRAC and through external collaborations and partnerships. Even with this expansive view and multiple approaches, BRAC is often unable to address the full range of scalar relationships in programmatic development due to the complexity of the problems it seeks to solve, and its internal and/or external limitations it faces (for example, worker safety issues outlined by Fazle Abed below).

In a 2014 interview Tamara Abed (Senior Director, Enterprises, BRAC) said, “It is unrealistic to expect that everyone will live in a nice village, and the industry and a better life will come to us. We must embrace globalization and economics and figure out how we leverage that by adapting and being ambitious”. Tamara Abed’s comment is consistent with the history of BRAC as a market-oriented NPO committed to securing productive livelihoods for the poor and with the need to engage with and modify the negative effects of globalization.

Today’s neoliberal globalized economy continues to be under attack for its contribution to inequality (failure of trickle down effects), injustice, poverty, climate change, and environmental degradation (Chapter 1). At the same time, it continues to be commended for leading hundreds of millions out of poverty over the past couple of decades (Chapter 2). Fractures in the globalized neoliberal paradigm are well known in Bangladesh. My research at BRAC began a few months after the collapse of Rana Plaza (2013), a disaster caused by complete disregard for building and labour codes and the absence of regulatory oversight and enforcement. In the immediate aftermath of this devastating event, Fazle Abed wrote a piece for The New York Times in which he asked that consumers continue to purchase garments made by hard-working Bangladeshis who need to feed their families. He also challenged the government of

495 Tamara Abed, interview, 2014.
Bangladesh to step in to address worker safety and labour issues. He wrote, “Made in Bangladesh’ should be a mark of pride not shame…as we mourn our losses, let us rekindle [our] spirit of liberation”. Notable in Abed’s Op-Ed piece is his attention to the importance of factory jobs in changing poor families’ “vision of their future”. He stressed the need to continue to aspire to goals such as educating their children, starting businesses, and building more sanitary communities. He called on Bangladesh to improve itself: for the government “to stop neglecting worker safety issues, even as it steps up enforcement” and to permit workers to unionize. “Their organized power is the only thing that can stand up to the otherwise unaccountable nexus of business owners and politicians, who are often one and the same”, he wrote.496

What Abed did not mention in this article (directed at export oriented RMG factories) is that unsafe and unfair working conditions exist for tens of millions of Bangladeshis, far more than the 4 million employed as RMG factory workers. This vast number work in unregulated micro-small enterprises. One study of the RMG sector done by New York University’s Stern School of Business in 2015 disclosed “91% of informal factories [surveyed] produce at least partly for export”.497 Because of myriad sub-contracting relationships, the links to globalization are often completely invisible to both the parent garments company and northern consumers. Ongoing crackdowns on trade union organizing, continued unenforced government standards and regulations, and the dearth of rights-based employers continue to impede progress in labour and safety standards in Bangladesh even as this sector swells.

BRAC’s direct interaction with the MSME sector through Aarong’s IPs is relatively new for BRAC and situates it directly in this vortex of globalized work. Aarong’s social compliance program is a reaction to the challenges within this sector and to the demands of meeting Fair Trade standards. Aarong’s social compliance program also shows again that BRAC is willing to engage in slow variables of behaviour change to achieve its mission as well as to improve both working conditions and long-term


497 Labowitz and Baumann-Pauly, “Beyond the Tip of the Iceberg…”, p. 25.
economic viability for the IPs specifically, and for Bangladesh as a whole (see more on slow variables in 7.2 below).

BRAC has been intervening in Bangladesh’s economy for decades in order to support the emergence and growth of productive livelihoods for the poor through its core development services, skills training, microfinance loans, and social enterprise initiatives. These programs were initiated by Fazle Abed, a trained management accountant with a keen eye for the role of productive livelihoods and close attention to the measurement of programmatic effectiveness. This set BRAC on an unusual trajectory as a NPO engaged in market making and ongoing learning and evaluation of its efforts. It also situated it well for the steep rise in neoliberal policies in Bangladesh that accelerated starting in the 1980s. BRAC has developed separate from yet entangled with neoliberalism and has proven resilient to the changes in the NPO funding arena. It operates today in an increasingly crowded, highly competitive economy.

BRAC must continue to be agile in this economy. Its integrated three-pronged approach of cost recovery, social enterprises, and investments create a revenue stream and hedge against future liquidity needs. It also provides the opportunity to build out a suite of institutions each engaged in some aspect of supporting Bangladesh’s overall socio-economic-environmental advancement, not just in the lives of BRAC’s clients. BRAC’s approach illuminates the need to consider long-term timeframes and the need for ongoing subsidy in NPO work.

I view BRAC’s engagement with neoliberalism as an effort to mitigate the omnipotence and negative aspects of neoliberal forces within the Bangladesh economy, as BRAC develops its own empowerment and skills training and enterprise solutions. Further, BRAC is lessening the consequences of the state’s inability to provide the range of services that Bangladesh’s people need. BRAC has consistently gone out on its own to solve a problem, in part out of necessity and in part because of its ability to do so. BRAC’s commitment is to step in where services do not exist or where they have failed;
not to duplicate efforts by the state. BRAC’s sheer size provides it with a powerful platform.

It is not just neoliberal globalization that BRAC confronts. BRAC is operating in the epicentre of many challenges such as climate change disruptions to its communities and economy, and international crises such as the influx of refugees from Myanmar. Struggling to meet the needs of a growing population and with the wide berth that it has extended to the NPO sector, the Bangladesh government expects NPOs to provide services at scale in Bangladesh. This expectation challenges earlier claims that BRAC acts as a parallel state.

BRAC, along with a few other very large Bangladeshi NPOs, and myriad smaller ones, are providing necessary services to a population not served by state and they are doing so, increasingly, in partnership with the state. From a Canadian perspective, the absence of the publicly supported services can be viewed as a failure of the state. Yet, BRAC staff were quick to challenge Global North assumptions of what the state should or should not provide in the way of services to its citizens. How could the Bangladesh government possibly deliver such services as free education and healthcare to its citizens, they asked?

BRAC’s interaction with the private sector and as a partner with the state aligns with global trends in the NPO sector. Over the past 30 years enterprise activities and contractual arrangements have become prominent (Chapter 2). Mission-based social enterprises, social entrepreneurship, and management approaches and studies directed at social entrepreneurship are now widely celebrated in articles, books, and conferences. At the same time, though, the NPO sector is concerned about mission drift that can lead to a focus on service delivery rather than empowerment and conservative approaches over more radical changes—in ill-defined regulatory frameworks.

BRAC serves as an interesting example of an organization grappling with these tensions, holding to the role of empowerment in changing the lives of the poor even as it directs much attention to livelihood development. Undergirding its initiatives directed at transforming the lives of the poor is BRAC’s role as a research and development
engine, scaling up its successful programs with internal and/or external partners. For example, the government has expressed interest in Aarong’s emergency health insurance scheme as a possible approach to broadening services to citizens. Does this make BRAC neoliberal (for its role in the delivery of services in partnership with the state), or pragmatic (in adopting whatever approaches work to achieve its goals in a country with staggering needs)?

BRAC is a non-profit organization operating in a neoliberal globalized economy. It occupies the interstices between charity and highly competitive enterprise at scale. This is a fraught space where assumptions, biases, and practises collide with a wide range of initiatives to produce several tensions. Among the tensions that confront BRAC are the following: efficiency/inefficiency; the need for transparency; the reality that institution building for inclusion takes time and subsidy; and change—how an organization as large as BRAC that grapples with a public benefit vision is in a constant state of becoming.

Efficiency/inefficiency: Neoliberalism is marked by efficiency seeking behaviour—efficiency in service of profit maximization and in support of maximum individual freedom to compete in the market. BRAC engages with both efficiencies and inefficiencies, which is a much more challenging combination than simply being efficient. Both Aarong and BRAC Dairy seek efficiencies even as they attend to mission; it is a constant iterative process. In its trajectory from a donor dependent NPO to one in which SE will become the dominant feature, BRAC is constantly juggling the dynamic tension of efficiency and inefficiency. Inefficiencies are demonstrated in the dispersed nature of Aarong’s production and the inclusion of extreme poor dairy farmers in BRAC Dairy’s value chain. Operating thus is not the most cost-effective approach. Dispersed production and impoverished farmers create real logistical and cost challenges within the SEs even as this diversity in production offers greater resilience into BRAC’s enterprise initiatives. Inefficiencies are central to the modus operandi of the SEs at BRAC—they permit BRAC to manifest its values. Continuing this dance of efficiency/inefficiency is becoming ever more challenging in a highly competitive Bangladesh.
Transparency: Aarong staff told me that ethical sourcing, standards, and social compliance will become ever more important to the future competitiveness of Bangladesh and, therefore to BRAC’s SEs. For decades, BRAC’s Research and Evaluation Division (RED) has provided robust monitoring and evaluation of BRAC development programs. The reports are listed on its website and available to all free of charge. They form a remarkable repository of learning. However, the SEs are not included in RED’s evaluative work since they were broken out of development programs and corporatized in 2007. There is no third-party impact evaluation of their work in the lives of the poor (neither WFTO certification of Aarong and ISO certification standards in BRAC Dairy’s processing plant address impact; they assess the important issue of standards). At the time of my last visit in 2015, Tanvir Hossain of Aarong’s social compliance department had met with RED to begin the design of an impact assessment of the social compliance program in the lives of AAF artisans. This is the first broader impact evaluation among the SEs. In order to do a robust impact evaluation, other considerations of transparency will be necessary, including the issue of wages and non-wage benefits.

Wage issues are partly a transparency concern and partly a question of who decides to implement (or not) wage/non-wage benefits, and how they do so. The first, issue—how to assess the fairness of wages—is bedevilled by the lack of agreement on what constitutes a living wage in various regions and sectors of Bangladesh. Assessing fair wages is compounded by the absence of a minimum wage for micro-home-cottage sector work in Bangladesh, the most important sector for job creation in the country. Further, much work takes place in the informal sector in which labour standards and fair wages are easily sidestepped.

The second issue—who decides upon the combination of wage/non-wage benefits—underscores BRAC’s approach in the lives of the poor. In the case of Aarong, Aarong is choosing the wage/non-wage package for its artisans in a way that the artisans may not choose for themselves. Aarong’s emergency health insurance (funded by a cost-sharing arrangement between Aarong and each AAF artisan) provides critical insurance against loss of wages in a medical emergency for the artisan and her family. Aarong has
decided that it will offer this insurance scheme rather than pay increased wages (2015). Aarong’s decision is premised on the unavailability of health insurance for the poor and the critical importance of wages in the lives of the poor—one accident or serious illness can set a poor family back into deeper poverty, erasing any gains made in its overall well-being. In offering critical health insurance, Aarong is underscoring the importance of individual and family health to the artisan, encouraging artisans to seek those emergency services, benefit from them, and be reimbursed for them. With an emergency health insurance scheme, Aarong is intervening again in the lives of the poor to support both empowerment (encouraging artisans to invest in their health and take action on emergency health needs) and livelihood development (insuring artisans to minimize their loss of income through timely and affordable emergency health treatment. Without insurance artisans face lost wages and/or increased indebtedness from health bills incurred from emergency health services).

How does BRAC measure and learn from this insurance scheme so that it can adjust and improve it over time? How can BRAC think about transparency in all of its SEs such that there are fundamental metrics collected by each so that BRAC can measure impact over time of its work in the SEs as it does in its development initiatives? What can BRAC learn from Aarong’s IPs and the Worker Participation Committees to build out meaningful worker participation in the SEs? A BRAC staff person summed this up well when she wondered how the 10BDT profit on a unit of milk sold was generated and how it impacted the workers and their families. She wanted the linkages to be crystal clear.

_Time and subsidy:_ As BRAC continues its steady march toward becoming one giant SE, it must be remembered that BRAC is 45 years old and receives 24% donor support for its work. BRAC is motivated to become financially independent to ensure its robust survival. However, this is slow work given the inefficiencies that are vital to BRAC’s mission and the outstanding amount of development work left to do in Bangladesh. Both Aarong and BRAC Dairy draw on outside donor support and internal cross-subsidies.

I believe that this is necessary support and that today’s keen promotion of the virtues of social enterprise solutions in the NPO sector needs to be kept in check such that NPO
mission is not compromised and the most marginalized clients continue to be served by the NPO. Grants should be regarded as one critical input to building a strong mission-aligned NPO with social enterprises. In this approach, grants need to be evaluated as part of the larger SE operations in order to investigate the outcome and impact of the grant. As part of this process, attention would need to be paid to surplus generation within the SE and how having subsidy (or not) impacts (or not) the success of the SE and the NPO overall.

*Change*: In grappling with its public benefit mission, the sheer size of BRAC continues to push the boundaries of conventional definitions of NPOs in the 21st century. While charity might have been BRAC’s starting point, it does not represent the current status of BRAC as it evolves. Why should a charity stay a charity forever? With robust standards, transparency, on-going subsidy and enterprise initiatives, BRAC can continue its trajectory forward, not as a charity but as a non-profit, mission-aligned SE that is constantly evolving to meet the changing needs of the poor in Bangladesh.

7.3 BRAC and resilience building, BRAC as a place:

BRAC’s persistent attention to the long-term empowerment of the poor while continuously supporting knowledge transfer and livelihood development speaks to part two of my second research question: How do slow variables interact with scale to affect success in building viable programs that empower previously poor individuals and communities toward social equity, economic prosperity, and environmental sustainability? BRAC’s commitment to short term solutions within long-term goals of empowerment reveals how slow variables—those that take a long time to change—interact in and between multiple scales. It is not an overstatement to say that BRAC’s success is integral to Bangladesh’s rise to a lower-middle-income country.

Although BRAC staff viewed resilience as related to natural disasters, I have come to understand resilience at BRAC differently. I view BRAC’s Disaster, Environment and Climate Change program (DECC) as one constituent interacting part within a larger BRAC system, an expression of Holling and Gunderson’s “panarchy”—nested adaptive systems interacting in time and space. BRAC’s constant attention to and understanding
of the dynamic and unpredictable qualities of place (due to cyclones, climate change effects, disease outbreaks, or political events) is integral in its work in resilience building. In fact, in BRAC I observed how resilience building and place are inextricably intertwined.

BRAC’s resilience is also evident in its empowerment and service delivery programming adaptability in pursuit of its mission over 45 years in place. BRAC’s constant attention to the changing nature of place, its innovative and experimental nature and its tenacious commitment to problem solving have each contributed to the development of BRAC’s suite of successful initiatives, underpinned by its understanding of and trust in place. In so doing, it has become a permanent development institution in Bangladesh, one defined by its values and one embedded in and woven into the fabric of Bangladesh’s history, culture, society, geography, and economy.

There are members of BRAC’s staff who were freedom fighters in the Liberation War; their adult lives have been dedicated to liberating Bangladesh, first politically and then socio-economically. BRAC also is attracting a new generation of staff equally and differently committed to building BRAC in Bangladesh. Two different avenues stand out. The first is BRAC’s Young Professional program, a two-year professional development program for recent university graduates (MF has a similar program for MF) in which participants learn about different aspects of BRAC’s work, including direct training and a field placement. Second, BRAC has second-generation employees working at BRAC today, the children of long-time BRAC employees. The old/new cultures are meshing with time, pulled together by the shared mission of BRAC and a growing recognition of how their different skills (including language, English/Bengali; specific sector skills/deep field experience; urban/rural; technology/non-technology) can contribute to strengthening the work of BRAC. Further change in BRAC’s staff composition is continuing with the rise in retirement amongst senior staff—many of these staff members have been with BRAC since its earliest days. This generational transfer includes a declining role for founder Fazle Abed, giving more room for the emergence of a new generation of leadership at BRAC that will create its own experiences and stories of building BRAC.
BRAC’s staff exemplify the point insisted upon by both Chamberlin and Basso, that storytelling helps build places over time. Part of BRAC’s story was learning that a programmatic intervention could become part of the culture only when it was culturally appropriate. Fazle Abed told his stories on an international stage (after BRAC’s many successes) and staff told stories about Abed with deep and abiding respect and warmth. They all spoke with pride about Bangladesh’s improvements and struggles, as well as the work that BRAC is doing to support creating a more just and fair Bangladesh. Most staff told me robust stories about the history and trajectory of BRAC, not boastfully but rather to ensure that I would learn about what makes BRAC tick, understand its culture and history, and (most importantly) how it goes about its work.

BRAC’s stories reveal the cornerstone qualities of place: location, event, and meaning-making over time. It is in this context that I encountered BRAC as a “place” often referred to by staff as the “BRAC family”—a family with shared values of tolerance, opportunity, hard work, and fairness; one rooted in place and creating pathways to change through its work in places throughout Bangladesh.

BRAC’s change mandate is both bold and conservative (necessarily so to be culturally appropriate). This is not only reflected in the communities in which BRAC works but also within BRAC itself—its staff and in how BRAC chooses to engage in change. BRAC has a strong philosophy of letting the work speak for itself. Staff offered that BRAC does not participate in public protests. Instead, BRAC’s radical act is its work as a demonstration of the possible. One example of BRAC’s approach to “protest” is exemplified in the decade it took BRAC to establish BRAC Bank, a fully regulated commercial bank—an independent commercial enterprise owned by a charity, BRAC. In choosing not to pursue an exception to regulatory frameworks BRAC faced legal challenges all the way to the Supreme Court. This legal journey offers two insights. First, BRAC decided to “play within the rules”. BRAC worked within the legal and financial regulatory systems to create a bank that would further Bangladesh’s socio-economic development (services to benefit the under-banked SME sector); would be created without any political exemptions and patronage; and would, when successful, support BRAC’s core development funding. Second, BRAC was large enough to have the skills, networks,
persistence, and funds to pursue this drawn out legal process. This practice of “taking time” opens pathways for resilience building and deep understanding of, and acceptance in, place. Such persistence to transformation of institutions is critical in societal transformation toward inclusion.

This tension between persistence and transformation is at the heart of ongoing debates in resilience today. Specifically, there is concern that resilience approaches are too conservative and support the status quo rather than being oriented toward transformation—or more ‘radical’ changes that demand engagement with human agency. Environmental sociologist Debra Davidson also challenges us to ask questions such as: What resilience, for whom, and who decides?

I observed how BRAC engages transformation deliberately and over time, through its multi-scalar interventions and connectivity. BRAC’s training and skills building programs and its popular theatre program (a way to educate in rural villages) all carefully nudge at change and thereby permit new learning. I observed how BRAC has built a web of interconnected and separate institutions to create modularity such that a crisis would not cascade through the entire organization and its work with the poor. In a similar way BRAC attends to resilience building in its clients and in its organization. It is a multi-generational project.

7.4 Place, resilience and NPOs: BRAC is “here for good”

As I write this final chapter Bangladesh is in the news. Beginning August 25, 2017, more than 600 000 Rohingya Muslims fled the Rakhine state of Myanmar into southeastern Bangladesh over a period of five weeks. Their number already equals the population of the City of Vancouver. They have arrived with nothing but what they could carry—they are weak, sick, hungry and traumatized. Each day up to 20 000 more Rohingya arrive on foot into Bangladesh.

During this same month bKash is in the news, listed as one of *Fortune Magazine*’s “50 companies that are changing the world”.\(^{499}\) The *Dhaka Tribune* news article cites the rapid uptake of bKash and its importance in serving the banking needs of Bangladeshis, most of whom are unbanked. What it also notes is that most of the 50 entries for this ranking “are global or regional ventures...bKash stands out with its operations in Bangladesh alone”.

These two September 2017 news events directly involve and encapsulate BRAC. It is an organization that was born of crisis and knows how to intervene promptly, efficiently, and effectively when a crisis strikes. It is also an organization that uses the market strategically and collaboratively both to bring new services to the poor and to engage them in productive livelihoods.

Donors and the public quickly identify BRAC’s crisis response work as bona fide “charitable” work. Disaster response is one of the oldest forms of charitable acts and BRAC is good at it. Imagining, designing, testing, and delivering market-based solutions are also strengths of BRAC but they press on what many think a grant receiving or charitable NPO *should* do in the world.

BRAC’s long-term mission is consistent. Appropriately, its structure, tools, and services have evolved over its tenure and will continue to do so. Its past success was, and future success is, dependent on its adaptability and ability to scale its work. Since 2010-2011 BRAC has been shifting away from a traditional NPO moving toward enterprise solutions to extend mission and secure its future as aid declines.\(^{500}\) At the same time, the SEs are beginning to experiment in partnerships with BRAC and move in directions to augment their continued attention to, and practice of, BRAC’s mission. BRAC’s evolution has not always been linear or smooth but reflects a series of cross-scale experiments over time with the successful ones scaling up to reach millions of Bangladeshis. BRAC’s ongoing evolution is one in which change is not only constant

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\(^{500}\) B9, BRAC interview, 2015.
but is often abrupt. BRAC’s constant attention to adaptation and experimentation furthers its resilience building.

Staff commented on the future of BRAC ten to twenty years into the future, uniform in their belief that BRAC would become “one giant social enterprise”. Some interviewees elaborated that BRAC would shrink in size with Bangladesh’s declining poverty rate. Others commented that BRAC would simply keep adapting to meet the changing needs of the poor, who would be slightly better off. TUP would disappear, as extreme poverty would be eradicated. Suggestions included more attention to both secondary school and early childhood education, and more emphasis on skills training. Social enterprises would continue to grow to meet rising domestic demands. Staff saw this trajectory of BRAC from 100% charity to social enterprise as a positive and necessary one, permitting BRAC to be “here for good”.

Charity/NPO as persistence and charity/NPO as transformation: There will always be a role for charity in our world. As noted above, crises erupt and the presence of competent and trustworthy charities is vital. However, a crisis is wholly different from (although often related to) the long-term work of changing practices and skills amongst marginalized individuals and in their communities. BRAC is clear that its work is multi-generational and its objective of organizational self-reliance will permit BRAC to continue to deliver on its mission in the future. A donor dependent charity cannot build resilience in its organization and in the lives of the persons it serves with short-term programmatic funding. It can build resilience with long-term core funding (negotiated at intervals and which declines gradually) and funding that permits the NPO to apportion the funds according to organizational needs. This is what BRAC has with the SPA (Chapter 4).

For charities to thrive, more SPA-like agreements are needed for organizations with demonstrated track records. For the NPO, it saves time and effectively allocates money to delivering on organizational mission. Yet, an SPA-type arrangement is virtually unheard of, so the reality is that most NPOs need to continue to cobble together grants, chase contracts, and increase revenue generation. Contradictions abound.
In Chapter 2 I noted that the financial independence of NPOs is viewed by some donors, for-profit businesses and/or NPO/charity regulatory agencies as problematic—to whom would NPOs be accountable if not to donors? In the next breath, donors expect increasing revenue generation within the NPO. NPOs are caught in the middle. When queried on issues of accountability in BRAC, Abed’s answer spoke volumes: BRAC has demonstrated for decades the practices of full transparency in its financial record keeping, robust evaluation work in its development programs, and third-party certification where possible and appropriate. Further, BRAC University (founded by Abed, 2001) has an Institute of Governance Studies to educate and train civil servants in governance and accountability, transferring skills to those in positions to utilize them. Such efforts build solutions and change perceptions and practices from within over time.

BRAC has shown me that concerns about accountability are important and useful. However, they can only be leveraged within an environment of regulatory clarity. Since the August 2016 Bangladesh Supreme Court ruling that BRAC pay the outstanding income taxes on its enterprise income, the Bangladesh government is now charged with defining social enterprise regulations going forward. Regulatory frameworks regarding the next generation of what is permissible in a charity and NPO is crucial in Bangladesh as it is in other jurisdictions.

This research has shown the trajectory of one grant receiving NPO from 100% grant dependence toward financial independence within a national regulatory regime that did not hold it back. This study documents the central and ongoing role of direct and indirect grant subsidy even as enterprise initiatives expand. It is not one or the other. Both charitable and enterprise initiatives are necessary to resilience building and are interdependent and co-evolving. What we need in regulatory frameworks are support mechanisms to permit such experimentation, flexibility, and independence building in charities to embolden their ability to meet and exceed their mission. We need to see this as success—not as a charity over-stepping its bounds, competing with private industry, but as a valued contributor to national agendas of inclusion, justice, fairness, and economic robustness.
Creating an enabling environment for the expansion of NPOs with mission-based enterprises could support and institutionalize the challenging work of deliberate transformation through persistence. My research has engaged with a few of the many, many interacting systems within BRAC, demonstrating that BRAC is not simply a “hybrid” organization—a melding of two different systems, charitable and enterprise. It is a complex web interacting in place in ongoing cycles of change in the lives of its clients. BRAC’s work demonstrates the foundational importance of place. It also demonstrates that diversity of tools and approaches that respect the dignity and culture of the people residing in that place offer greater opportunities for success. And BRAC shows that experimentation, stable and diverse funding and revenue streams, and time—measured in decades—each contributes to its resilience building.

7.5 Future research and closing comments:

The NPO sector and its work in social enterprise is one (but only one) pathway that offers real-time solution building to some of our world’s intractable problems. My research reveals the complexities of place and challenges in maintaining and adapting synergies that contribute to resilience building in BRAC’s interdependent enterprise and development programs.

There is ample opportunity for future research in resilience building in the NPO sector and in the lives of the marginalized, and in the role of place in NPOs’ programmatic efforts. While my research provides insights into place and resilience at BRAC that other researchers could find useful, my research is partial. Within BRAC there is further need to investigate its other SEs, to learn about their interaction and interdependences (or not) with BRAC development programming since their corporatization. This would augment my research study of two SEs, building out greater understanding and the ability to analyze more holistically resilience building within and between BRAC’s SEs and BRAC’s development programming. It would also provide a window through which to assess how Aarong’s social compliance work might be applied and integrated into other BRAC SEs.
Further to this additional piece of research is the need to put BRAC’s SE experience into larger NPO/SE conversations regarding charities operating enterprise initiatives within the organization. Many jurisdictions have stringent rules regarding this practice, including Canada. BRAC Dairy’s interaction with the Targeting Ultra-Poor Program provides a clear example in which a completely charitably funded program is directly tied to a revenue-generating, competitive dairy enterprise. A more comprehensive study of BRAC’s SEs could examine the inter-linkages of BRAC’s SEs with its development programs; cross-subsidy and direct subsidy through grants; mission and staffing challenges; financial analysis of the transition from grant dependence to revenue independence; and regulatory or policy constraints encountered in its organizational work and/or suggestions for policymakers.

I would like to see further analysis of the worker participation committees within Aarong and worker participation more broadly as a future possibility in the SEs. Aarong’s social compliance worker participation committee structure is a new direction for BRAC and it is timely. Much of the work being done today in alternative economies is centred on worker participation and democratic workplaces. What could be learned from an examination of Aarong’s experience in worker participation committees, the trickle-down effects (or not) of socially compliant IPs on the lives of their artisans, and the empowerment of artisans and its effects on their lives and in the lives of their families? Aarong’s reach into the micro-small enterprise sector through its IPs is a particularly compelling sector to investigate given its critical importance to job creation amongst the poor and its oft denial of worker and labour standards. In attending to qualities of place and resilience a deeper understanding of the experience of worker participation could be excavated, offering insights for other NPOs with SE initiatives that engage the marginalized as producers/workers.

I see a need and opportunity to explore place through stories at BRAC. The significant and ongoing shift in the generational transfer in staff and leadership is well underway. BRAC needs to formally capture the unique stories of long-time staff. In my experience at BRAC I found that staff were eager to share their stories that were as much about BRAC as they were about the birth and evolution of a nation and BRAC’s role in it.
Formalizing these stories would capture long-time values, beliefs, practices, understanding, and disappointments. These are each part of institutional memory and important to deepening, re-visiting and re-defining shared values and notions of place, which is central to resilience building.

More broadly I am interested in the concepts of place and resilience. I believe that they have much to offer further studies and practice toward sustainable futures, even as there is significant overlap in their expression. I observed in my research that the role of place is integral to social-cultural-economic systems and as such requires careful consideration within resilience studies. In Bangladesh the forces of neoliberal globalization, climate change, population growth, and poverty each contribute to Bangladesh's challenges. Each of these constraints is at once local and national/international. In attending to place, I realized how social-ecological/social resilience can be strengthened. Engagement with place is now more frequent in resilience studies—a vital step toward greater consideration of agency, power, resistance and transformation in social-ecological and social systems.

Transformation toward inclusion and justice in resilience building efforts is long-term work; Fazle Abed commented that his great disappointment in his lifetime is the gender inequality that still exists. Even with BRAC's decades long attention to empowering women in a traditional, conservative society, social-cultural change takes time, particularly for marginalized members of society—involving individual empowerment and institution building from local to national levels, and livelihood development at multiple scales. In short, it is a multi-generational resilience-building project.

The concepts of place and resilience have opened up my mind, demonstrated the critical role of experiment and failure, the omnipotence of change, the need for time, and the critical importance of deliberate transformation toward lives of dignity.
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Appendices

Appendix A: Field notes from Aarong site visits to producers.

1. Follow-up visit to independent producer, Mirpur, Dhaka
2. Sub-centre visit, Pānjan Khara, Manikganj district
3. Production centre, Manikganj
4. Production centre, Betila, Manikganj district

A-1 Mirpur, Dhaka: Follow-up visit to an independent producer:

07 April 2014: I am joining Aarong compliance officers who are visiting an independent producer in the Mirpur section of Dhaka. They had visited this producer in 2013, established a corrective action plan, and are returning to check on improvements made.

We enter the tiny doorway on the ground floor; there is a small room to the right. There are five persons stitching and embroidering, women, adolescents, and one man. Through a narrow passageway, there is a tiny room with two men tailoring at sewing machines. Two other men work at an ironing station with one iron - one folds and organizes as the other presses garments. There are exposed electrical wires everywhere. A first aid kit holds supplies sufficient for a paper cut tucked inside a women’s old fashioned, make-up travelling case.

We exit back to the entry area in which there is a ladder similar to a ship’s ladder. It’s made of metal and has a wobbly handrail; we climb it to the production area on the first floor. The owners tell us that this is the floor in which they have invested their money on improvements. Electrical cords are in channels, not dangling every which way. There is a latrine with soap for washing up. The dyes are labelled and organized in a closed cupboard on the outside patio where dyeing takes place in small open tubs (good ventilation). Rubber gloves have been purchased for use in the hand dyeing process (workers mix the dye powder with soda and water by hand). The man doing the fabric cutting has a separate area now and is not squeezed into the tailoring area with his enormous scissors and endless lots of fabric. All the tailors (five males, one female) are wearing masks.
The small amounts of effluent from the dyeing process are simply dumped in the open sewer at the corner of the patio. Effluent treatment is being applied to Aarong’s AAF thirteen producer centres, but at this scale of operation there is no expectation that very small producers will engage in this practice. There is no waste management system for micro enterprises. The generator powering the enterprise smells like it needs servicing.

The owner shows us the progress he has made completing his worker information: one page per worker: photo of worker, national ID card photocopy attached, mobile phone number, address (if possible). He explains that getting the national ID card copy is tough; many of the workers are from villages and have left their ID cards there. They return home infrequently. Or, they simply don’t have any ID.

Last, not all the required changes have been made; the ground floor improvements are not yet complete. The owner explains that part of the reason is managing cash flow and part of it is that the premises are rented so he has to work with the landlord to make any changes. This can be a very slow process. The social compliance officers update their files, take more photos before we leave.

A-2. Mohammadpur, Dhaka:

We travel next to Mohammadpur, the next district south of Mirpur. It is more established—once a residential area but now has lots of commercial activity. We are visiting a home-based IP.

The home is a three-bedroom, one bath ground floor flat with electricity. Three generations of the family live there. The small entry room is stacked with sewing materials and dialysis supplies for a family member. The next room is the tailoring room and there are 8 men tailoring on machines. The room is jammed but reasonably orderly. As the social compliance officers go through their check, they engage with the tailors. They work long hours from 10am-10pm with a two-hour lunch from 2-4pm. There is no overtime; they are paid on a piecework basis. Speed and accuracy are all that matter. To this end, the tailors have removed the needle guards and smile when the compliance officers point out that they are missing. “We don’t like them, they slow down our work”.
We learn that there are 18 women within 2-3 kilometers of this location doing value-added work, hand sewing in their homes. Here again is another wrinkle in the social compliance work—IPs sub-contracting from other home-based micro enterprises. What are their living/working conditions? Are they registered with the owner? These are the questions that the compliance officers begin to identify with the owner. Again, unlike a single site factory audit, the social audit reaches way back to the smallest producers, necessitating multiple interactions and time.

A-3 Pānjan Khara, Manikganj district, sub-centre:

I travelled with Tanvir Hossain, who manages Aarong’s social compliance, to the village of Pānjan Khara to visit a sub-centre there. Pānjan Khara is about 60 kms west of Dhaka, past Savar, a 2-3-hour drive depending on traffic. We head out to Manikganj first to the AAF production centre for a meeting and then continue to Pānjan Khara.

There are 100 sub-centres around Manikganj. Pānjan Khara was a good half hour away from Manikganj by car. We had to walk the last five or more minutes on foot experiencing the sounds of birds chirping; the deafening racket of cicadas; and the sights of fruit-filled trees, and chickens and goats roaming freely. Somehow it feels softer, gentler here—likely my naïve attraction to the physical comforts of leaving the frantic urban spaces behind. Walking offers me a few minutes to reflect on the logistics of Aarong. It is not uncommon for villages to have foot only access. The paths are wide enough to get a peddle rickshaw through when the path is dry. Some are wide enough for a tuk-tuk to pass.

We meet with the sub-centre leader and a group of about 20 women sewing. A Bangladesh village has, on average, about 200 households. So the sub-centre offers a significant employment opportunity to the women in the village. The one-room sewing location is owned by the husband of the sub-centre leader and is rented out to the sub-centre. The leader is paid twice the piece-rate that embroiders earn for their work. Each woman is embroidering front panels and end-of-sleeve designs, beautiful and slow detailed work. The room is filled with women, fabric panels and quiet conversation—there is little wiggle room. The centre is open between 8:00 am and 5:00 pm. Women
return home to prepare lunch and tend to other duties during the day and then return to stitch. The room lacks electricity. It is lit by solely by daylight and has cross-ventilation. It is hot.

Tanvir does some introductions and then asks me what I am curious to ask. I am curious to hear how the artisans feel about their work in the sub-centre. Only a couple of women speak up. They acknowledge that their duties in their homes take a lot of attention and that they sew around these obligations. However, they comment that it is hot in the room and they wish that it had better light. As well, they comment that they wish they were paid more. Most continue sewing.

A-4 Manikganj production centre

From Pānjan Khara we return to the production centre in Manikganj in which 700 persons work full-time. The centre carries out both garment and handicraft work. There is great attention paid to the fabric design in Aarong. After the fabric passes quality assurance, it is dyed, hand stamped, and then embroidered and/or hand stitched in this production centre.

The facility is airy, set on a large enough campus given its central location. There is a small Aarong outlet on the property in which one can buy seconds from the production centre. The premises include a daycare that is staffed by trained caregivers tending babies/children up to 6 years of age. Artisans can visit their children during breaks and during their one-hour lunchtime. There is a dining area, a separate dyeing area (open to fresh air), and an effluent treatment plant (ETP).

Men and women work together here, although the vast majority of the employees are women. The embroidery room is full of both men and women hand stitching. It is interesting to note that men are hand stitching in this facility; this uncommon for men in the garment trade—tailoring is common for men.

A-5 Betila production centre, Manikganj district:

I head out with an SCPR staff-person to visit the AAF production centre in Betila, about a half-hour drive or so south of Manikganj but still in Manikganj district. The Betila
production centre is smaller than Manikganj, about 200 employees. It is set on a large piece of property with a few shed-like buildings and a couple of older small buildings. The buildings are simple with open slats for a good portion of the walls, offering lots of cross ventilation—necessary in the humid heat. The centre has only full-time jobs available and is open 8-5. Most workers are women, although some of the tailors are men.

This production centre makes fabric from raw cotton that arrives in skeins. After passing through various steps, the raw cotton becomes a very fine thread that is then used on handlooms to make the fabric for the garments. The machines here are all human powered, by hand or by foot. The finished fabric must be quality assured before the dyeing, stamping, and embroidery and/or hand stitching begins. The quality of the fabric made on hand looms is beautiful with a texture similar to raw silk.

There is a long row of women operating the handlooms with their feet. There are an equal number of machines on the other side of the room that were idle. When queried, the site manager said that it is combination of lower orders and not enough women right now, an intricate balance. When I raised this with Tanvir later on, he mentioned this is one of the many challenges of distributed production. The distance from the head office makes it difficult to get timely reports so they can flag under-capacity periods and send out orders to meet the opportunity.

Distance from the field is challenging in other ways. The childcare space has not yet been competed here, unusual for AAF production centres. There is a BRAC staff person dedicated to the design and installation of on-site daycares for BRAC locations; this site has not yet moved beyond the planning stage. In addition to the daycare issue, the ETP has broken down and needs servicing.

Tanvir is both disappointed and understanding when we pass along the compliance update on our return to Manikganj. Distributed production is difficult, made more so by weak communication between the field and head office. Computers are not well utilized in remote locations, so paperwork is the medium of communication in many instances.
Tanvir is interested in moving quickly to mobile handheld technology to accelerate communication between head office and field in service of social compliance efforts.
Appendix B: Global South development trajectories and neoliberal globalization

In the Global South, there are important antecedents to neoliberal globalization including long and difficult relationships of colonialism.\textsuperscript{501} Harold Brookfield in his book, \textit{Interdependent Development} argues for a historical, anti-positivist perspective on development, locating development’s origins with the Iberian voyages of exploration, exploitation, and colonial subjugation. He coins the term interdependent development to underscore his belief that “there is only one development, but development of different qualitative orders”\textsuperscript{502}

In this context colonialism was part of a broader development project that has gone on for over five centuries now. Over the centuries, the constraints of uneven distribution of resources have become over-shadowed by the geo-political challenges of colonial boundary legacies and independent political regimes, and a globalized economy dominated by the Global North, in which “free” markets dominate in allocating production and distribution.

Approaches to ‘development’ were significantly changed in the aftermath of WWII when the world was divided into three geo-political blocs; the First World of the Industrialized North, the Second World or Communist bloc of countries, and the Third World, or the Global South of poverty. It was the geo-political interests of the First World in securing a non-Communist Third World combined with the desire to secure natural resources located in the developing world (for rapidly growing northern markets) that underpinned the emergence of new approaches to development in this period—aid, development and trade activities. Development came from a First World assuming its allotted place within a global order already determined by the heroic rise of the West. Development meant assuming the mental models of the West (rationalization), the institutions of the

\textsuperscript{501} The terms \textit{Global North} and \textit{Global South} are premised on the use of the “Brandt Line” identified by Willy Brandt in the 1980s. Countries north of this imaginary line (the line did go around Australia and New Zealand) comprise the rich north and those south constitute the poor nations. This term is less useful today as there are a growing number of Global South countries that are no longer poor, for example, Malaysia, Colombia, and Argentina (The Brandt Report: http://www.sharing.org/information-centre/reports/brandt-report-summary, accessed 16 September 2016).

West (the market), the goals of the West (high mass consumption), and the culture of the West (worship of the commodity)".  

To underwrite and support these First World objectives, members from Allied Nations met at Bretton Woods in New Hampshire, USA, in July 1944, to establish an agreement on the regulation of international financial and monetary matters that would support their overall goal of open markets. The Bretton Woods agreement established The International Monetary Fund (IMF) and The International Bank for Reconstruction and Development (The World Bank, or WB). After the end of the War, in October 1945, the United Nations was founded in Lake Success, New York, USA, with the main purpose “to maintain international peace and security; protect human rights; deliver humanitarian aid; and promote international cooperation".

To support further development efforts in the Global South, Global North countries began to introduce their own development agencies starting in the 1960s to plan for and disburse aid to developing countries. Between both international institutions and national agencies, development approaches have promoted open markets and economic growth in Global South countries and as well, Global South domestic social development agendas including health, sanitation, education, and technical training.

The expansion of this “development” industry after 1945 continued northern influence in the societies and economies of Global South countries up to, and after, their independence from colonial rulers. It was expert driven, top down, efficient, male dominated, and professional. Much critique of development exists, highlighting the early exclusion of women, insensitivity to social/cultural practices, inappropriately

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constructed industrial solutions to local problems, and environmental degradation. Trajectories of development have been, and continue to be, avenues in which the economies of the North are served by access to scarce resources in the Global South and in which Global North countries extend humanitarian and development aid.

The more recent rise in neoliberal globalization has only augmented interdependence between the North and South, now including highly integrated supply chains, consumer markets, instantaneous communication and financial capital transactions, and trade moving all matter of goods and people north and south. Similar to efforts in development, globalization is deeply political in character, comprised of a plethora of power arrangements, and continues to affect spatial, social, cultural, economic and environmental relationships. Interdependence will only continue to grow, as more Global South countries become middle-income countries demanding access to more goods and services, as they simultaneously create more value-added exports themselves.

Deregulation of capital markets and reduction in trade barriers starting in the mid-1980s accelerated the movement of capital and goods globally in the belief that reduced barriers would lead to stronger economic benefits for both producers (in the form of greater access to markets) and consumers (in the form of better product/service offerings and pricing). This deregulatory zeal was leveraged greatly by the rise of technology starting in the 1980s including just-in-time manufacturing and security trading automation. Technology facilitated the movement of capital globally and efficiencies in sourcing, production and supply chain management of goods.

Capital provided in the form of bank loans and multilateral institutional financing (for example, The World Bank (WB) and The International Monetary Fund (IMF) provided a conduit for enactment of neoliberal practices. The Third World Debt Crisis, which began in Mexico in 1982, provided an initial platform.

508 Scholte, “The Sources of Neoliberal Globalization…,” np.
509 Ibid., p. 6.
To prevent default on developing country loans, the WB and IMF stepped in to re-finance them. In return, however, they required that debtor countries follow Structural Adjustment Programs (SAP)—a series of neoliberal policies to bring their spending and capital flight under control. Criticism of SAPs was broad, focusing on the severity of the cuts and changes required for borrower countries, countries already struggling to deliver basic services (education, health, and infrastructure). \(^{510}\) Under this austerity, the marginalized were simply left further and further behind and wealth was concentrated in fewer hands. Ultimately, a consensus emerged that little growth was achieved in borrower countries under SAPs. \(^{511}\)

In 1999 SAPs were replaced with the Poverty Reduction and Growth Facility program (PRGF) for its low-income borrower countries. \(^{512}\) With this shift the WB and IMF conceded that poverty was increasing under SAPs and that economic stabilization was unlikely to be successful. The PRGF program is directed at poverty reduction while maintaining macroeconomic stability in borrower countries. \(^{513}\) Subsequently in 2009, the IMF announced that a review of the PRGF pointed to the need for further support of low-income borrower countries. The PRGF was to be replaced with the Extended Credit Facility. Both of these facilities attempt to continue to manage for macroeconomic stability while supporting poverty reduction.

Subsequent to new credit facilities in the IMF there have emerged papers addressing the failure of trickle-down economics, the limitations of development in a paradigm led by maximization of economic growth, the rise of inequality and the need to augment


inclusion.\textsuperscript{514} In a recent paper by IMF staff, “Neoliberalism: Oversold?” (2016), the authors suggest a more nuanced neoliberalism, one more aligned with the views of Columbia Professor and Nobel Laureate, Joseph Stiglitz in which he recommends “combining markets with appropriate regulation”.\textsuperscript{515}

Developing country markets have benefitted with the rise in employment opportunities, investment capital, and emergent multipliers such that overall rates of poverty have fallen over the past thirty years and an increasing number of developing countries are moving up the income ladder. While the World Bank rightly celebrates the decline in poverty rates overall, it points out that these gains are occurring unevenly geographically in the Global South. The WB states that the nature of the jobs being created needs to be evaluated because “creating more, better, and more inclusive jobs is central to the development agenda”.\textsuperscript{516} The 2015 United Nations (UN) Sustainable Development Goals (SDGs) reflect this collective opinion: “sustained and inclusive, economic growth” is one of the key themes. There are 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Sustainable Development Goal 1 is “to end poverty in all its forms everywhere” and SDG 8 is “to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.\textsuperscript{517}

Inclusive is a word in common usage today regarding issues of development and growth.\textsuperscript{518} They are deeply inter-related terms within the paradigm of today’s globalized and carbon-constrained world. The United Nations Development Programme (UNDP)

\textsuperscript{514} Oxfam, “An Economy for the 99%”…


states that inclusive growth is part of an inclusive development agenda, recognizing that it is still a “rather ambiguous term”.\textsuperscript{519} Inclusive growth approaches support those that “takes place in the sectors in which the poor work (e.g. agriculture); occurs in places where the poor live (e.g. undeveloped areas with few resources); uses the factors of production that the poor possess (e.g. unskilled labour); and reduces the prices of consumption items that the poor consume (e.g. food, fuel and clothing)”.\textsuperscript{520}

\textsuperscript{519} Durán, “What does inclusive economic growth ...”, np.

\textsuperscript{520} Ibid., np.
Appendix C: BRAC organizational chart as of June 2016
Appendix D: Summary Tables of Definitions and Key Research Relationships

D. 1: Summary of definitions

<table>
<thead>
<tr>
<th>Concept</th>
<th>Description and purpose in research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social enterprises</td>
<td>A social enterprise (SE) exists to serve social and/or environmental benefit as well as economic benefit. In my research, the social enterprise initiatives are within the charity.</td>
</tr>
<tr>
<td>Resilience</td>
<td>Resilience is about both change/transformation and persistence. With ecological beginnings, today resilience research addresses social and ecological systems (SEs) as coupled, interdependent, and co-evolving. Resilience exists in inter/intra scalar relationships. In my research I consider how the nonprofit organization BRAC approaches resilience building through SE initiatives.</td>
</tr>
<tr>
<td>Place</td>
<td>Places are comprised of three interrelated components: a physical setting (geographic location) and material events or forms, which are imbued with meaning and value. Place is dynamic, not static. BRAC and its SEs are place-based and I seek to understand the role of place in resilience building efforts.</td>
</tr>
<tr>
<td>Double or triple bottom line</td>
<td>Most SEs are double bottom line (social and economic benefit); some are triple bottom line, inclusive of environmental benefit—people, planet, profits</td>
</tr>
</tbody>
</table>

### D.2 Summary of key relationships

<table>
<thead>
<tr>
<th>Concept</th>
<th>Relationships explored in research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resilience and place</td>
<td>Place and resilience building have a complex and dynamic relationship. I am interested in the role of place in BRAC’s SE initiatives, as it seeks to build resilience in its organization and in the lives of its clients.</td>
</tr>
<tr>
<td>Resilience and cross-scale interactions</td>
<td>Scale is a necessary element in resilience building. In social systems, scale is socially constructed and informs resilience-building efforts. I am interested in the &quot;layers&quot; of scale, their malleability, rigidities, and how cross-scale interactions engage with SE initiatives and with resilience building.</td>
</tr>
<tr>
<td>Double and triple bottom line efforts and resilience</td>
<td>Resilience encompasses a triple bottom line approach given coupled, inter-dependent, and co-evolving social-ecological systems (SESs). SE work is mostly double bottom line (social and economic values). BRAC operates within a double bottom line approach, introducing environmental values where appropriate and possible.</td>
</tr>
<tr>
<td>Slow and fast variables</td>
<td>Slow variables determine a system’s resilience, yet attention is usually directed at fast variables—factors that change rapidly and are most easily quantified. BRAC engages with slow variables, lengthening the time horizon of their work.</td>
</tr>
</tbody>
</table>
Appendix E: Map Source Statement


Map 1: Post Partition Indian Sub-continent 1947

**Boundary data:** all countries, administrative areas


**Post Partition Labels:**
[https://scholarblogs.emory.edu/postcolonialstudies/2014/06/21/partition-of-india/](https://scholarblogs.emory.edu/postcolonialstudies/2014/06/21/partition-of-india/)

Map 2: Bangladesh Reference Map

**Boundary data:** all countries, administrative areas (see above)


Map 3: Bangladesh Land use

**Land cover:** Global Land Cover Facility [www.landcover.org](http://www.landcover.org), University of Maryland, Department of Geography and NASA. Global Mosaics of the standard MODIS land
cover type data product (MCD12Q1) in the IGBP Land Cover Type Classification updated 2012. Downloaded from

Map 4: Bangladesh Elevation
Boundary data: all countries, administrative areas (see above)

Map 5: Bangladesh Flood-Prone
Boundary data: all countries, administrative areas (see above)

Map 6: Bangladesh Population Density and Low Elevation Coastal zones

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Map 7: Population Density
Source: Centre for International Earth Science Information Network; Columbia University, 2017, Gridded Population

NASA socioeconomic Data and Applications Centre

https://doi.org/10.7927/H4DZ068D

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