26 Poverty focus: Labour Contracting Societies

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Development objectives[edit | edit source]

Briefing Materials

The following materials illustrate concepts, interventions, outcomes and lessons learnt, including through stories from community members.

Case studies

• Empowerment and poverty reduction through labour contracting societies

"Labour Contracting Societies" (LCSs) - also termed "Landless Contracting Societies" within projects managed by LGED - are defined as groups of usually landless people who engage into a contract with an agency to carry out a certain type and volume of earth work within a given time. The rationale for contracting LCS groups for earth work, instead of contractors, was that LCS work was expected to lead to higher daily incomes for its workers as compared to wages they would receive as workers hired by contractors[Notes 1]. In addition, it was always assumed that the savings from the income from LCS would be invested in productive resources to generate income after the LCS work has been completed. The deployment of LCS groups is therefore seen as a poverty reduction measure.

The origin of LCS work in Bangladesh dates from the early 1980s, when various government and non-government agencies provided LCS groups with maintenance responsibilities for rural roads, embankments, canals, and for the re-excavation of derelict tanks or ponds. Over time, the rehabilitation and construction of earth work items were contracted to LCS groups - by both the Local Government Engineering Department (LGED) and the Bangladesh Water Development Board (BWDB). For LGED, the deployment of LCS groups became a core activity, distinguishing maintenance and construction through LCS.

The deployment of LCS groups by BWDB is usually for one construction season, and is based on the

Guidelines for Participatory Water Managements (GPWM) of 2000 and the Participatory Water Management Rules (PWMR) of 2014. LCS work by BWDB is limited to projects with funding from development partners. For BWDB projects funded by the Government of Bangladesh (GoB) alone, contractors are engaged for all kinds of works, and there is no scope for engaging LCS groups.

In the Blue Gold Program the deployment of LCS groups was foreseen from the design phase, referring to the positive experiences with LCSs of the IPSWAM project. Blue Gold's Program Document 2012 foresaw that infrastructure improvements would be implemented by both contractors and LCS groups, in which contractors would do the structures and part of the earthwork and LCS groups would get at least 50% of all earthwork. As per GPWM, at least 30% of the LCS workers would be women. Poverty alleviation was the main rationale for deploying LCS groups; the Program Document expected that the daily income of LCS workers would be much higher than of labourers working for contractors. The expectations were high, as demonstrated by the logical framework which included the following indicator: "40,000 women benefiting from LCS". The Program Document stressed the importance of vocational training to LCS group members, suggesting that LCS workers could subsequently be engaged in construction of minor structures and repair of main structures.

The Program Document stressed the importance of women LCS groups, indicating that earthwork by women groups would address their "practical need" for income, while "their regular participation in discussions in meetings would raise their social position and develop their decision-making authority". LCS members were to be encouraged to save part of their LCS income, and provided with training in possible income generating activities (IGAs). LCSs were intended to be an important contributor to poverty alleviation, as acknowledged by logical framework indicators: "40,000 women trained in IGA" and "40,000 people earning from income earning occupations".

The Inception Report of Blue Gold reiterated similar intentions towards the deployment of LCS groups, thereby indicating a target of 40% women LCS members, but reducing the numbers to a more realistic target of 7,500 women, similar to the IPSWAM project. Training of LCS groups was foreseen, addressing topics such as construction management but also savings and effective investments in IGAs. LCS women were explicitly mentioned as one of the target groups for homestead Farmers' Field Schools (FFSs).

Implementation of LCS approach[edit | edit source]

Within Blue Gold, the LCS approach has followed agreed guidelines: at the start of Blue Gold in 2013, the guidelines of the predecessor project IPSWAM were applied; and after the introduction of PWMR 2014, these guidelines were adjusted, see box 26.1.

Box 26.1: Development of the LCS Guidelines into the LCS Guiding Note

When the LCS approach was introduced in 1987-88 in the Early Implementation Project (EIP) under BWDB, LCSs started as “D” class contractor enlisted with BWDB, and were supported by the Technical Assistance team (TA) under the umbrella of the donor, i.e. the Netherlands Embassy. Gradually the LCS approach became internalized in the BWDB procedures. LCS guidelines were developed, modified and updated over time, resulting in standard LCS guidelines that were approved by BWDB. Usually the different projects adjusted the LCS guidelines in line with their objectives and activities. In 2003 IPSWAM had started, applying the LCS guidelines of EIP with some modifications, which were approved by BWDB.

When the Blue Gold Program started its LCS activities (2013-2014), the IPSWAM guidelines were used. These were modified on 15 February 2015 to include the new directions indicated in the Participatory Water Management Rules of February 2014. These modified LCS guidelines changed the status of LCS from “D” class contractor to subcontractor, while the WMGs became the main contractor.
The Aide Memoire of the Annual Review Mission (ARM) 2018 suggested further modifications to the LCS guidelines - under the theme 'LCS - maintain the poverty focus', aiming to obtain a commitment that 50% of earthworks contracts would be allocated to LCSs, work orders would be issued to LCS groups no later in the season than end-February and that excavators and outside workers would not be permitted in LCS contracts. As a result, an advisory note for LCSs was developed and sent by EKN to BWDB's ADG (Western Region) on 3rd March 2019, with a request that the note should be adopted as an update to the earlier LCS Guidelines of February 2015. Subsequently, Blue Gold's Program Coordinating Director (PCD) issued the document as a **Guiding Note** to all BWDB offices.

This Guiding Note (in English and Bangla) describes the steps of the LCS approach and the responsible authorities for all steps, from site and reach selection at the start to the final payment at the end. Steps also included training for the LCS members and the opening of a bank account of the group so that payments by cheque to the LCS group could be cleared through a bank account and cash then withdrawn to pay the LCS members. Payments to individual members are always in proportion to their level of engagement, based on their time input.

In Blue Gold, LCS groups were involved in the re-excavation of *khals* and re-sectioning of embankments. In the first two years of Blue Gold before the introduction of changes under PWMR 2014, the LCS groups were registered with BWDB, and contracts were directly between BWDB and the LCS group. The groups were organized by the concerned Water Management Groups (WMGs) supported by TA field staff. After PWMR 2014 became effective, earthworks contracts were between BWDB and the WMGs, rather than to LCSs directly. The role of LCSs as sub-contractors to WMGs, created some dissatisfaction within the LCSs since a number of deductions reduced the amount agreed under the contract. Under PWMR 2014, 5% of the work value (bill amount) is withheld by the WMG as a service charge, of which 1% is paid to the Water Management Association (WMA), 2% is to Operation and Maintenance (O&M) fund of the WMG and 2% to their General Fund. In some situations 1% is paid to WMA, 2% is to WMG O&M fund, 1% to 12 WMG Executive Members and the remaining 1% to all WMG members, based on the decision of WMG. The contractual obligations of the WMGs include quality control, overseeing the progress of the work, and pursuing bills and payments to the LCS. It also became apparent that in practice additional direct costs incurred by the WMG, for example in travel to banks, were deducted from the bill amount, thus reducing the amount available to the LCS members.

After consultation with the WMGs, arrangements for the allocation of suitable earthworks to LCS groups were discussed and agreed in meetings attended by representatives of WMAs, BWDB and Technical Assistance (TA) staff. A main criterion was that the work allocated to LCS groups should be in the vicinity of their village, especially for women LCS groups. No tendering process was required, since the contract between BWDB and the WMG was based on BWDB's "Schedule of Rates".

In order to ensure that LCS groups were ready for the construction season, LCS formation started from October with the aim of completion in January/February. LCS group members were selected during a general WMG meeting, including representatives of BWDB and TA, using the following criteria:

- At least 18 years but less than 50-55 years of age; and physically fit to do earthwork
- A member of the WMG and resident in the work area
- Poor, landless and/or destitute
- Priority given to members from female-headed households
- Willing to join LCS and to carry out the earth work assignment, with priority given to female members with previous experience in earth work.

During the WMG general meeting, explanations were given about the location and type of earthwork covered under the contract, the contract value including tax and VAT, the 5% service charge payable to the WMG, and the modality for paying through three 3 instalments, after making a 10% deduction as a security deposit. The first instalment (of 33%) was paid for mobilization at the start (usually 3 to 4 weeks after the start of the work); the second instalment (33%) was paid after 50% of the work is completed; and the third instalment (24%) after completion of the work. The remaining 10% was kept by BWDB as a security deposit, to be paid 6 months after the completion of the earthwork.

During BGP some 25% of the total value of earthwork (BDT 3,662 lakh) was allocated to LCS groups (refer to Table 13.3), of which BDT 2,527 lakh or 69% of the value of LCS work was contracted to male LCS groups and BDT 1,135 lakh or 31% to female LCS groups. Until June 2019, 502 LCS groups with 31,437 members worked on Blue Gold contracts, of whom 10,766 were women (34%). This proportion of women was higher at the start of BGP (38 to 40%). Over the years, annual review missions emphasized the importance of LCS work for poverty reduction, recommending expansion or at least maintaining the targets for LCS work, "with a preference for women LCS".

In the early years of Blue Gold, LCS groups received a 2-day training, mainly on the technical parts of the LCS work (see report, for example). The training included a 30-minute module on health and environment and another 30-minute module on Savings and Income Generation. The first one addressed topics as making safe drinking water available at the site and arranging for a temporary bathroom and a first aid box. The second module discussed the importance of saving LCS income for investing in income generating activities for a better future. However, after training of about 12,000 LCS workers (40% female) in the first years of BGP, this more formal training was discontinued after the 2016-2017 fiscal year because of the difficulties to mobilize LCS group members for training. Because of the delay in the start of the LCS work, many of the LCS workers had become busy with other temporary work. Moreover, they did not receive training allowances, only lunch and snacks; this meant foregoing two daily wages, which were critical for the survival of poor people. For this reason, the formal training was replaced by on-the-job-training, counted as working day and payment was made accordingly.

In the first semester of 2015 the M&E staff of BGP conducted an evaluation of the performance of LCS groups and of contractors, focusing on their progress and effectiveness in doing earthwork. Box 26.2 presents selected findings from the evaluation report.

Box 26.2: Selected findings of the Evaluation of the Performance of LCS and Contractors involved in earthwork

• Work orders of BWDB issued (too) late. All LCS groups were behind schedule; and 9 of the 14 groups were 50-55% behind.
• LCS members were often not satisfied with the payment schedules, many complained on the second instalment (not paid yet); some didn't even receive the first instalment (and hence could not buy the required equipment).
• LCS workers were found to lack knowledge provided in the LCS training course; several groups did not follow-up BWDB instructions. Sometimes landowners were reluctant to give land for excavation (for re-sectioning of embankments) or for depositing land (in case of re-excavation of *khals*) effecting the progress and quality of the works.
• In several LCS groups the members were not the landless and extreme poor. In one group landowners were member.
• Some workers indicated to prefer daily payments as is common in wage labour work. A contractor paid Tk 350 to male workers and Tk 250 to female workers; in one LCS group daily payments of Tk 200 were reported. In one of the visited female LCS groups only 8 of the 60 workers were present due to other being involved in mung bean harvesting (*"earning daily and more").*
• There were complaints on the temporary / seasonal nature of the work by female LCS members (*"What will we do when this work has been completed? How will we maintain our family when we have no works in our hands?").*
• BWDB engineers considered LCS work of better quality than contractor work; female groups were more sincere in following-up specifications than male groups.
• The report recommended that billing procedures become more daily-labourer friendly and that refresher training is provided to the LCS members.

The above findings illustrate that from the start of BGP the experiences with the LCS modality were mixed. The mixed experiences were in addition to certain weaknesses that are inherent to the LCS approach, such as the high transaction costs involved in setting up and operating an LCS, usually for a single contract, and the higher unit rates applied per volume of earthwork by LCS as compared to earthwork by contractors. Moreover, LCS members, especially women, are often inexperienced in doing earthworks, so taking more time and requiring more instructions to properly start up the work, whereas their performance is compared to that of contractors with very few concessions made to the poverty alleviation objective of LCSs.

Apart from delayed procedures and practical problems as reported above, field staff reported that saving LCS income for productive investments was not always feasible. Instead, such LCS workers used their LCS income for daily subsistence, repaying debts, and maybe for some house repairs or child education, not leaving money to invest in any productive resources.

Box 26.3: Temporary relief for the members of the Noyoun LCS group

Like many people in their community, the 50 (male) members of the Noyoun LCS group in polder 55/2A used to take loans with high interest rates to meet the needs of their family and to buy agricultural inputs. But in 2018 this was not necessary, due to the LCS work they did, earning up to BDT 15,000 in total per person, corresponding to BDT 300 – 350 per day. For them this opportunity to generate income was a blessing, as they did not need to take a loan. However, due to the temporary nature of the LCS work, most LCS members had to take loans again the next year.

There are also examples of other LCS groups, where members did manage to invest (part of) their earnings in income generating activities. Such investments varied from buying a few ducks, chicks or a goat to buying land or investing in a shop or a rice hotel. See the below example in box 26.4.

Box 26.4: Successful LCS group in Jialtola WMG in Polder 25

In April 2018 a group discussion was held with 13 women of a female LCS group (Jialtola WMG) that had been earlier involved in 200 m *khal* excavation. The women said that it was a difficult task, but by working hard they could complete. Some men had discouraged them to do the work, but they had replied *"we can do it like you"*. Many of the present women had used part of their LCS earnings for productive resources, sometimes inspired by their FFS participation, for example:
• Radi Rani bought a pig, sold it and used the money to buy 37.5 decimals of land
• Another woman bought a tv (BDT 6000) as dowry for her daughter, spent on the education of her children and bought poultry. She has now 25 chicken, whereas before she had 1 or 2.
• Sika Rani spent BDT 15,000 for her poultry farm and BDT 10,000 for her son's education.
• Bitika spent most LCS income for her son's MA in Dhaka (!), but also invested in the kitchen for the tea stall she is running with her husband.
• Jhondra invested in a "rice hotel" (small restaurant) together with her husband.
• Another woman bought 68 chicken and 7 ducks, which, together with her home garden and rice hotel, give a good monthly earning.
• Some women also reported that due to their LCS work experience, they are now regularly asked to do earth work for the local government.

The above examples illustrate that during the implementation of BGP mixed signals were received about the effectiveness of LCS as a poverty reduction instrument, also because alternative employment opportunities increased: more agricultural wage labour work for men and women, and increasing off-farm employment opportunities, mainly for men.

The many encountered challenges and mixed success of LCS approach as poverty reduction instrument led to the commissioning of a study on LCS experiences, with a special focus on the impact of LCS on the empowerment of women, also to draw conclusions for LCS work in the future, see the below section.

Findings from the LCS study[edit | edit source]

This section provides the findings of a study on LCSs commissioned by Blue Gold. Dr Sharmind Neelormi, an independent consultant, was contracted to assess: (i) the extent - and under what conditions - LCSs are successful as a tool for poverty reduction[Notes 2], and (ii) the contribution of LCSs to the economic and social empowerment of members of female LCSs. This study also assessed the effects of the changes in LCS related procedures due to PWMR 2014, in particular concerning the new role of WMGs. Apart from presenting the main findings from the LCS Study report of June 2020, this section includes some information from TA sources, either for illustrative purposes or for clarification.

Changes in LCS modality due to PWMR, 2014[edit | edit source]

The main change due to the new PWM rules of 2014 was the formalized role of the WMGs in the LCS process, in particular, their role as the responsible entities towards BWDB for the completion of the

work. Main consequences:

- The contract sum available for the LCS workers was reduced, at least with the 5% service charge the WMGs can keep, but often by also deducting actual costs made by the WMG.

Illustration: *5% of the service charge are put into the WMG bank account; of the remaining 95% the WMG takes all actual costs they make, e.g. for phone calls, copies and travel costs (often with several -up to 5 or 6- people) e.g. to the bank, which costs can add up to another 13 to 20%, leaving about 75 – 82% of the total contract value for the LCS members – personal communication by the author of LCS study*

- It is not clear to what extent the intermediary role of WMGs caused a further delay of the work order reaching the LCS group, see paragraph below 'Late work orders leading to extra work'.
- The responsibility of the WMGs for the timely completion of the assignment could be a reason for having all or part of the work being subcontracted by them, see below. In other cases, WMGs may hire a professional overseer (‘sardar’) to guide the technical implementation of the work; the concerned costs are also deducted from the contract amount.
- BWDB held the view that the responsibility and ownership for LCS work was higher when LCS groups were directly contracted (ie by BWDB).
- There is ample evidence that BWDB's technical guidance helped the LCS group to understand technical aspects of construction. Because of their many other responsibilities, BWDB were not able to monitor LCS activities regularly. WMGs were better placed to address the day-to-day local challenges.

The study report does not explicitly describe the opinion of LCS group members, however, anecdotal evidence demonstrates that LCS workers also preferred contracts directly with BWDB.

Illustration: *Begum was involved in 5 LCS groups as group leader, under IPSWAM and BGP. She has experience in LCS contracts directly with BWDB and with the WMG. She thinks that contracts directly with BWDB were the best - case study on Begum, LCS group leader.*

Work measurement and extra work due to erosion[edit | edit source]

The pre-work measurement should be taken in presence of WMG and LCS representatives before the estimation of the work by the BWDB. This formed a baseline document to be used for the design and costing of the work. The relevant documents should be handed over to the WMG and LCS, but the study found that WMGs often did not have such documents. The study found that pre-work measurements were in most cases taken just before the start of the work, or even after the start, obviously after the issuance of the work order. In addition, instances were reported where BWDB declared their earlier measurements as “not correct”.

Illustration: *The pre-work measurement was not taken correctly and this was communicated to the WMG/LCS members by BWDB just before the payment of the 3rd instalment. For this mistake of BWDB, after finishing the work on time, they received much less than the contract amount – From Box 3 of the study report, case study on LCS groups of Pashchim Shovna (Dakshin) WMG*

The study also found that in a significant number of cases WMG and LCS members had reservation regarding the post-work measurement. Despite the regular visits of the TA engineer and periodic work advancement measurements, it was often wondered how the post-work measurement could deviate significantly from what was expected and contracted for. Such confusion on pre- and post-work measurements led to lower payments than expected. LCS groups lacked the strength to complain against this, also because any grievance addressing mechanisms were missing.

Confusion related to the profiling of the work was also found, i.e. related to detailed specification of the work, the filling and cutting charts. Usually the work site was marked with objects like a red cloth or flag on trees or bamboo poles to direct the LCS members and to make them aware of the magnitude of the work. However, cases were reported of profiling only after the LCS group had started its work. Documentation on the profiling with the WMGs and LCS groups was usually absent. In addition, moderate to high wind speed (75 km/hour or more) destroyed the marks, as also moderate or heavy showers did. This constrained the work efficiency of the LCS groups.

Late work orders leading to extra work and missing peak season wages[edit | edit source]

The study found that (detailed) work orders to LCS groups were frequently issued by the WMGs only in late April or early May. The corresponding work order documents by BWDB were usually dated mid-March, which is already late, and was explained being due to lack of manpower at the BWDB offices. However, the study suggested back-dating of the latter documents.

The timeframe for the usual earthwork, re-excavation of *khals* and re-sectioning of embankments, is in the months prior to the start of the monsoon rains. When the work orders are issued late, and the works cannot be completed before the monsoon, the remaining work is carried over to after the monsoon. When earthwork is left partially done, the rains damage the unfinished work, especially by erosion of work on embankments and silting-up of partially excavated *khals*. This meant that the LCS group had to put in un-paid time and labour to undo the damage caused by the rains, increasing the number of labour days, reducing the efficiency of their input and their average daily remuneration.

Such delays and 'wrong time-lines' forced the LCS members to utilize time in late-November and December to complete the work, time which otherwise could have been invested in the agricultural peak season, such as harvesting of T Aman, when labour-days could be sold at a much higher rate than they earn from LCS work. This means that delayed work orders could lead to extra unpaid work for these poor LCS workers while refraining from higher paid alternative work.

Contract and contractual amount[edit | edit source]

BWDB determined the contract amount according to its 'rate schedule'. BWDB officials reported that such rates were regularly updated; however, the rates did not vary seasonally. There was no room for negotiations for the WMG or LCS group. The contract did not include provisions for third party settlement; there was no Grievance Response Mechanism mentioned in BGP's LCS Guidelines; in some other BWDB projects such provisions had been created.

In the WMG meeting in which the LCS members were selected, also the approximate contractual amount was announced; at that time the contract between BWDB and WMG was not yet signed. The announced amount included Tax, VAT, the 5% WMG service charge and the 10% security money (to be paid six months after completion, if the quality of the work remained satisfactory). Despite an explication that all these charges would be deducted from the total contractual amount, the study found that a great majority of the WMG and LCS group members did not understand this. It was the total (gross) contractual amount that attracted poor people as LCS members, having a higher expectation of their envisaged income than what was realistic. Moreover, there was neither a clear understanding of how payments were determined. It was found that LCS members may drag the number of working days with the expectation to earn more. Considering that the LCS modality is a 'business', i.e. a form of contracting, with the idea that also profit can be generated, it was found that the 'business model' was insufficiently presented and explained to the LCS members, either in meetings or during any training.

Payment modality[edit | edit source]

All payment transactions for the 3 installments and the security money needed to go through banks. The WMGs and LCS groups opened and operated their own new bank accounts for LCS payments. After achieving certain milestones of the work, BWDB gave payments in checks to the WMGs, not through bank transfers. WMGs subsequently issued checks for the LCS groups, deducting the 5% service charge and any payments for costs they made, if applicable. The LCSs then deposited the check received from the WMG in their bank account and withdraw cash to pay the members of their group, in proportion to the number of days each member actually worked (as per attendance register).

The first installment of 33% of the contract value ("mobilization money") was meant to be paid right at the start of the work, sometimes also to be used to buy equipment. In practice, this payment was often received 3 to 4 weeks after the start of the work. For many LCS workers, who by selection belong to the poorest sections of the community, it was difficult to provide for the basic needs of their family during this first month without daily income. A common option was taking a loan, which was usually against a high interest rate, but the example below also shows that LCS members may take up a second job as wage labourer next to their LCS work. This, however, can be particularly difficult for women, especially with young children.

Box 26.5: Examples of two different approaches for overcoming the first weeks of LCS work before the first instalment is paid

> **Bithika Rani** (50) is a widow, with one daughter married and a son enrolled at the local college. She became group leader of Shornali LCS (2017-2018) in Polder 31 part. She used to work half days in the morning as a LCS member and as wage labourer in the afternoon, the latter in *ghers*, water melon or paddy fields. The half day wage labour work earned her between 50 and 200 taka, which allowed her family to survive, especially in the weeks before receiving the first installment for LCS work. She then used the first installment of 2000 taka to buy a goat.
> **Beauty Mondal (29)** is the only earning member in her family as her husband is sick; she has two young children. She also worked half days as member of Shornali LCS group, but needed the rest of the day for domestic work and child care. To survive those first weeks without LCS income, she took a loan from a local money lender. She used her first installment of 2000 taka to repay her loan.

LCS groups often have to make special efforts to get their payments, especially the third installment and the 10% security money. Several visits of WMG and LCS members to the BWDB office may be needed, e.g. because the concerned officer may not be available to issue the check. There was also anecdotal evidence of the need to "manage the BWDB" by making payments to get the check.

Illustration: *For taking a loan of 10,000 taka as advance payment for 'managing BWDB', they incurred an additional 2000 taka as interest – From box 3 of the LCS study report*

Illustration: *Begum also faced much struggle to get the checks each time, but she didn't take a step back, rather she worked hard and convinced SO and XEN of BWDB and got the payments without giving any sort of bribe – Case study of Begum, LCS leader*

In addition, going to the BWDB office to negotiate on the payments always involved costs, which were deducted from the payments, thus reducing the net earnings of the LCS members. This also applied to costs made to go to the banks for depositing the checks and withdrawing cash.

Training and basic facilities[edit | edit source]

In the first years of BGP formal LCS training was provided to the LCS groups in line with BGP's LCS guidelines. However, this often did not work well because it was difficult to mobilize the LCS group members for a training for which they did not get paid, especially at times when well-paid alternative work as wage labourer was available. The study suggests that formal training would have been better viable if conducted in the lean season, when little alternative work is available, which, however, required earlier issuance of the work orders. Instead of the formal training, on-the-job training was provided. It included some general briefing on management; role of WMGs, role of LCS, payment system, stipulated technical issues, technical demonstrations (profiling, removal of vegetation, dug bailing, stepping for earth dumping, cambering) and finally construction of a model section. The study report observed that LCS members often did not see this as training, as they reported not to have received any training.

The curriculum of the formal training included health and environmental issues; the on-the-job training apparently did not address such issues. But in all cases facilities such as a temporary toilet (even indicated as performance indicator in the guidelines), a shelter (e.g. for breastfeeding), drinking water and/or a first aid box seemed never or seldom present in practice. Female LCS members reported that they used to go to the toilets of neighbouring households, after first asking permission.

Subcontracting[edit | edit source]

The two main reasons for subcontracting were both related to late issuance of work orders. Late issuance of work orders meant that the mobilization of LCS groups was difficult because the groups were formed several months before and LCS members got involved in other economic activities in the meantime. Such groups might have become dismantled and the work was subcontracted. Another reason is that even when the LCS group was mobilized but the work started late, the completion of the work before the start of the monsoon would not be possible. This applied more for women's groups that usually work half days due to women's other responsibilities. WMGs -as well as the communities- did not want to have the work postponed until after the monsoon, and therefore resorted to subcontracting of the work to '*Sardars*' (skilled foremen), who were able to complete the work in time because they are more skilled, can hire external experienced labourers and may use machinery. Although subcontractors usually did not employ LCS members, there are instances for 'token participation' of some of the LCS members for a number of days or for the whole period of the activities.

The consequence of subcontracting was that the concerned LCS group members were not -or to a lesser extent- involved in the earthwork, and hence did not earn from LCS work or earned less. For the community, however, having the earthwork completed in time meant that they benefitted quicker from the improved infrastructure and improved water management.

LCS as a poverty reduction instrument[edit | edit source]

The study reported an average daily income per LCS member of BDT 354 for the 167 women and 36 men who had been interviewed. The average number of days worked was 63.3, which corresponded to an average income from LCS work of BDT 22,408 per LCS member. However, case studies often reported lower total or daily incomes and it seems that the survey respondents had over-reported their LCS income. Calculating the income per LCS worker based on the total value of LCS work also leads to a considerable lower income, see box 26.6.

Box 26.6: Calculating approximate LCS income for individual LCS workers

> The total contract value of all LCS work up till the 2018-2019 construction season was BDT 3,662 lakh. After deducting 5% for WMG service costs and a further 5% for ad hoc costs (eg for hired labour), an estimated BDT 3,296 lakh remains for the 31,437 LCS workers, or BDT 10,484 per individual. Given that the average number of working days is around 63, this corresponds to an income of BDT 166 per day.

The calculation in Box 26.6 confirms that LCS income is often lower than agricultural wages, certainly in peak seasons, when daily wages range from BDT 400-500 for men and BDT 300-400 for women - and often higher when labour is scarce.

'LCS as a poverty reduction instrument' is based on the assumption that surplus income from LCS work is used to purchase productive resources for more permanent poverty reduction. The study found that under the conditions as described in this chapter, the LCS modality as permanent poverty reduction instrument often does not work as usually only temporary incomes are provided.

Illustration: *"Investing LCS earnings in IGAs is often not realistic, as many LCS members have pending debts, such as from shops or micro-credit, to repay as well as urgent needs, such as house repairs, the purchase of clothes or medicines" – Zonal staff member in Patuakhali*

However, there are also examples of LCS groups and/or individual members who successfully used savings from LCS income for investments in income generating resources, see Box 26.4 above.

The survey among 167 women LCS members (as part of the LCS study) found that investments in poultry, vegetable production and livestock were most common. But it was difficult to attribute successful income generation after earning from LCS work (entirely) to the LCS income, because also other (BGP) interventions may have promoted such investments. For example, 74% of the surveyed LCS women had participated in some 'IGA training', which supposedly is mostly the agricultural skill training through BGP's Farmer Field Schools. These FFS actively promote investments in productive resources as poultry, vegetables and livestock; hence it is difficult to assess to which extent LCS income was instrumental in increased production and income.

Gender issues and women's empowerment[edit | edit source]

The survey among 167 women and 36 men LCS members also aimed to identify gender issues. The findings show that female household heads were over-represented in female LCS groups, with 14% female household heads as LCS members against 3.6% female headed households in BGP's baseline survey. This confirms that female headed households are relatively poorer than male headed households, and that female household heads are comparatively more in need for work than women from male headed households.

On average women and men spent about the same number of days on LCS work (63 and 66 days, respectively), but female household heads spent more, i.e. 73 days on average. Because female LCS workers often only spent half days on LCS work (especially the mornings), female LCS groups needed a longer period of time to complete their LCS earth work, increasing the likeliness that they cannot complete the work before the monsoon rains start. This means that they were more often affected by the extra work to repair monsoon related damages after the rainy season; it also means that WMGs more often subcontracted LCS tasks of women's groups to subcontractors. However, in contrast to agricultural wages that show quite a huge gender gap (women often earning 60% of men), the average LCS earnings reported by men and women were quite similar, i.e. about 350 BDT/full working day. Decision making on spending LCS income was usually joint, i.e. by husband and wife.

LCS working conditions were comparatively hard due to the nature of the earth work, and could even involve working while standing in water, especially when re-excavating *khals*. For women the absence of a (temporary) toilet near the work is a bigger issue than for men; often women could not attend the work during their menstrual period.

Illustration: *"It was not an easy task; the work was very hard and difficult and it sometimes made us sick. However, after one week we got more used to the work" – female LCS group members in polder 25*

In terms of empowerment, the study found that LCS work contributes to increased social networks and to increased income, even if temporary, thus to some level of social and economic empowerment. But the study also found that female LCS groups were usually managed and monitored by (male) WMG executive committee members, such as for opening and managing bank accounts, going to the regional BWDB office to take the checks and maintain the labour attendance register and master roll. WMGs may also employ male LCS members from nearby groups and/or sardars to supervise women's groups. This means that LCS work by women's groups left little options for self-management and thus for further empowerment; few women LCS group leaders therefore gained management skills and women's agency was hardly created. But there are exceptions, such as demonstrated by the following examples of two women:

Illustration: *Priobala combines being a WMG executive member and leader of the local women LCS group: 'I take my responsibility as a leader, I know I can, because people appreciate me.'*

Illustration: *Begum was involved in 5 LCS groups as a leader, of which twice during BGP, building up leadership capacities and inspiring other women. Now people want her to become UP representative in the next elections.*

The survey also found that 7 female LCS members out of 167 (4%) were approached to participate in the local election as potential female UP member. The survey results do not reveal, however, to which extent their leadership capacities were developed due to LCS membership.

Cost-efficiency of LCS work[edit | edit source]

BWDB uses two separate costing calculations for earthwork by LCS groups and by contractors, whereby the rates for contractors are approximately 35-40% less for the same volume of work than for LCS groups. This is because contractors can work more efficiently as they have bigger volumes of work under one contract and can use machinery. This makes the deployment of contractors not only more cost-efficient, but it can also lead to better quality of the work.

This means that earth work by LCS groups can only be justified if the poverty reduction impact exceeds the extra costs of the LCS work and/or LCS deployment can be otherwise justified. Investing in LCS work means that less earthwork can be done given a certain budget. The below box demonstrates that about 20% more earthwork-based infrastructure could be developed or rehabilitated with a same budget if only contractors are deployed as compared to equally sharing the volume of earthwork between contractors and LCS groups.

Box 26.7: Extra infrastructure when only using contractors

It is common practice in externally financed projects that 50% of the earthwork is given to LCS groups and 50% to contractors. If contractor work costs 40% less than work by LCS groups, this means that 41.7% of the total budget goes to contractors and 58.3 % to LCS groups.
If all budget would be entirely used to hire contractors (and no LCS groups), this means that either for the same amount of earthwork less total budget is needed (17% less); or more earthwork can be developed using the same budget (20% more).

Lessons learnt from BGP's LCS work and the way forward[edit | edit source]

The main lessons learnt from BGP's involvement in LCS work, including from the LCS study, are:

- The current LCS approach and timing were disadvantageous for LCS group members, including for the timely completion of the work, often leading to carry-over work after the monsoon season. This also led to extra (unpaid) work, as monsoon rains caused damages to the unfinished works. To avoid this, WMGs tended to subcontract the work to experienced 'sardars', ensuring timely completion of the works, but taking income earning opportunities away from LCS groups.
- The late issuance of work orders made that LCS work coincided with peak demand for agricultural wage work, which offers considerably higher wages than what can be earned from LCS work.
- There was insufficient explanation to and training of LCS workers: about the contract conditions, the net incomes they could expect and about managing their group; technical training was often considered insufficient, which could lead to misunderstandings related to pre- and post-work measurements and profiling, and thus to less efficient labour outputs.
- The involvement of WMGs, as a third contractual party between BWDB and LCS groups, was often not seen as an improvement as compared to the situation before 2014 when LCS groups were directly contracted by BWDB, also because it reduced the contract amount available for the LCS group members.
- There is room for improvement in communication between BWDB and WMGs/LCS groups (e.g. to ensure timely payment of instalments), and in some respects also the role of TA could have been enhanced. It is illustrative that BWDB only deploys LCS groups in donor funded projects, not in projects which are only funded by GoB.
- LCS work contributed to some poverty reduction, but often temporary, as income is first used for immediate needs (food, house repairs) and debt repayment. It seems that especially when LCS work was combined with other interventions, such as including LCS workers in agricultural skill training (FFS), investments in productive resources were enhanced, increasing chances for a more permanent lifting out of poverty.
- Women appreciated certain features of LCS work even though the work was hard, but women also meet many challenges, including the absence of a grievance addressing system. LCS work brought some benefits to women, as increased income and more social networks, but its contribution to women's agency and real empowerment was often limited.

With many challenges and no automatic impact on longer-term poverty reduction, the future of LCS work needs to be faced. The continuation of BWDB LCS work under the circumstances as described above, e.g. with late working orders and the related tendency to subcontracting, seems not recommendable. Moreover, the need for LCS work as a poverty reduction measure also becomes less urgent now Bangladesh is moving towards becoming a middle-income country with less poverty and more employment opportunities. This may mean that LCS work only should be considered in more poverty-stricken areas, and when the modalities are improved, such as an earlier start of the work, better training and explanations and easing the payment process (eg by bank transfers).

It should also be realized that using a given budget for infrastructure improvements only by contractors increases the volume of work that can be realized, hence leading to more benefits for the broader population in a project area. This means that eventually the use of machinery by contractors is likely to phase out earthwork completely done by manual labour, also leading to higher quality of the works.

An exception is the turfing (planting and maintaining a grass cover on the slopes of embankments to protect the bank from erosion or gullying by rainfall), which is a task that cannot be done by machines. Engagement of LCS groups, especially involving the poorest community members with few other employment options, for such work in August-September will allow the annual re-fixing of minor embankment damages during the rainy season, which is a slack season for agricultural work. Such contracts for turfing therefore are suitable as a poverty reduction instrument.

Notes[edit | edit source]

1. ↑ This is assuming that contractors would locally hire unskilled labourers. In practice, however, contractors usually bring in labourers from outside, as they prefer to work with known labourers with whom they have earlier worked with. Moreover, nowadays contractors use machinery, reducing the need for (unskilled) labour.
2. ↑ Though there are many aspects to poverty, up till now the Blue Gold Program defines this as "households below the poverty line".

See more[edit | edit source]

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A defined set of temporary activities through which facilitators seek to effect change

Labour Contracting Societies - Groups of usually landless people who are contracted by an agency to carry out a certain type and volume of earthwork within a given time period. For BWDB, the rules for engagement of an LCS are set down in PWMR 2014 Chapter 6

Groups of usually landless people who are contracted by an agency to carry out a certain type and volume of earthwork within a given time period. Term including 'landless' is generally used by Local Government Engineering Department (LGED) whereas BWDB's PWMR 2014 uses 'Labour' Contracting Societies.

Local Government Engineering Department

assumed in this report to operate up to 0.5 acres (0.2 ha)

Labour Contracting Societies - Groups of usually landless people who are contracted by an agency to carry out a certain type and volume of earthwork within a given time period. For BWDB, the rules for engagement of an LCS are set down in PWMR 2014 Chapter 6

Groups of usually landless people who are contracted by an agency to carry out a certain type and volume of earthwork within a given time period. For BWDB, the rules for engagement of an LCS are set down in PWMR 2014 Chapter 6

actions taken to prevent or repair the deterioration of water management infrastructure and to keep the physical components of a water management system in such a state that they can serve their intended function.

Bangladesh Water Development Board, government agency which is responsible for surface water and groundwater management in Bangladesh, and lead implementing agency for the Blue Gold Program

A process by which the local stakeholders are directly and actively involved in identification, planning, design, implementation, operation & maintenance and evaluation of a water management project.

Government of Bangladesh; a donor to the Blue Gold Program

Integrated Planning for Sustainable Water Management

Guidelines for Participatory Water Management

A process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them.

Income Generating Activity

Farmer Field School - A group-based learning process through which farmers carry out experiential learning activities that help them to understand the ecology of their fields, based on simple experiments, regular field observations and group analysis. The knowledge gained from these activities enables participants to make their own locally specific decisions about crop management practices. This approach represents a radical departure from earlier agricultural extension programmes, in which farmers were expected to adopt generalized recommendations that are formulated by specialists from outside the community.

Participatory Water Management Rules (2014)

Early Implementation Project

Technical Assistance

Water Management Group - The basic organizational unit in Blue Gold representing local stakeholders from a hydrological or social unit (para/village). Through Blue Gold, 511 WMGs have been formed and registered. The average WMG covers an area of around 230 ha has 365 households or a population of just over 1,500.

Annual Review Mission, the broad objective of which was to secure and where possible further enhance the relevance, efficiency, effectiveness and sustainability of the project. ARM members were individuals who were appointed by, and reported directly to, EKN and BWDB/DAE

Embassy of the Kingdom of the Netherlands, the contractual representative of the Minister of Foreign Trade and Development Cooperation of the Netherlands and signatory to the agreement for the Blue Gold Program with the External Resources Division of the Ministry of Finance as the signatory for the Government of Bangladesh

Additional Director General

Program Coordinating Director

Water Management Group - The basic organizational unit in Blue Gold representing local stakeholders from a hydrological or social unit (para/village). Through Blue Gold, 511 WMGs have been formed and registered. The average WMG covers an area of around 230 ha has 365 households or a population of just over 1,500.

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Water Management Association - In Blue Gold, the polder-level representative of WMGs, and signatory to an O&M Agreement with BWDB

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Operation and Maintenance

Water Management Association - In Blue Gold, the polder-level representative of WMGs, and signatory to an O&M Agreement with BWDB

Blue Gold Program

Bangladesh Taka

Monitoring and Evaluation

An area of low-lying land surrounded by an earthen embankment to prevent flooding by river or seawater, with associated structures which are provided to either drain excess rainwater within the

polder or to admit freshwater to be stored in a khal for subsequent use for irrigation.

drainage channel or canal

Farmer Field School - A group-based learning process through which farmers carry out experiential learning activities that help them to understand the ecology of their fields, based on simple experiments, regular field observations and group analysis. The knowledge gained from these activities enables participants to make their own locally specific decisions about crop management practices. This approach represents a radical departure from earlier agricultural extension programmes, in which farmers were expected to adopt generalized recommendations that are formulated by specialists from outside the community.

empowerment is a process, enabling people to make choices and convert these into desired actions and results. In doing so, people take control of their own lives, improve their own position, set their own agenda, gain skills, develop self-confidence, solve problems, and develop self-sufficiency. Empowerment leads to genuine participation of all actors as it is a process of gaining self-confidence for individual development as well as to contribute towards development of others.

A process by which the local stakeholders are directly and actively involved in identification, planning, design, implementation, operation & maintenance and evaluation of a water management project.

transplanted aman; a rice crop, with nurseries for seedlings started in June/July, for transplanting in July/August in areas liable to a maximum flood depth of about 50cm. Harvested in November/December. Local varieties are sensitive to daylength whereas modern varieties are insensitive or only slightly sensitive.

An area enclosed by low embankments to store either freshwater or brackish water for the production of fish, shrimps or prawns.

Section Officer (BWDB)

Executive Engineer (BWDB)

human intervention in the capture, conveyance, utilisation and drainage of surface and/or ground water in a certain area: a process of social interaction between stakeholders around the issue of water control.

Farmer Field School - A group-based learning process through which farmers carry out experiential learning activities that help them to understand the ecology of their fields, based on simple experiments, regular field observations and group analysis. The knowledge gained from these activities enables participants to make their own locally specific decisions about crop management practices. This approach represents a radical departure from earlier agricultural extension programmes, in which farmers were expected to adopt generalized recommendations that are

formulated by specialists from outside the community.

Any issue where relations, differences, connections and/or inequalities between men and women have either a positive or negative effect or influence

Union Parishad - Union Council chaired by an elected Union Chairman

Earthen dyke or bundh raised above surrounding ground level, for example so that roads or railway lines are above highest flood levels, or so that an area is empoldered to protect it from external floods and saline waters.

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Variants

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Blue Gold Program Wiki

The wiki version of the Lessons Learnt Report of the Blue Gold program, documents the experiences of a technical assistance (TA) team working in a development project implemented by the Bangladesh Water Development Board (BWDB) and the Department of Agricultural Extension (DAE) over an eight+ year period from March 2013 to December 2021. The wiki lessons learnt report (LLR) is intended to complement the BWDB and DAE project completion reports (PCRs), with the aim of recording lessons learnt for use in the design and implementation of future interventions in the coastal zone.