

LOCAL SERVICE PROVISION SYSTEM IN BANGLADESH

experiences from Samridhhi

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What is the case about

- Evolved over a period of approximately 10 years
- Local Service Providers (LSP) and Service Providers' Associations (SPA) act as a hinge among producers, private companies, local enterprises & Line Agencies
- Producers pay to accessible, affordable & quality services
- LSPs continuously upgrade their skills & knowledge to ensure relevance of their services



Location, scale, duration

- North-West & North-East Bangladesh; active in **17** districts
- **900,000** producers in **5,078** producers' groups & **276** networks
- **3,076** LSPs organised in **58** Service Providers' Associations (SPA) at sub-district level
- Over **100** large & medium scale private companies & local entrepreneurs
- Project duration: August 2010 – April 2014

Relationships among stakeholders

No.	Stakeholder	Function / role
1	Samridhhi → LSPs & SPAs	Facilitate capacity building of LSPs & SPAs
2	LSPs & SPAs → Producers' groups & networks	Provide holistic (technical, business & finance) services
3	Producers' groups & networks → LSPs & SPAs	Buy / receive holistic services
4	LSPs & SPAs → Service centres	Sell quality inputs; provide embedded services / advice
5	Service centres → Producers' groups & networks	Serve as accessing inputs & on spot advice
6	Producers' groups & networks → Service centres	Buy quality inputs & receive advice
7	<ul style="list-style-type: none"> LSPs & SPAs → Input market actors LSPs & SPAs → Output market actors LSPs & SPAs → Financial service providers 	<ul style="list-style-type: none"> Buy inputs; establish demonstrations Receive training; supply products; link with producers Establish linkages for financial products & services
8	<ul style="list-style-type: none"> Input market actors → LSPs & SPAs Output market actors → LSPs & SPAs Financial service providers → LSPs & SPAs 	<ul style="list-style-type: none"> Provide training; supply inputs Provide training; buy products Engage for financial products & services
9	<ul style="list-style-type: none"> Producers' groups & networks → Input market actors Producers' groups & networks → Output market actors Producers' groups & networks → Financial service providers 	<ul style="list-style-type: none"> Buy quality inputs at affordable price Sell aggregated & quality products Access financial products & services
10	<ul style="list-style-type: none"> Input market actors → Producers' groups & networks Output market actors → Producers' groups & networks Financial service providers → Producers' groups & networks 	<ul style="list-style-type: none"> Sell quality inputs Buy products Provide financial products & services
11	Line Agencies → LSPs & SPAs	Provide training; create conducive enabling environment
12	LSPs & SPAs → Line Agencies	Provide services; organise events & training for producers
13	Line Agencies → Producers' groups & networks	Provide training, services, inputs, etc



Involved stakeholders

- LSPs and SPAs
- Producers' groups & their networks
- Input and output market actors
- Micro Finance Institutions (MFI), banks & traders
- Line Agencies



Financial sustainability

- Income of LSPs derived from service fee paid by producers & commissions on sales inputs & products
- SPAs charge an overhead on service fees & membership fees of LSPs, earn commission on sales of inputs & rental fees of equipment
- Producers' groups are formed by SPAs for acquiring future clients
- Line Agencies & Non-Governmental Organisations (NGOs) use SPAs as resource persons
- SPAs save their income and use this for the training of LSPs & buying farm implements

Delivery mechanisms

- SPAs coordinate & monitor the services of LSPs; one LSP on average reaches 250 producers
- LSPs provide technical, business & financial services to producers
- SPAs & LSPs establish demonstrations on quality inputs, new technologies & practices
- SPAs manage service centres & conclude business contracts with producers' groups, inputs & output market actors



Comparative importance of embedded service provision system

- High outreach of more than 900,000 producers, with large number of poor & extreme poor women & men producers
- Embedded services provision by LSPs & SPAs for business expansion & ensuring high transaction
- Linkages of service providers with numerous market actors
- LSPs & SPAs remain relatively independent from private sector entities, ensuring the quality & reliability of services
- Private companies & Line Agencies provide technical training to LSPs & SPAs, as the service provision system offers good opportunities (low transaction costs, improvement of extension services, etc)
- SPAs act as "social enterprises" by addressing extreme poverty & gender inequalities (e.g., the poor as main clients, affordability of services)

Challenges

- Role clarification of service providers to stay coherent with the purpose & avoid conflicts of interest (e.g., LSPs as technical advisors; extension workers; input suppliers; local collectors for output market actor; head of a producer group, etc)
- Ensuring SPAs "independence" for long-term success of poor & extreme poor producers
- Enhancing sustainable income of LSPs and organisational capacities of SPAs
- Representation of women LSPs in SPAs & ensuring their income comparable to men LSPs
- Increasing shares & benefits of poor producers