

The future of the world's biggest NGO: an interview with Muhammad Musa

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CAMILLA: My name's Camilla Burkot. I'm a research officer at the Development Policy Centre, and it's my pleasure today to be talking to Dr. Muhammad Musa, who is the executive director of BRAC. He's here in Canberra, visiting on behalf of DFAT, and we're very pleased that you're able to take some time to come talk to me today.

DR MUSA: Thank you. Thank you very much for having me here. I also thank DFAT for inviting and hosting me here. It has been a great opportunity to be a partner of DFAT, along with DFID of British government. So together, we have been working for quite some time now, and making difference in Bangladesh and all those from there helping us make an impact on our side. So, thank you. Thank you very much for having me.

CAMILLA: Thank you. So, many people who are listening probably know that BRAC is, I believe, the largest development NGO in the world. So, there's lots of different things that we could talk about, you're working in a number of different countries.

But I thought it would be interesting to focus a little bit on funding and sustainability, and just talking about, as such a large NGO, sort of what the situation is. I understand that BRAC's looking to make some changes and become more—in terms of becoming more sustainable. So maybe you could tell us a bit more about that.

DR MUSA: Thank you. Let me talk a little bit about what we do. We do programs in Bangladesh, reaching more than 110 million people, and we do it through both direct implementation of some of the programs in various sectors, including health, especially focusing on women's health and adolescent health.

We do focus on education, with girl's education in mind. We also have a strong and big financial improvement program. We work with the ultra-poor and help them graduate out of their extreme poverty situations, and we act as a kind of locomotive to pursue the elimination of extreme poverty.

We have community empowerment program. So, we have set up programs like that. We have also structural interventions, like gender equality and diversity program, human rights and legal aid. So we have a wide range of programs.

The reason I mentioning that is because you talked about sustainability. A big question is, sustainability for what? Therefore, we have to keep in mind the purpose for which BRAC exists. We exist because we have a mission. We have a purpose that is very clearly defined:

that we want to make a difference in the lives of the people who live in poverty, who live in disadvantaged situations.

So, while we look at financial sustainability, we make sure that the purpose is not sacrificed.

Having said that, I have to now share a little bit the way we are pursuing financial sustainability and financial viability.

As you know, the funding for humanitarian and development work traditionally used to come from northern donor agencies, primarily from governments like Australian government, UK government, US government and various other governments. But also from multi-lateral agencies, bilateral agencies, some of the foundations like Gates Foundation and others.

That scenario has been changing, changing for many reasons. But definitely one of the situations we're finding that the financial support that used to be there, I mean foreign aid, there is shrinking of that foreign aid, but also refocus of those foreign aid for multiple strategic purposes that donors have taken.

So therefore, we have been looking and working from the very beginning to really focus on financial sustainability, simultaneous with program quality and program impact. BRAC was very strategic about it. From the very beginning, when it started its program, it also simultaneously started a social enterprise, side by side, which is another completely different wing.

But the purpose of social enterprise in those days were dual. Dual in a sense that it was working with the people who are in poverty, helping them with the income generation activities, supporting them in various goods and services that they produce, but also buying those back from them so they can have market availability for selling their products. And then selling it in the market and making surplus, and that surplus is coming back to support some of the development programs of BRAC, like gender equality program, community empowerment program, and even ultra-poor graduation program.

So, we were working in two ways. So, one side humanitarian development work, and the social enterprise work.

Now we are moving to a third area, where we are basically saying some of the programs that we used to do, like health program, education program, and even programs like skills development program for youth, those where in the past we could draw on the resources from donors, we will no longer depend on donors. We would choose some of the products – health products or services, health education – and basically, in a changing context, where the economy has been growing, where our people have been moving out of poverty. We are examining their ability to pay, and segmenting population into different segments, by which

we can go with health service and education service, and some of the basic service, and offer them choices. Offer them choices with higher quality, so that they can act as kind of respectful consumers and buyers other than just recipient of free services, like beneficiaries.

So, it's a kind of paradigm shift. It's a shift where we are changing people from the status of beneficiaries to customers, and that fits very well in the market economy where people's situation, socioeconomic situation, has improved. So, that is the third element we are just adding.

We are doing it in two ways. Some of the products, health products and services we have, which could be taken to the cost-recovery model, where you have a full cost and then you recover part of it. On the other hand, there are products and services, where you basically can design a business model and work in a way that there's an unmet need for that products and services, and there's a market there. So they can sell in a way that they can generate surplus. Because you need surplus to support some of the programs that cannot do it. So, that's the third way we are doing now.

So, let me stop here and see if you have asked any questions.

CAMILLA: No, I think that's interesting. I wonder if you could give me an example. You've just given us two kinds of models, like an example of some program or some product that fits into those.

DR MUSA: Yes, okay. Good. So, let me begin with this. Like we have a school, a primary school, we have been running. So, there's a time when BRAC has been running 35,000 primary schools, especially focusing on those who drop out from the primary schools or who never went to primary school.

And we ran those free. It's a one-classroom school where girls and boys come in. They get classroom teaching from grade 1 to grade 5, covered in four years with high focus and with very good success rate. By doing that over years, we really have succeeded, through those 35,000 schools, succeeded in improving the education of many of the boys and girls who had dropped out.

Now the dropout rate is reduced, enrolment rate increased, and government school programs coming in. So, what we did, we are taking two approaches. One, help government to improve the quality of the primary education by influencing the curriculum, working with them to make sure some of the teaching methodologies are improved, textbooks are improved.

But side by side, we are still running some of the primary schools in a multi-classroom way. And so, we change our one classroom into multi-classrooms, where students from multiple class can come in, and we have costed that. We basically said this is something for which there's a demand.

We found out that the cost of some of these schools is something like per child, per month, something like 300 takas. Taka is Bangladeshi currency. And we figured out, what would the ability and willingness to pay from the families that this may be needed? And we found out that while there's a demand growing for education, we still need to focus on girls.

And we found out that maybe if we set a target by which we will be recovering some of the costs, which will be not 100 percent of the costs. We will not charge 300 takas. We are charging 100 takas. So, the parents pay 100, we subsidize 200. So, this is the model we call cost recovery. So, that means the cost is 300, you're recovering 100. And we'll continue that for some time, until the time that the need for that program goes out.

On the other hand, we have certain products, like I'll now talk a little bit about health programming. In health programming, we have an opportunity where we see that there's a need for eye healthcare. And eye healthcare is something needed because a number of children through adults, they lose their vision. And when they lose their vision, they are unable to be productive.

So, what we did, we looked into the market and we found out there's a demand for it. So, we packaged eye healthcare program, and launching a new eye healthcare program where we are adding some surplus so that a certain segment of the population who need eye healthcare, they not only pay the actual costs, but the business model is developed in a way that there will be surplus generated by it.

We also have started another product called an adult health program, which was not there. Where male and female, men and women, all of them will be coming to our health workers at the village level. They can get comprehensive healthcare services like blood pressure, diabetes, and any other chronic diseases like arthritis.

And so, they can get those services, including blood tests, urine tests, all of those, and for which we'll be charging a fee, which will be higher than the costs we have. So, we've developed a business model because there is demand for it. So, this will be kind of social enterprise. Is that clear?

CAMILLA: Yeah, no and it's interesting, while you were talking I was thinking that it's very data intensive. It sounds like you're really doing a lot of background, really looking into "Okay, what are the markets? What can people pay, really?" Is that something that—you must have a big sort of division or department of people working just on the data collection.

DR MUSA: We have a number of units who work on the data side. But we have a central unit called Research and Evaluation division. They are now—they have assigned some of their staff to

health program as well as to the education program. And those professionals, they are professional researchers.

They work with our health team and education team, because these two teams are pioneering our transformation from free service delivery to social enterprise. As they do those models, these teams from Research and Evaluation division, they work hand in hand.

So, they undertake research studies. They do process documentation. They see what is working, what is not working. They feedback into the whole process. Because there's a kind of business model development, business model adjustment, sharpening, so it's kind of process-driven.

I have to admit that it is – we began the process about six months ago, we have to go a long way, but this is how things have started. So definitely it is studying the population, determining their ability to pay, segmenting population in a way so that those who are ultra-poor, they may not be able to pay. On the other hand, those who are far above the lower-income group, and their ability to pay. And they really pursue other providers and look at offering a higher quality product that what other competitors in the market can offer, is a better way.

So, they see better access to services that BRAC can offer. They see the relationship BRAC has with them. They see also comparative advantages, that they can get multiple services at their doorstep, or near their doorstep, at a lower cost and with higher quality. There's a comparative advantage we've got there. In that way, we generate surplus that allows us to do such other programs, for which cost recovery or social enterprise is not possible, like gender equality program, for example.

CAMILLA: Yeah. I think that's really important that you recognize there are some things you can run in a very business-like way, and other things that don't work as well, but being able to move those costs across is really important.

One other thing I read when I was preparing for this interview, I was reading about—I read an article that sort of explained how BRAC has quite a history of doing pilots and trying innovations and experiments. And that's one of the ways that—one of the reasons that BRAC had to sort of generate some income in the first place, was to have the resources for those quite resource-intensive activities that donors have not always traditionally contributed to. But now, these days it seems like this sort of innovation and experimentation is really becoming the norm, or becoming much more common in development. So, it sounds like BRAC is a bit of a trend-setter in that respect.

DR MUSA: Yeah, thank you for asking that. Because BRAC, from the very beginning, we began in 1972. Even in those days, the approach our founder Sir Fazle Hasan took to is that come up with

right ideas, or lessons that you learn from the field, and then work together on an innovative ideas or innovative approach, to get an innovative solution. Pilot it or test it in a small scale. Then learn from it. Adjust, readjust it. And then when they see something is working, then take it to the scale.

But taking to the scale is not something you can take a pilot model and just can expand. You have to also be able to adopt it, depending on the local context. So, in one community something is working in one way. That may require adjustment, adjusting in other community. And as BRAC is now working in 11 to 12 different countries, even some of the pilots and some of the models we have developed in Bangladesh, for example, they have to be readjusted, adopted, in some of the countries where we work, and doing it fairly different ways, keeping the main concept and main purpose in mind.

So yes, you are right. Innovation has been part of our germ. We basically focus more on social innovation rather than technological innovation, and it's more innovative approaches than creating innovative tools and techniques, although there are times when we do that. So yes, that's part of our work.

CAMILLA: It's in your DNA.

DR MUSA: Yeah, it's in our DNA, and we consider ourselves a learning organization. And that's one of the things we want to boost up in the coming days. In the coming days, with the partnership we have with DFAT and DFID, we want to work together in a way that we become truly a knowledge partner so that the learning we are having in BRAC programming, but learning generated by other programs, like we sculpt those too so that we can have a coalition of learning that can help us in adjusting our own program, informing program of other organizations, informing government and private sector, who are our partners in many cases, adjusting their strategies, so that collectively and together we can make big difference.

CAMILLA: Well, that segues perfectly, because one of the things I wanted to ask you about is about partnership. And as you are well aware, I'm sure, we're now a year into the implementation of the SDGs, and I'm a particular fan of SDG 17, which has all to do with partnerships and building partnerships between governments, private sector, NGOs and that sort of thing.

So, it's something I wanted to ask as well, BRAC is now working in a number of different countries and obviously working with a number of different donors. I imagine there must be some challenges sometimes in developing those partnerships or having to explore new ways of partnering with different organizations. I just want to ask you a little bit about that experience of partnership.

DR MUSA: You know the whole—thank you again. The partnership mode has been changing and expanding. There were a time, what we meant by partners back in Bangladesh itself, we have

300 partners of many of our programs, like in education programs and various other programs, where local community-based organizations are our partners. They seek sub-grants, but they also seek capacity building support from us. They also receive ongoing monitoring support. We offer them various standards, train their staff, and then they run the program and we offer online peer technical support. That's one type of partnership.

That we've been doing for quite some time. But then gradually that partnership expanded to have partners of various types, partners where we and various other peer organizations work together to complement each other's strengths and effort, and make a difference.

So, we'll be forming coalition of two or three organizations and work. But then go from there, you can say it's an equal partnership that includes academia, research partners and government as partner, and even funding agencies as partner, so that we can basically bring in our effort together.

This strategic partnership management, with DFAT and DFID, and BRAC. It's one example. We work not as donor-recipient. We work as partner, where DFID and DFAT together bring about 35 percent of budgetary cost. We bring in 37 percent of the cost, and then we raise the resources from other sources.

But we have very highly engaged in developing our results framework together, and then we figure out in the results framework what will be the role of BRAC or what will be the role of different strategic partnership programs. And so, that's equal partnership.

Moving from there, I give an example. We have a program called Ultra-Poor Graduation program, where we have been focusing on those women, mostly women, who are not only economically extreme of the extreme poor -- for example, their income, on purchasing power parity basis, is below 60 cents, 70 cents – but also, they're socially ostracized, socially disadvantaged. They're not part of the society.

So, we work with them through a package program for two years, starting with identifying them with community support through a very scientific mechanism for participatory research and appraisal, and then go with a package of services, six or seven different services are there. We sequence them in a way that they build the capacity and ability of each of the women to really move from the state of economic and social disempowerment to a location where they can have sustainable growth and income of their own, they have social position changed, and then take it.

So, as we were doing that in Bangladesh, there was an evaluation done by London School of Economics. And they did the evaluation up to three years of graduation of some of these women. They found out that more than 95 percent of those women continue to really be on

the program and then do their jobs, and continue to grow the economy, even after the program.

When that was successful then this organization called CGAP, who partnered with us. CGAP is a kind of project of World Bank. So, we partnered with them so that they took that model and adopted it in many other countries. Like in Ethiopia. They adopted in India, Afghanistan. They adopted in Latin America.

So altogether they did 10 programs in 8 countries, and they did it in a way so that we are partnering differently. We are acting as a kind of technical assistance group to some of these. And one of the pioneer in BRAC actually was leading that whole process, Professor Hashmi. He moved to CGAP even – that’s another kind of mechanism even, like you will let your resource colleagues to go and work with those organizations and expand it. So, that’s another type of partnership. So, you can take it.

So, I was saying that the range of partnership is wider. Research partnership, we’re helping developing products, your sub-grantees in one hand, but also partnership where you can work together and complement each other’s support.

So, that’s the day now in front, that you work together. Poverty and social injustice, this sort of thing, no one organization, no government alone can address it. It requires partnership between government, private sector, civil society organizations like us, funding agencies like DFAT, DFID, but also academics and researchers, together, civil society including media, together we make a difference. So, that’s what we have now, because our collective actions can only help us pursue that SDG that you mentioned.

CAMILLA: I guess that’s one—sort of one final thing I wanted to ask you about is that partnership with government, or relationship with government. Because sometimes there’s the critique, the NGOs become so good at delivering services, become so good at delivering programs like Ultra-poor program that you mentioned, that they sort of let the government off the hook, if you like. Is that something that you’ve—

DR MUSA: It’s a very valid point. Depending on the context, therefore there’s a requirement of changing the approach and strategy. Since you give example of Ultra-Poor, let me give that example, previous example in terms of thinking and plan. So, we began Ultra-Poor Graduation program based on our learning, where we had been partnering with government, something called Vulnerable Group Feeding Program. That was government’s program. We partnered.

And we found out it was a social protection program. We found out that participants of the program are fine during the time they’re part of the program, but they’re not growing economically. Their situation was not sustainably chained. So, that learning led us to design this Ultra-Poor Graduation program.

And over the last 10 years, we have kind of refined that strategy, expanded it to many countries. Now we have proven evidence, scientific evidence, showing that it works.

Now we are going to the next stage. We are talking with the government of Bangladesh, as well as many other governments, saying “This model should now be picked up by the national governments.” So, we are ready, next year we are going to speak with the Ministry of Finance of Bangladesh, and basically advocate using our data, that now we have covered 1.7 million people, helped them graduate out of extreme poverty.

But it’s still – total number of the ultra-poor are 8 percent of the population. You can think of that almost like 10-12 million people are there. So, that is not something BRAC alone will dealing with. So now is the time when government should come up.

So we’ll be encouraging them to allocate resources and take this model, but also the models, other models of social protection exist, shape the model in a way so that it can be owned by the national government, by their staff, and we will continue to work as a resource partner to assist the organization, to provide technical assistance, providing standards, helping them develop monitoring system, ensuring that the graduation is really happening, ensuring that accountability of the resources being used.

So, that bigger chunk will be taken by government. So, here you see that we learn from something was not working, developed an innovative model that we found working, measured it. Now we’re taking it with the evidence to encourage governments to replicate it.

In moving ahead, using this model, in a market economy, we don’t think the government should alone be the one who will be replicating things. So, we’re also advocating with the private sector, because market economy is there. Government should have some responsibility for some social groups, but many of the social groups can be supported by private sector as long as we ensure that minimum basics and rights of the people are maintained.

So, our partnerships will be done in a way – and that’s where partnership comes back again, partnering with government, partnering with private sector, where you can replicate some of the things through market approach and through government approach, and you can make a bigger difference. So, I hope that gives you some idea of what works.

CAMILLA: Yes, it does. Thank you very much. It’s been fascinating. I’m sure we could talk for much longer, but I know you are a busy man and you must have other things to get onto. But thank you very much for taking the time and sharing this information. And very best of luck as you push forward in your work.

DR MUSA: Thank you very much. We are quite excited by this opportunity to come and share this. DFID and DFAT, both have been working as a knowledge management, knowledge partnership, even in our current phase. This particular tour I'm having, together with my colleague Asif Kashem and Tom Nettleton from DFAT Dhaka office, this is one of several approaches by which we work as a knowledge partner.

In the coming days, we want to see this opportunity expanding, by learning that Australian communities, Australian organization, Australian universities, Australian civil societies learning, working in Australia and many other countries, learning we are having DFAT partner in Bangladesh and many other countries. How we really create a community of learners, community of practice, and how do we take it together in a way so that our collective learning can provide input into the global poverty elimination and reducing social inequality and collective growth? So, we are quite excited by that, and thank you for having me.

CAMILLA: My pleasure. Thank you.

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