



KRISHI UTSHO – A Micro-franchise Model



A Report on

Economic and Social Impact of Krishi Utsho

Introduction:

Almost half the labor force of Bangladesh is employed in agriculture¹. Ironically, they who toil to secure food for the rest of the country, fall short of ensuring food security for themselves. Agricultural and food product markets have changed significantly over the past 30 years. The result is that the poor remain systematically marginalized – unable to access the things they need to improve productivity – while value chains suffer chronic under-supply and are unable to compete in national and growing international markets. CARE's experience has demonstrated that substantial opportunities exist to overcome these barriers and one of the most promising models it has developed for creating these critical market linkages and ensuring the poor have access to quality inputs, sales channels, Information and services, is 'Krishi Utsho' which is a network of small scale retail service centers in rural communities.

Project Overview

CARE's Market Engagement Strategy, identified a number of persistent barriers to improving the productivity and market integration of poor women and men. One of the most promising models CARE has developed for creating these critical market linkages – which ensure the poor have access to quality inputs, sales channels, information and services – is the establishment of networks of small-scale retail service centers in rural communities. By building partnerships between these enterprises and private sector input suppliers, buyers / traders and government service providers (agricultural extension networks), CARE is able to ensure the poor have access to affordable, high-quality inputs and transparent, efficient marketing channels.

Increasing farmers' access to good quality dairy and agricultural inputs for higher yields and improved incomes CARE has helped set up a network of 64 agro input shops in the remote rural areas in northwest Bangladesh. The network is fondly named 'Krishi Utsho' – the Source of Agriculture. Krishi Utsho (Agro Source) is a micro-franchise network of agro input shops run by either a trained input seller or agro dealer or livestock health worker which started its journey in 2012. Krishi Utsho emerged from CARE's high yielding value chain project, strengthening the Dairy Value Chain (SDVC) project funded by Bill & Melinda Gates Foundation since 2007. CARE's Krishi Utsho micro franchise initiative helped put the dairy sector in northern Bangladesh in a unique position to take advantage by substituting imports of dairy products with domestically produced milk. The project not only augments the quantity of the production also the quality in a sustainable way. This farmer-to-consumer milk chain makes sure the nutrition level of the nation including their families also. Krishi Utsho is working to improve the low income and periodic collapse of production through offering consistent agro inputs distribution in different project areas which augments the affordability of food for the farmers. Economic and Social impact evaluation survey is conducted recently to investigate the impact of the Krishi Utsho project. The survey considered a compelling comparison between before and after effect of Krishi Utsho project implementation in various socio-economic indicators.

¹ 2014 CIA World Factbook

Survey Time and Methodology

A survey on the farmers has been conducted recently to investigate the impact of the KU project. The survey collected before and after data of various socio-economic indicators. The survey was conducted by the field facilitators on four hundred farmers who are KU beneficiaries. The locations of survey were Bogra, Sirajganj, Rangpur and Pabna districts.

Economic Impact:

Cost and Time Saving:

Table 1: Mean comparison of Cost and Time savings before and after KU intervention.

Indicator	Before		After		Differences
Frequency of visits	2.843658	339	3.707254	386	0.8636
Distance Travelled for Feed	2.28089	191	0.97896	250	-1.30193
Time spent in travelling for Feed	28.21466	191	12.116	250	-16.09866
Money Spent for travelling for feed	66.35676	185	5.688525	244	-60.66824
Distance Travelled for Vitamin	2.650262	191	1.787783	203	-0.862479
Time spent in travelling for Vitamin	27.39267	191	16.89163	203	-10.50104
Money Spent for travelling for Vitamin	17.97283	184	9.104478	201	-8.868352
Distance Travelled for Medicine	2.592752	218	1.666535	228	-0.926217
Time spent in travelling for Medicine	28.06651	218	15.55044	228	-12.51607
Money Spent for travelling for Medicine	20.24638	207	8.268182	220	-11.9782

A comparison of before and after data on a number of socio-economic indicators clearly indicates significant positive impact of KU intervention. The major economic indicator is the cost and time savings caused by improved access to dairy inputs through KU shops. This improved access as well as quality of the KU products is expected to ensure consumer satisfaction, increase income and improve food security status of the farmers. This in turn may result into improved social status, for example, women empowerment. Table 1 presents mean comparison of before and after frequency of visits as well as cost and time savings caused by KU shops.

Before KU, the mean frequency of visits to a dairy input outlet is 2.84 times in a month. After the intervention, the frequency of visits has gone up to 3.7 times, which implies that the intervention increased frequency of visits by 0.9 times. This difference is statistically significant at 1% level. Figure 1 visually depicts the case.

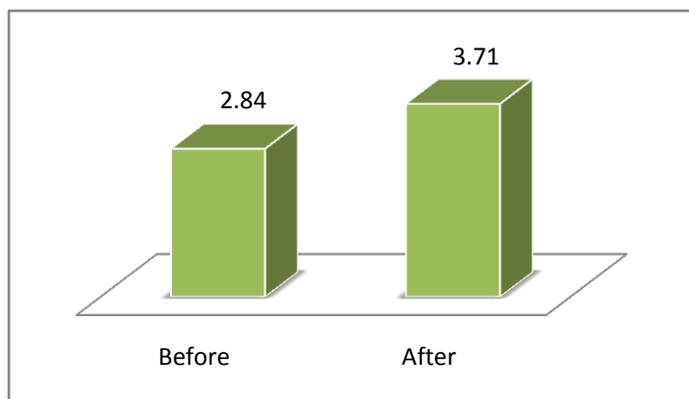
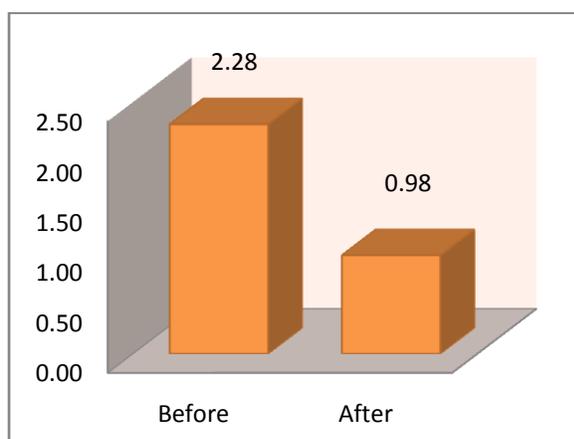


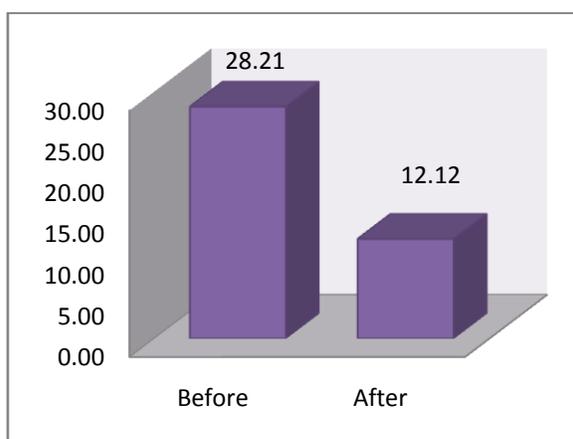
Figure 1: Frequency of visits before and after KU

We consider the cost and time savings caused by improved access of dairy products. Figure 2 depicts savings in terms of distance travelled as well as cost and time savings caused by KU intervention. Before the intervention, the mean distance travelled by a farmer for feed is 2.28 KM. After the intervention, the distance travelled for feed dropped to 0.98 KM, which amount to a reduction of 1.3 km less travelled due to KU intervention. This difference is statistically significant at 1% level. Before the intervention, the mean time spent to reach the local shop is 28.21 minutes, which is reduced after KU shop opened in the locality which reduced the travelling time down to 12.12 minutes. This results into a time savings of 16 minutes which is statistically significant at 1% level.

Figure 2: Distance travelled, cost of travel and time to travel to dairy before and after. (Feed)

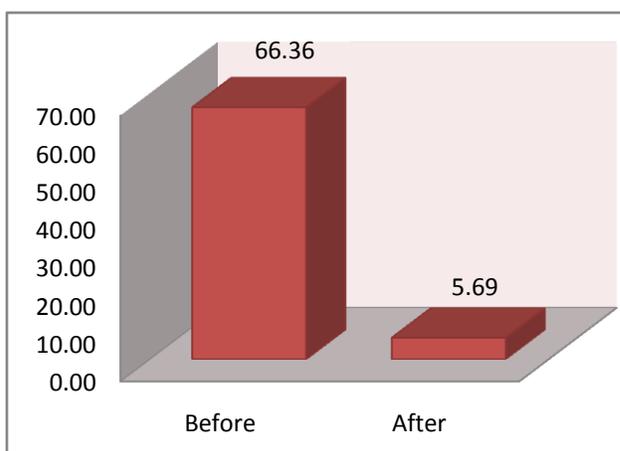


a. Distance travelled



b. Time spent on travelling

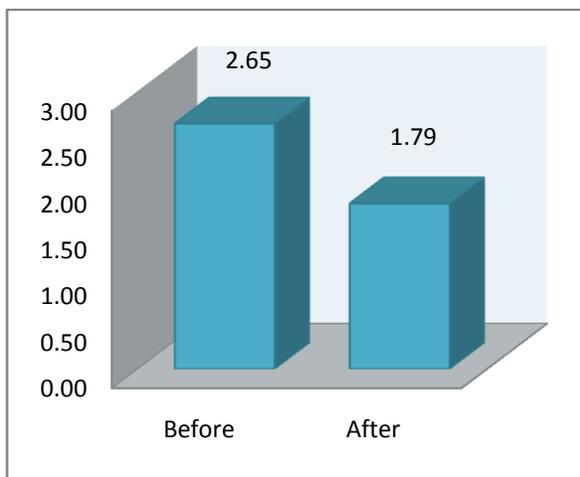
Furthermore money spent to travel dairy input shop is 66.36 taka on an average before the intervention. This travel cost has gone down to 5.69 taka which results into a savings of 60 taka. This difference is statistically significant at 1% level.



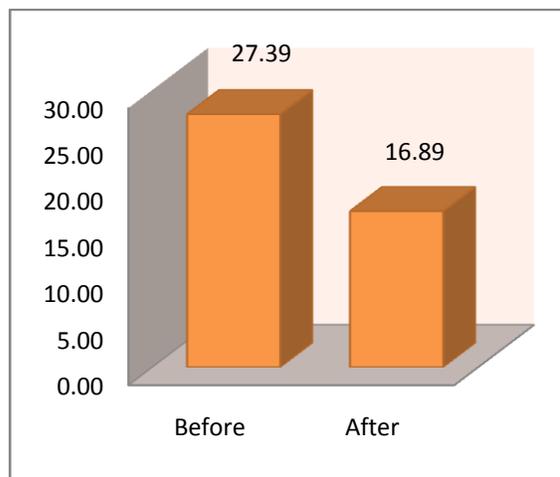
c. Money spent for travelling

Similarly, there are significant savings in terms of time, money and distance travelled from KU intervention. For vitamin, farmers now travel 1.79 km, before the intervention, the mean distance travelled by a farmer for vitamin is 2.65 KM. There is 0.86 km less travelled due to KU intervention. This difference is statistically significant at 1% level. Before the intervention, the mean time spent to reach the local shop is 27.39 minutes, which is reduced after KU shop opened in the locality which reduced the travelling time down to 16.89 minutes. This results into a time savings of 10.50 minutes which is statistically significant at 1% level.

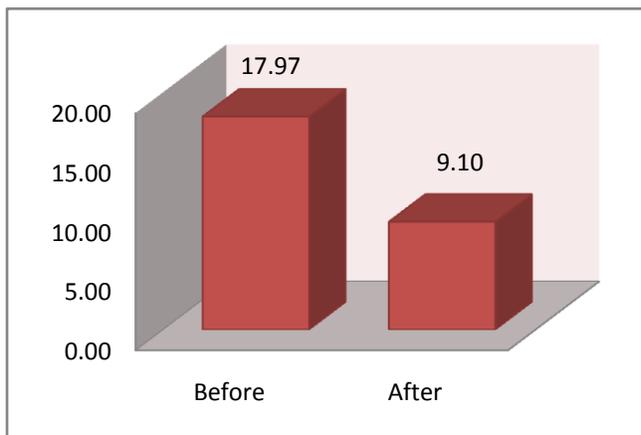
Figure 3: Distance travelled, cost of travel and time to travel to dairy before and after. (Vitamin)



a. Distance travelled



b. Time spent on travelling

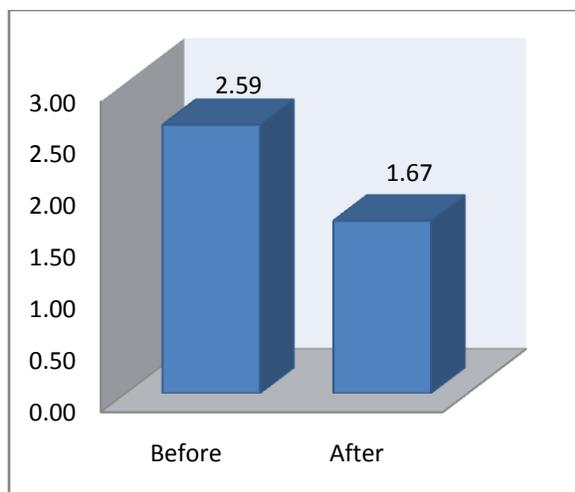


c. Money spent on travelling

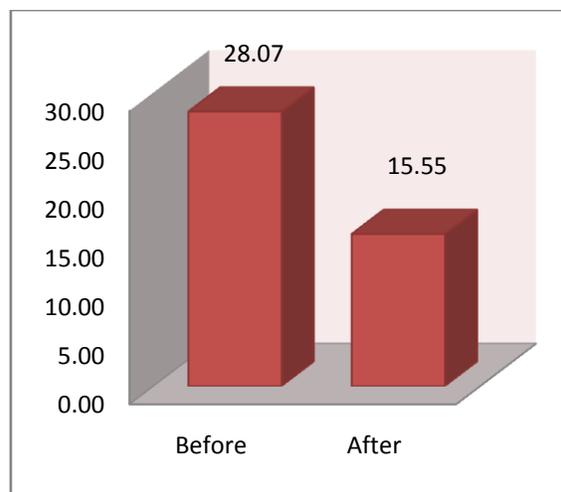
As well money spent to travel local dairy input shop is 17.97 taka on an average before the intervention. This travel cost has gone down to 9.10 taka which results into a savings of 11.97 taka. This difference is statistically significant at 1% level.

In the same way, there are significant savings from KU intervention. For medicine, farmers now travel 1.67 km, before the intervention, the mean distance travelled by a farmer for medicine is 2.59 KM. which is 0.92 km less travelled due to KU intervention. This difference is statistically significant at 1% level. Before the intervention, the mean time spent to reach the local shop is 28.07 minutes that is reduced after KU shop opened in the locality which reduced the travelling time down to 15.55 minutes. This results into a time savings of 12.51 minutes which is statistically significant at 1% level.

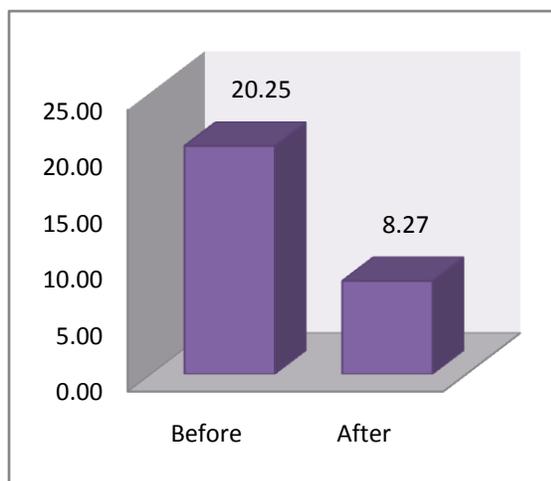
Figure 4: Distance travelled, cost of travel and time to travel to dairy before and after. (Medicine)



a. Distance travelled



b. Time spent to travelling



c. Money spent for travelling

Additionally money spent to travel local dairy input shop is 20.25 taka on an average before the intervention. This travel cost has gone down to 8.27 taka which results into a savings of taka. This difference is statistically significant at 1% level.

Household Income

The survey reveals significant improvement in the income of farmers resulted from the project. The mean household income before KU was 13,400 taka whereas after KU, the mean income turns out to be 17,621 Taka, a 31% increase over the baseline income. This increase income is statistically significant at 1% level. This is depicted in Figure 5.

Household Income	
Income Before	13400
Income After	17621

Table 2: HH Income



Figure 5: Household income increase

Social Impact

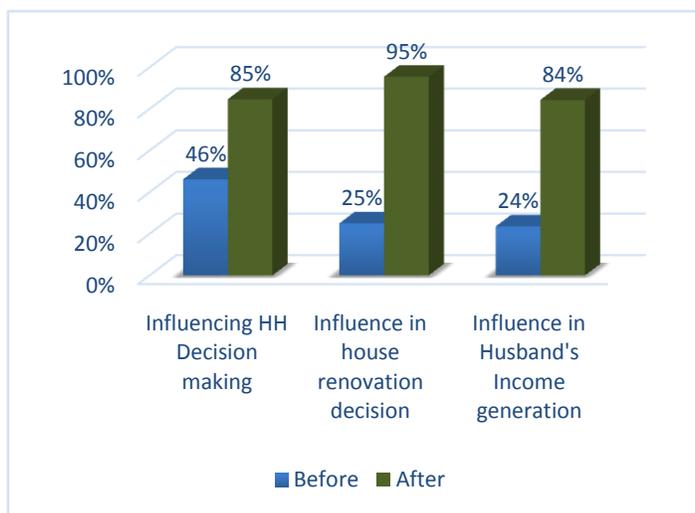


Figure 6: women empowerment

Women Empowerment

We have selected a few indicators to measure women empowerment. We find that 85% women could influence household decision making after KU in comparison to 46% before. Similarly, 95% women can influence a decision on household renovation which was 25% before. Finally, 84% women can influence her husband's decision on selecting an income generating activity whereas before KU, only 24% women could do that.

	Before	After
Influencing HH Decision making	46%	85%
Influence in house renovation decision	25%	95%
Influence in Husband's Income generation	24%	84%

Table 3: Women Empowerment

Food Security

Food security is measured by expenditure on major food types. The survey indicates that expenditure on protein (meat/fish) by 15%, on vegetables by 14% and on carbohydrate (rice/wheat) has gone up by 8% just only over one year.

Food Security	Before	After
Rice/Wheat	579	626
Fish/Meat	543	622
Vegetables	346	393

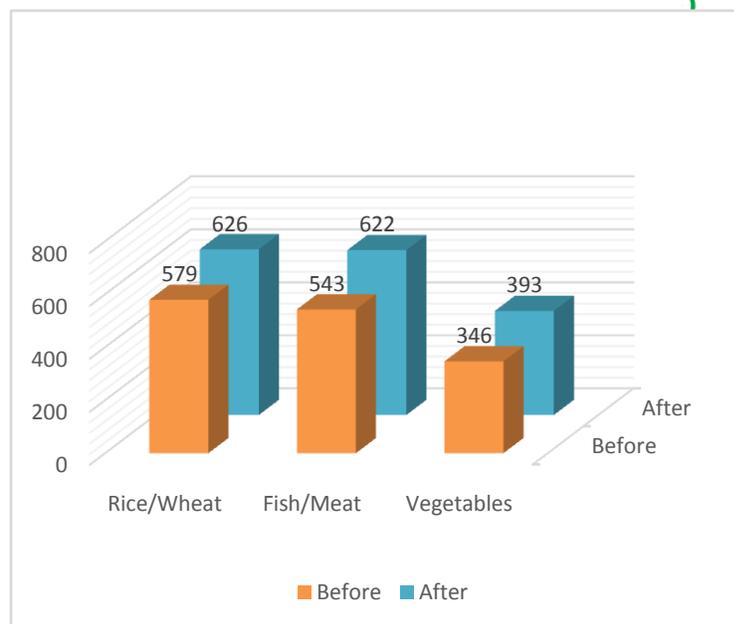


Table 4: Food Expenditure

Figure 7: Food expenditure by food type

Perception of Impact:

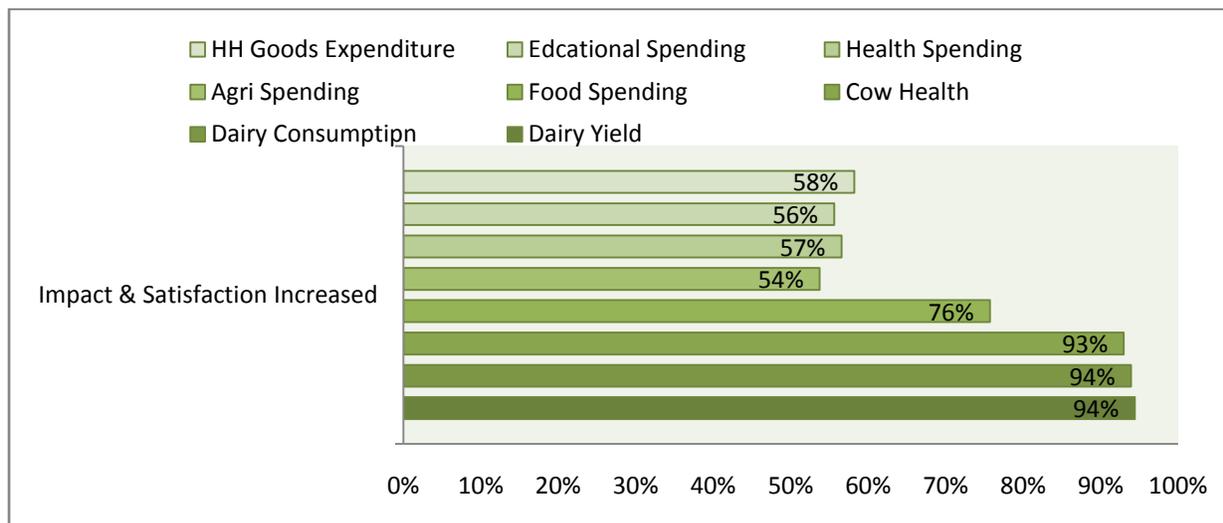


Figure 8: perception overall impact in customer life style

The survey has also collected data on farmers' perception of KU's impact on their lives. Figure presents the perception on eight potential indicators. It turns out that 58% farmer experienced increased expenditure in goods, 56% experienced increases in educational spending, 57% increase health



spending, 54% of farmers experience increases in agriculture expenditure. Same as seen food, cow health, dairy consumption a dairy yield.

Conclusion:

CARE Bangladesh has started Krishi Utsho project in 2012. The ultimate goal of the project was to provide quality dairy and agricultural inputs through one stop solution to the famers at rural areas in a sustainable way. The project has been remarkably successful in this objective. In addition, the project has also resulted into significant positive changes in women empowerment through involvement in this micro franchise network. The project has successfully brought positive changes in the lives of the participating women and their household. Overall 31% of participant household have experienced significant increase in their income. The result of this outcome survey confirms that a socially innovative project needs to engage both the men and women participants in order to be successful.