



Enabling poor rural people
to overcome poverty

Independent Office of Evaluation

People's Republic of Bangladesh

Microfinance and Technical Support Project

PROJECT PERFORMANCE ASSESSMENT



November 2012



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Photos of activities supported by the Microfinance and Technical Support Project

Front cover: A chick rearing unit in Sylhet. The project trained the target poor on how to enhance the management of poultry and livestock, which contributed to the adoption of improved technologies and practices.

Back cover: Member acquisition was at a high level, with an impressive 95 per cent of the members being women. (left); There were innovations that gained ground, notably the mini-hatchery which does not depend on power. (right).

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Preface

This is the project performance assessment of the Microfinance and Technical Support Project in the People's Republic of Bangladesh. Designed as a unique intervention bundling technical and financial services to support income generating activities, the project had two goals – to improve the livelihoods and food security of moderately and hard core poor households and to empower women. In spite of a competitive microfinance market and external challenges outside of the project's control, the project performed well under the credit component, attracting an impressive number of women participants and leading to good results in food security and agricultural productivity. The training component, judged to be too ambitious and insufficiently coordinated with financial services, performed less well with low adoption levels of training inputs. However, some innovations and non-traditional methods in technical support have survived in the post-project period and could be replicated in other areas through the apex financing institution which led this project.

Recommendations focus on effectiveness of inputs, with suggestions on how to better reach the hard core poor through specific strategies, processes and products that ensure their full and equal participation. The quality of women's participation would also improve with customized services and products. Other recommendations look at how to better integrate technical support and financial services, and improve the selection of financial institutions as partners to ensure sustainability.

The assessment was prepared by Oanh Nguyen, lead evaluator, with contributions from Narasimhan Srinivasan (consultant, microfinance specialist). Internal peer reviewers from the Independent Office of Evaluation - Anne-Marie Lambert, Senior Evaluation Officer, and the undersigned - provided comments on the draft report. Anna Benassi, Administrative Assistant, provided administrative support.

The Independent Office of Evaluation is grateful to the Asia and the Pacific Division of the Fund and to the Government of the People's Republic of Bangladesh for their insightful inputs and comments at various stages of the evaluation process and the support provided to the mission.



Ashwani Muthoo
Acting Director
Independent Office of Evaluation of IFAD

In spite of a competitive microfinance market and external challenges outside of the project's control, the project performed well under the credit component, attracting an impressive number of women participants and leading to good results in food security and agricultural productivity.

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Currency equivalent

Currency unit = Bangladeshi Taka (BDT)

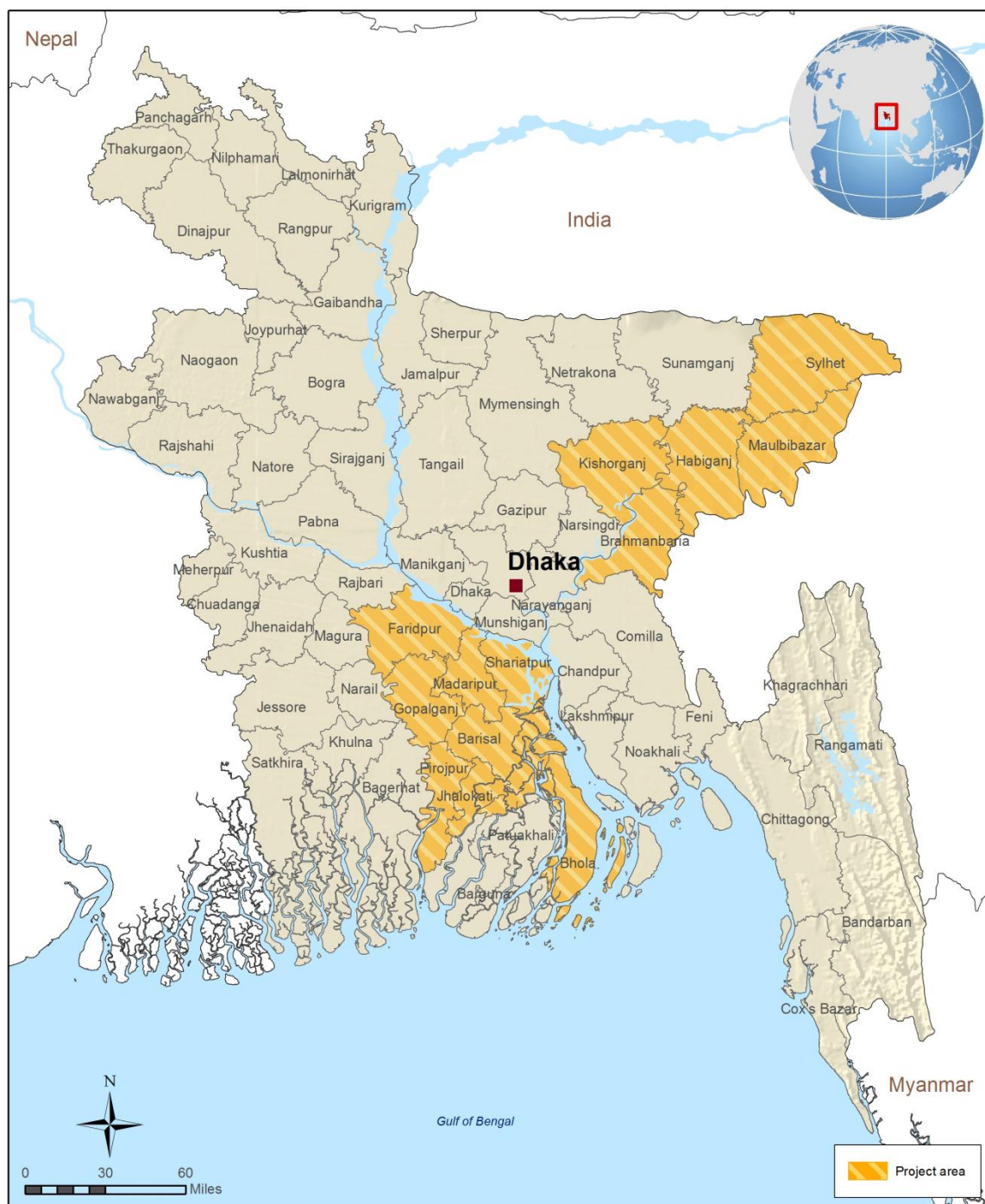
US\$1.00 = BDT 81.85

Abbreviations and acronyms

APR	Asia and the Pacific Division (IFAD)
CRR	current recovery rate
DLS	Department of Livestock Services
IGA	income generating activities
IOE	Independent Office of Evaluation of IFAD
LTA	Livestock Technical Assistant
M&E	monitoring and evaluation
MFI	microfinance institution
MFTSP	Microfinance and Technical Support Project
NGO	non-governmental organization
OSS	operational self-sufficiency ratio
PCR	Project Completion Report
PCRV	Project Completion Report Validation
PCU	Project Coordination Unit
PKSF	Palli Karma-Sahayak Foundation
PMD	Programme Management Department
PPA	Project Performance Assessment
RIMS	Project Result Impact Management System

Map of the project area

People's Republic of Bangladesh Microfinance and Technical Support Project



08-02-2012



IFAD Map compiled by IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Executive summary

1. The *Peer Review of IFAD's Office of Evaluation and Evaluation Function* conducted by the Evaluation Cooperation Group in 2010 recommended that the Independent Office of Evaluation of IFAD (IOE) transform its approach to project-level evaluation by undertaking project completion report validations and, on a selective basis, project performance assessments. The Microfinance and Technical Support Project (MFTSP) in the People's Republic of Bangladesh was selected for a project performance assessment. The assessment followed key methodological fundamentals stipulated in the IOE Evaluation Manual, with extensive document review and a field mission.
2. MFTSP was designed as a unique intervention introducing delivery of technical support services while providing credit to rural households so that loans were supported with sound income generating technical skills. The project was implemented in 13 districts in the northeast and southwest regions of Bangladesh. It started in October 2003 and was completed in December 2010. Palli Karma-Sahayak Foundation (PKSF), an apex financing institution, was the implementing agency that chose 24 non-governmental organizations—microfinance institutions as partner organizations to provide the services to rural customers in the project area.
3. The project had to operate in a competitive and somewhat overcrowded microfinance market in Bangladesh, with several projects targeted at the poor. During the project period it also had to deal with super cyclone Sidr and outbreaks of avian flu as well as anthrax. Despite these externalities, the project performed well under the credit component, but less well under the technical support, especially training. Overall member acquisition was at a high level, at its peak though short of target, with an impressive 95 per cent of the members being women. The PPA found that the project was relevant in terms of design, delivery mechanisms and choice of implementation strategies; however, the targets, particularly for training, were rather ambitious. The effectiveness of the project was assessed to be moderately satisfactory on account of the weak influence of training and technical support on livestock-based income generating activities, and low adoption levels of training inputs among those who undertook such activities.
4. The project managed to deliver the intended services at a management cost significantly lower than budgeted. The systems adopted, both operational and financial, were found efficient based on a few limited studies. The project investments were found profitable, leading to an assessment of satisfactory performance in terms of efficiency. The rural poverty impact was assessed to be satisfactory on account of the good results achieved under food security and agricultural productivity, institutions and policies, though on two other aspects — social capital and empowerment and impact on household incomes — the impact was moderate. There is also room for improvement in targeting the hard core poor.
5. In terms of sustainability, the project managed, to a substantial extent, to mainstream the bundling of technical services along with finance. Though some partner organizations had inadequate cost recovery and high overdue loans as a percentage of outstanding loans, the continued support of PKSF ensured that their ability to serve their customers and institutionalise the better practices arising from the project would be sustained. The engagement of livestock technical assistants became accepted practice even in the post project period. The poultry workers were serving a useful role in the rural areas. There were innovations that gained ground, notably the mini-hatchery not depending on power. The training and learning material was well designed and non-traditional methods used and replicated elsewhere too. Sustainability, innovation and scaling up were rated as satisfactory. On gender, significant mobilisation of women as members (above the targeted levels) and their high level of participation was seen as satisfactory. IFAD

and the Government of Bangladesh provided timely and adequate support leading to many favourable outcomes.

6. As an overall assessment, the project has been a successful one achieving objectives and meeting major targets to a significant extent. The promised replication of some of the project approaches and innovations by PKSf (with its large footprint in rural Bangladesh) will significantly enhance the extent and quality of outcomes flowing from the project.
7. The recommendations from the PPA are that in dealing with the hard core poor projects should move beyond fixing targets to specify strategies and customise processes and products that would ensure that the targeted beneficiaries will indeed be able to take advantage. In the case of gender-related aspects, customised products are also required, as are the means of increasing women's participation. While bundling technical and financial services, the staff dealing with credit and technical support should be jointly trained to avoid wasting training resources. Knowledge management should be better handled through timely dissemination of learning and innovations.

Fifty-nine per cent of the loans given to the targeted poor went to the livestock and poultry sector.

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People's Republic of Bangladesh

Microfinance and Technical Support Project

Project Performance Assessment

I. Objectives, methodology and process

1. **Background and objectives.** The *Peer Review of IFAD's Office of Evaluation and Evaluation Function* conducted by the Evaluation Cooperation Group in 2010 has recommended that the Independent Office of Evaluation of IFAD (IOE) transform its approach to project-level evaluation by undertaking project completion report validations (PCRVs) and, on a selective basis, project performance assessments (PPAs). PCRVs essentially consist of independent desk reviews of project completion reports (PCRs) and other available and relevant project documentation.¹ PPAs are undertaken on a selected² number of projects that have previously undergone a PCRV and include focused field visits. PPAs are not expected to investigate all activities financed under projects/programmes or to undertake in-depth impact assessments, but rather to fill major information gaps, inconsistencies and analytical weaknesses of PCRs and further validate the explanations, conclusions and lessons presented in PCRs. Another purpose of PPAs is to shed light on selected features of project/programme implementation history not adequately analysed in PCRs, hence contributing to learning and accountability. The Microfinance and Technical Support Project (MFTSP) in the People's Republic of Bangladesh has been selected for a PPA.
2. **Methodology.** The PPA relied on the extensive desk review of available documents undertaken for the preparation of the PCRV.³ These included the PCR, the socio-economic impact study, the Project Result and Impact Management System (RIMS) Final Follow-up Survey, the mid-term review, the various supervision reports and the appraisal report. During the field work, primary data was collected to verify available information and reach an independent assessment of project performance and impact. Given the time and resources available, no quantitative survey was undertaken. The information gathered was therefore mainly of a qualitative nature and focused on a restricted set of topics identified during the desk review. Data collection methods included individual interviews, focus group discussions and direct observation during visits to project sites.⁴
3. The PPA followed key methodological fundamentals stipulated in the IOE Evaluation Manual⁵ and the guidelines for PPAs. A six-point rating system⁶ was applied to all evaluation criteria, as described in Annexes IV and V.
4. **Process.** The PCRV of MFTSP was prepared by IOE in January-February 2012 and shared with the Asia and the Pacific Division of IFAD (APR) for comment. The PPA mission⁷ was undertaken from 2-13 March 2012 in close cooperation with the Government and IFAD country office. The mission included field visits to MFTSP sites, interactions with government authorities, the project executing agency Palli

¹ The PCRV performs the following functions: (i) independent verification of the analytical quality of the PCR; (ii) independent assessment of project performance and results through desk review (including ratings); (iii) extrapolation of key substantive findings and lessons learned for further synthesis and systematization exercises; (iv) identification of recommendations for future projects/programmes; and (v) formulating recommendations for strengthening future PCRs. A copy of the PCRV on MFTSP is available upon request.

² The selection criteria for PPA are: (i) major information gaps, inconsistencies, and analytical weaknesses in the PCR found by IOE during the validation process; (ii) innovative project approaches; (iii) need to build up an evidence base for future higher plane evaluations; (iv) geographical balance; and (v) any disconnect between the ratings contained in the PCR and those generated by IOE during the validation process.

³ See Annex VII.

⁴ See Annex VI for a list of persons met during the country visit.

⁵ www.ifad.org/evaluation/process_methodology/index.htm.

⁶ 6 – highly satisfactory; 5 – satisfactory; 4 – moderately satisfactory; 3 – moderately unsatisfactory; 2 – unsatisfactory;

1 – highly unsatisfactory.

⁷ The PPA mission consisted of Oanh Nguyen, IOE lead evaluator, and Narasimhan Srinivasan, IOE consultant.

Karma-Sahayak Foundation (PKSF), its partner non-governmental organizations (NGOs, referred to as partner organizations), beneficiaries and other key informants. At the end of the mission, a wrap-up meeting was held at PKSF attended by partner organizations, to share preliminary findings.

5. The draft PPA report was sent to the IOE internal peer review process for quality assurance and subsequently shared with APR and the Government for comments before being finalized and published.

II. The project

A. The project context

6. **Country background.** Bangladesh has continued impressive economic and social gains over the past decade. Nevertheless, it remains a low-income country with substantial poverty, inequality and deprivation. About 60 million people, or 40 per cent of the population, are living below the poverty line with a significant portion living in extreme poverty. Although the share of agriculture in GDP has fallen to less than 20 per cent, it still employs 44 per cent of the labour force. However, with urbanization, the amount of farm land is shrinking and most rural households now have little, if any, cultivable land. The country is also particularly vulnerable to climate change.
7. The Government of Bangladesh finalized the Poverty Reduction Strategy Paper (PRSP) in October 2005, which defined four strategic blocks of the Poverty Reduction Strategy. They were: (i) enhancing macroeconomic environment for pro-poor economic growth; (ii) boosting critical sectors for pro-poor economic growth; (iii) devising effective safety nets and targeted programmes; and (iv) ensuring human development. The paper also noted that: "Microcredit is an effective and powerful tool for rural development, income generation, food security, human resource development and ultimately poverty alleviation" and that "to facilitate the operation of microcredit programmes and disbursement of public sector funds for these programmes, the Government supports PKSF, the leading wholesaler of microcredit, as well as several sector specific projects".
8. The Government of Bangladesh made a clear commitment to equality between women and men as well as women's empowerment. The PRSP set out several strategic goals regarding this aspect, including, *inter alia*: (i) enhance women's participation in decision making; and (ii) ensure women's full participation in mainstream economic activities. A national policy for advancement of women was launched in 2008.
9. The Government's Vision 2021 and the associated Perspective Plan 2010-2021 have set the target for Bangladesh becoming a middle-income country in 2021. The implementation of the Vision 2021 will be done through two medium-term development plans, with the first (the Sixth Five-Year Plan) spanning Fiscal Years 2011-2015. This plan aims to ensure high economic growth through increased and more productive employment. This strategy for growth and employment will be accompanied by strategies to enhance the income-earning opportunities for workers remaining in agriculture by raising land productivity and diversifying agriculture production in both crop and non-crop sectors.
10. **Project area.** MFTSP covered 13 districts⁸ in northeast and southwest parts of Bangladesh with a rural population of 20.85 million. The 13 districts had 96 upazilas (subdistricts), 945 unions and 18,208 villages. Average household size ranged from 4.7 to 6.1 people. An estimated 2.2 million out of the total 4.3 million households in the project area were below the poverty line at the time of appraisal (i.e. consuming the equivalent to 2,112 kilocalories/person/day). They were dependent

⁸ Barisal, Bhola, Brahmanbaria, Faridpur, Gopalganj, Habiganj, Jhalokati, Kishorganj, Madaripur, Moulvibazar, Pirojpur, Shariatpur and Sylhet.

on farming, livestock rearing and income from migration. The vulnerability of the poor was increased by floods, dependency on money lenders, seasonality of income and emergencies caused by illness. Formal government services for livestock and agriculture at the local level were limited.

Table 1

Project information

Country: People's Republic of Bangladesh
 Title: Microfinance and Technical Support Project
 Approval date: 10 April 2003
 Effectiveness date: 20 October 2003
 Closing date: 30 June 2011
 Total cost: US\$20.2 million
 IFAD loan: US\$16.3 million
 Lending terms: Highly concessional
 Contribution of Government (PKSF): US\$3.7 million
 Contribution of beneficiary: US\$0.2 million
 Cooperating institution: IFAD Direct Supervision

11. **Project objectives.** The project's goal is the improved livelihoods and food security of moderately poor and hard core poor households⁹ and the empowerment of women. Its objectives are the adoption of sustainable income generating activities and livestock technologies by the moderately poor and hard core poor, and the acquisition of livestock knowledge by PKSF and its local NGO partner organizations. PKSF is an autonomous apex microfinance institution established by the Government in 1990, which channels donor and government funds to NGOs to finance their microfinance programmes.
12. The project had six expected outputs: (i) sustainable savings and credit programme; (ii) establishment of community based organizations; (iii) livestock and other skills developed amongst beneficiaries, and technical skills provided by NGOs; (iv) input supply assured; (v) livestock technology developed and tested; and (vi) private sector and NGOs with a capacity to support livestock producers.
13. **Project target population.** The target group of the project consisted of households in rural areas owning less than 0.50 acres of arable land, or with total assets not exceeding the value of one acre of land in that locality. It was projected that the project would directly benefit 276,000 households (25 per cent of the Millennium Development Goal target for the project area). Of this total, the project specifically targeted hard core poor households (consuming less than 1,805 kilocalories/person/day), with 25 per cent of the beneficiaries selected from this group. Landless women were the major target group, envisaged at 90 per cent by the appraisal document.
14. **Project components and cost.** The project had three components: (i) microcredit, with a cost of US\$ 10.5 million or 52.3 per cent of the total costs; (ii) technical support, with four sub-components (training for beneficiaries, training for partner organizations staff, training for PKSF and other government staff, and research and development), with a cost of US\$ 5.9 million, or 29.3 per cent of total costs; and (iii) project implementation support, with three sub-components (project coordination, monitoring and evaluation, and support to partner organizations), with a cost of US\$ 3.7 million or 18.4 per cent of total project costs.

⁹ Hard core poor consume less than 1,805 kilocalories/person/day.

15. The above cost estimations at appraisal were revised in June 2007 following the mid-term review, and revised another time in July 2010 based on the expenditure trends observed at the time of the revisions, and also to better respond to changing field level realities. The following table shows the component-wide breakdown of estimated costs and actual expenditure.

Table 2

Estimated project costs and actual expenditure as of 31 December 2010 (in 000 USD)¹⁰

<i>Component</i>	<i>Estimated at appraisal</i>	<i>Revised at Mid-term review</i>	<i>Estimated at final revision on 19/07/2010</i>	<i>Actual expenditure</i>
Microcredit	10 546	18 600	18 253	17 837
Training for the beneficiaries	4 925	2 165	1 448	1 064
Training for partner organizations staff	392	317	319	278
Training for PKSf and other government staff	356	350	451	430
Research and development	232	199	184	148
Total Technical support	5 905	3 031	2 402	1 920
Project coordination	897	665	754	719
Monitoring and evaluation	226	45	71	21
Support to partner organizations	2 593	2 339	3 134	2 742
<i>Equipment loan</i>	828	894	441	370
<i>Grants</i>	1 765	1 445	2 693	2 372
Total project implementation support	3 716	3 049	3 959	3 482
Grand total	20 167	24 680	24 614	23 239

Source: PCR (2011)

16. **Project implementation arrangements.** To facilitate implementation, the project had a Project Coordination Unit (PCU) staffed with a Project Manager, a Livestock Coordinator, two training officers and a Monitoring and Evaluation (M&E) officer. PKSf took overall responsibility for the execution of the project, working in close cooperation with 24 partner organizations. The 24 partner organizations established 130 new area offices. Support to the partner organizations included the salary of a Livestock Technical Assistant for every new area office and the salary of credit assistants. The project was implemented over a period of seven years.
17. **Project M&E system.** PKSf was responsible for all M&E activities, with the partner organizations providing regular reports in accordance with PKSf procedures. The system consisted of two elements: (i) extension of PKSf's current monitoring system to cover training and technical support activities; and (ii) sample surveys to gather detailed information on livestock enterprises and project impact, including participatory monitoring and rapid nutrition surveys.
18. The PKSf monitoring system was implemented through: (i) monthly off-site monitoring, whereby every month the partner organizations would send a standard reporting form to PKSf with information on changes in borrowers, savings, loan disbursement and recovery, in addition to submitting information on their financial performance; (ii) field visits by PKSf desk officers, whereby each partner organization would usually be visited every three months for a period of four days; (iii) annual audit of all partner organizations by PKSf internal audit team; and (iv) external audit by an audit firm. Information collected was recorded on a computerized Management Information System and provided data on outputs and activities for comparisons with indicators in the logical framework.

¹⁰ USD 1 = 69.35 BDTK represents the exchange rate when the last fund transaction was made on 26 May 2010.

19. **Changes during implementation.** It is important to note that Bangladesh underwent significant changes during the project implementation period. A new government assumed power in January 2009 following a national parliamentary election held under a military-backed caretaker government. On 15 November 2007, the super cyclone Sidr devastated 13 coastal districts including most MFTSP areas in the southwest causing catastrophic damage to lives and properties, including crops and livestock. In 2007 and 2008, Bangladesh experienced an outbreak of avian influenza in some geographic areas, which caused a serious setback to poultry enterprises. An outbreak of anthrax in mid and late 2010 caused meat prices to fall drastically which was a blow to cattle raising across the country.
20. During implementation, no major changes were made to the project delivery system including both the implementation approach and the deliverables. However, in order to respond to the major changes in context mentioned above, the project placed more emphasis than originally planned on the project geographical areas hit by super cyclone Sidr. The project also responded significantly to the outbreaks of avian influenza and anthrax by publishing and disseminating information, education and communication materials, holding workshops and discussion meetings, etc. Some changes were made in the duration and content of beneficiary training. As mentioned above, the costs were also reallocated to better reflect new expenditure trends and respond to changing field level realities. According to the cost reallocation (see Table 2 above), a higher percentage of total project costs were spent on the microcredit component and a lower percentage respectively on technical support.

B. Project implementation

21. The following paragraphs provide a brief discussion of the main activities and results achieved.
22. **Microcredit.** Under this component, it was envisaged that microcredit would be channelled to members of the target group through the area offices of the partner NGOs selected by PKSF. Target group included both the moderate poor and the hard core poor (at least 25 per cent of the customers covered). As can be seen from Table 2, the actual disbursement of this component at project completion was 169 per cent of the initial allocation at appraisal, or 96 per cent of the revised allocation at mid-term.
23. As of 31 December 2010, the project membership was 237,336 poor households (or 86 per cent of the target). This was the number of people who were members of project beneficiary groups (net of drop out). Group membership had been almost static over the past five years and there was also a lot of mobility of members. Project statistics reported that over four to five years, around half of members may have left the group – usually being replaced by new members.¹¹ Ninety-five per cent of the group members were women (compared to the target of 90 per cent); 171,723 out of 237,336 group members (72 per cent) were credit borrowers and most borrowers received loans in multiple rounds. A lesser proportion of female members were able to assess loans compared to male members. The table below compares the target with the achievement for some selected indicators.

¹¹ Some of the reasons behind such mobility of members are as follows: (i) some new members with problems in regular meeting attendance and in making savings and loan repayments left the groups; (ii) defaulting members were forced out by other members; (iii) inadequacy of loan amount; (iv) internal migration of families; (v) membership in multiple MFIs (overlapping); (vi) inconvenient meeting dates and places; (vii) some older members left then joined as “new” members and were recorded as “new” members; and (viii) some members left after completing only one or two loans as they no longer require credit to manage their household income-generating activities.

Table 3

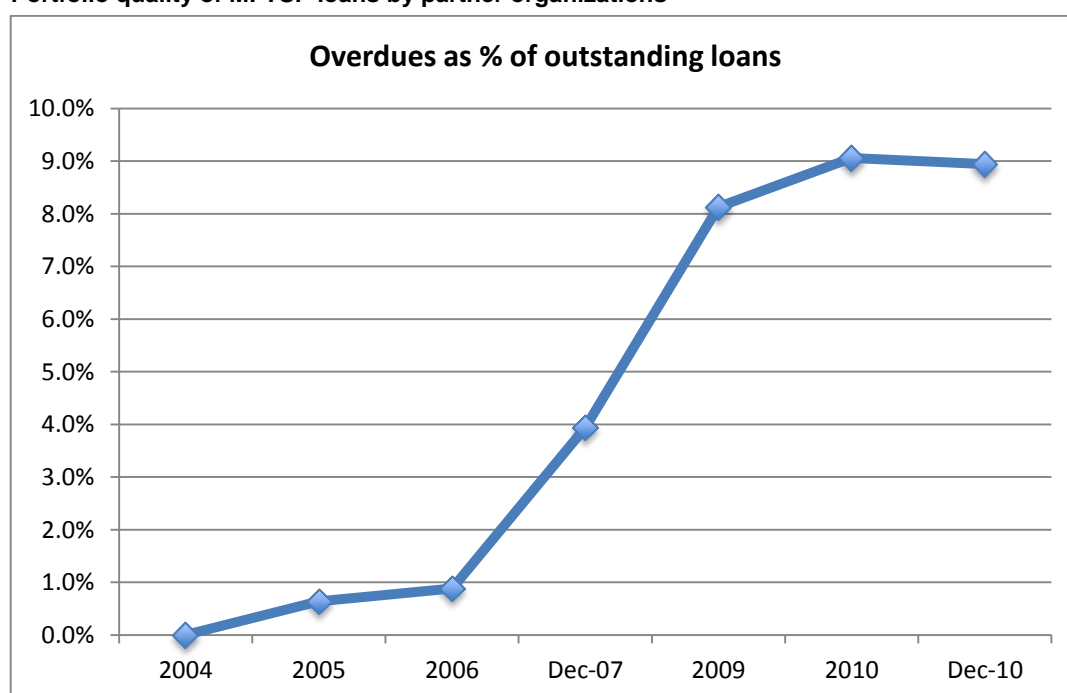
Performance of the microcredit component compared with targets at appraisal

<i>Selected indicators</i>	<i>Target at appraisal</i>	<i>Actual</i>	<i>Percentage of achievement</i>
Group membership (number of beneficiaries)	276 000	237 336	86%
Percentage of women in groups	90%	95%	106%
Percentage of borrowers to members	-	72%	
Women borrowers as % of women members	-	72%	
Men borrowers as % of men members	-	78%	
Loan recovery rate	95% 99% (from partner organizations to PKSF) 97% (from borrowers to partner organizations)		102%-104%

Source: Compiled by IOE based on Aide-Mémoire of the Project Completion Review Mission

24. As of project completion, PKSF provided a cumulative loan amount of BDT 2,342.8 million to the 24 partner organizations, and they in turn provided a cumulative loan amount of BDT 13,750.8 million to the borrowers. Fifty-nine per cent of the loans (around BDT 8,119 million) went to the livestock and poultry sector. Non-livestock IGA included small trade, rickshaw/van pulling, grocery stores and vegetable/crop cultivation.
25. The loan recovery rate was 97 per cent from borrowers to partner organizations and 99 per cent from partner organizations to PKSF (higher than the target of 95 per cent). However, overdue loans as a percentage of loans outstanding continued to increase during the project period (from 0.6 per cent in June 2005 to 9.1 per cent in June 2010, declining marginally to 8.9 per cent in December 2010, i.e. the end of the project period). Of the 24 partner organizations, nine had 10 per cent or more overdue loans as a proportion of outstanding loans and four partner organizations had more than 20 per cent.

Figure 1

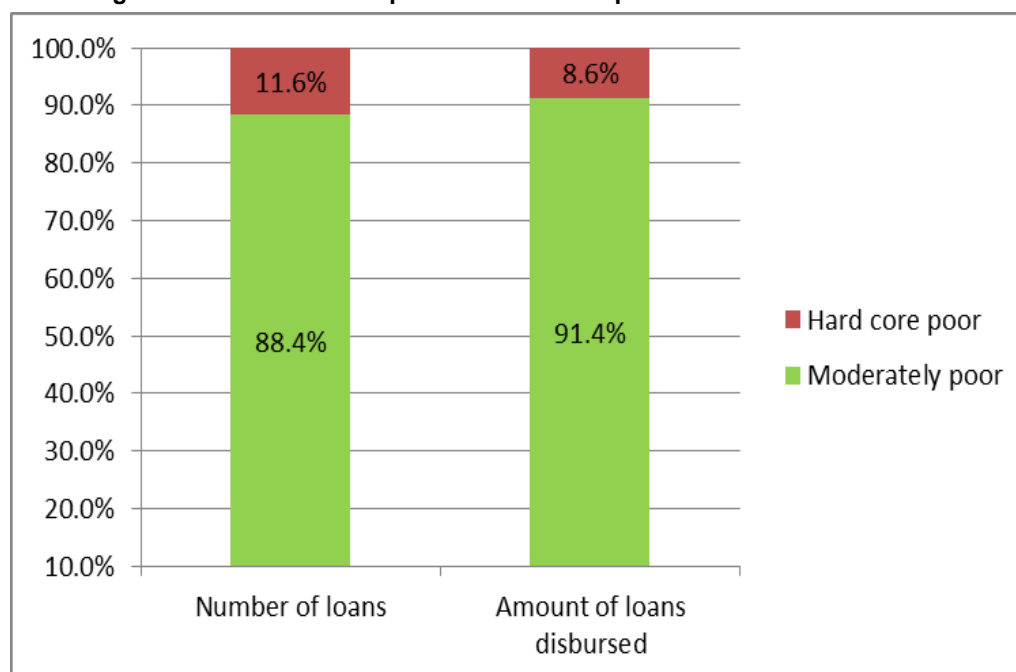
Portfolio quality of MFTSP loans by partner organizations

Source: Project data

26. The PCR noted that the project could achieve coverage of 17 per cent of hard core poor. However, a disaggregated and closer examination of the data made available by the project revealed that the coverage of hard core poor was lower than what was indicated in the PCR. The figure of 17 per cent of hard core poor provided in the PCR related to the acquisition of group members, but not the provision of financial services, especially credit. Of the total number of loans given by the project during the project period for livestock and poultry activities (749,380 loans), only 11.6 per cent had been extended to the hard core poor. Of the total loans disbursed during the project period of BDT 8,119 million for livestock and poultry activities, only 8.6 per cent went to the hard core poor (see Figure 2).

Figure 2

Percentage of loans to moderate poor and hard core poor



Source: Project data

27. The average loans provided to the hard core poor were less than those given to the moderate poor. Average loan size of a hard core poor customer was about BDT 8,066 whereas that of a moderate poor customer was about BDT 11,198.
28. **Technical support.** This component included four sub-components: (i) Training for beneficiaries (including initial and follow-up training on general livestock and/or other technology, specialized livestock technology and social development); (ii) training for staff of the partner NGOs; (iii) training for staff of PKSF and other government agencies; and (iv) research and development. As can be seen from Table 2, the actual disbursement of this component at project completion was about 33 per cent of the initial allocation at appraisal or 63 per cent of the revised allocation at mid-term.
29. Some of the targets set at appraisal and mid-term have not been achieved. It is however important to take into account the natural disasters during implementation which affected progress. The following table compares the target with the achievement of some selected indicators.

Table 4

Performance of the microcredit component compared with targets at appraisal

<i>Selected indicators</i>	<i>Target at appraisal/mid-term</i>	<i>Actual</i>	<i>Percentage of achievement</i>
General livestock training – initial	240 000	182 939	76%
General livestock training – follow-up	48 000	21 225	44%
Specialized livestock training – initial	5 500	2 878	52%
Specialized livestock training – follow-up	3 800	748	20%
Social development training – initial	128 000	91 780	72%
Social development training – follow-up	7 500	3 145	42%
Training for partner organizations staff	3 633	4 028	109%
Research programme	16	22	137%

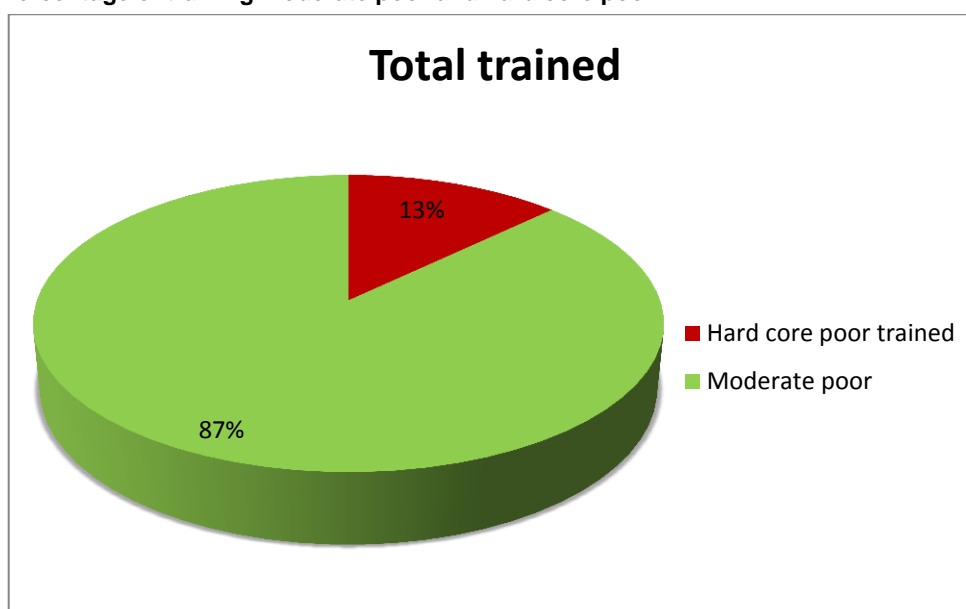
Source: Compiled by IOE based on Aide-Mémoire of the Project Completion Review Mission

30. The training efforts have been good in terms of quality, with easy-to-understand pictorial educational material used to pass on information to the members and with non-conventional approaches to training and technical support (such as hands-on training and locally-placed poultry workers). However, proper sequencing of credit activities with technical support, especially training of beneficiaries was lacking. There were instances where financing livestock and poultry based income generating activities preceded training on that activity. There was also a large proportion of people who had been given loans without training¹². On the other hand, there were also cases in which customers trained in some IGA were not given loans for the same, as the credit officers felt that the trained persons were not suitable for such loans.¹³ The selection of beneficiaries for training and loans seemed to use different criteria. The credit function and technical support function in many partner organizations did not seem to act in a concerted fashion. It was found during the field missions that training of partner organizations staff rarely brought together the technical support staff and the credit staff. In areas of overlap of work between the credit and technical staff, if common training courses had been organised, it would have been possible to ensure that selection of beneficiaries was harmonious.
31. Thirteen per cent of the total number of people trained in different livestock and non-livestock IGA were from the hard core poor category.

¹² As of the end of December 2010, of those with outstanding loans, almost 49 per cent were those beneficiaries without any skills training.

¹³ In one of the partner organizations visited, of those trained for beef fattening, 33.8 per cent were hard core poor, whereas of those financed for beef fattening, only 1.8 per cent were hard-core poor.

Figure 3
Percentage of training moderate poor and hard core poor



Source: Project data

32. **Project implementation support.** PKSf as the executing agency managed the project by: (i) providing revolving loan funds to its 24 partner organizations (MFIs), which opened 130 area offices in 13 districts; (ii) providing funds for training and technical assistance and administrative support; (iii) assisting the partner NGOs to organize training for beneficiaries and staff members; and (iv) monitoring and evaluation. The partner NGOs in their turn organized the hard core and moderately poor women and men, provided/organized training, provided loans for livestock and other IGA, facilitated vaccination services in collaboration with the Department of Livestock Services (DLS), and supervised and monitored both microcredit and other activities of the project. PKSf had a standardized approach of selecting the partner NGOs, approving and disbursing loans and monitoring the partner organizations by its regular staff members (PKSf Loan Operations Department). The small PCU only managed and monitored training, technical assistance and research activities.

III. Review of findings

A. Project performance Relevance

33. Generally speaking, it may be said that the project objectives were relevant in terms of their alignment with government policies for agriculture and rural development, the country strategic opportunities paper (COSOP) for Bangladesh and the needs of the rural poor. MFTSP design supported Bangladesh's Poverty Reduction Strategy Paper which stated that microcredit played an important role in the poverty reduction strategy. It captured three important messages from the strategy, concerning (i) the role played by microfinance agencies in developing the institutional capabilities of the poor and in providing them with access to development knowledge; (ii) the necessity of addressing the needs of the extreme poor; and (iii) the greater role of the private sector and NGOs in input supply and service provision. The project's focus on women was also in alignment with Government's priorities, which considered the promotion of women's participation in rural development one of the strategies to achieve its Five Year Plan's targets. The focus on microfinance, livestock and social development training for women was also consistent with the National Policy for Women's Advancement (2008).

34. MFTSP approaches were also in line with the COSOP 1999, which outlined IFAD's strategy in three key thrusts: (i) promoting grassroots organizations; (ii) improving the access of the poor to financial and other services through appropriate institutional mechanisms; and (iii) increasing the access of the very poor to services and resources. It also recommended that IFAD focus on livestock and fisheries sub-sectors. As well, the project was in line with the Strategic Framework for IFAD 2002-2006, as the primary focus was on: (i) providing microfinance services to the poor through established MFIs; (ii) increasing access of the poor to new technologies to improve production; and (iii) building self-help groups.
35. In the formulation of MFTSP, lessons were drawn from past IFAD-supported projects, as well as the experiences of other donors. Main lessons included: (i) demand-driven microfinance approaches, with technical support provided to savings and credit groups, work very well with significant impact on beneficiaries; (ii) the livelihoods of the rural poor (especially women) can be considerably improved by providing training in natural resource based activities (in particular vegetable and livestock production); (iii) attempts to link commercial or agricultural development banks to NGOs have been unsuccessful; (iv) continued NGO support beyond project closure is essential for the sustainability of the microfinance system and technical support; (v) experience of project-managed revolving loan funds shows the critical importance of working through established MFIs; and (vi) poultry production is highly successful in reaching poor women and has generated significant benefits, but while being an important first step, very small poultry enterprises alone do not provide a pathway out of poverty.
36. The PCR notes clearly the project's relevance to the needs of the rural poor. The goal of women's empowerment and targeting of women is relevant to the context of marginalization of women in the project area. With limited and/or no access to institutional credit, sustainable access to reasonably priced credit provided by NGO/MFIs is of great significance to the rural Bangladeshi poor, helping them in diversifying and expanding their income generating activities.
37. It had been observed in many studies that the poor found it much easier to maintain livestock and poultry without a very high degree of knowledge and skills. This was on account of the traditional practice in the rural areas of maintaining some kind of livestock or poultry as a supplemental activity running concurrent to the main livelihood activity. Secondly, the livestock business had been found profitable in the small-scale studies carried out at the farm level. The probability that a poor household taking up an income-generating activity would earn a net income was quite high. Thirdly, most of the livestock assets were liquid and at any point the animals or birds could be sold to raise cash which was a very critical consideration in poor households that frequently have emergent needs for money. Finally, the shortage of animal protein and milk-based proteins in the project area created a significant demand for livestock products.
38. The project outputs were also relevant. Delivery of financial services should be sustainable and the services should continue beyond the project period, failing which the customers would find it difficult to continue with their livelihood activities. At closing, the relevance of the project was still high on the basis of poverty indices. The population under the upper poverty line in 2010 was estimated at 35.2 per cent in rural areas, while the population under the lower poverty line was estimated at 21.1 per cent in rural areas. The corresponding data for 2005 was 43.8 per cent and 28.6 per cent respectively.¹⁴
39. Concerning the project design logic, the evaluation found that overall MFTSP's strategy for achieving its objectives was appropriate. Two means were chosen for the implementation of project components. One was to enable the households to undertake IGA mainly in the livestock sector, by giving loans through the partner

¹⁴ Household Income and Expenditure Survey 2010, Bangladesh Bureau of Statistics.

organizations. The other was the provision of technical support through knowledge and skill building activities and making available a technically trained person in the local area for dealing with problems. This approach of using an existing organisation engaged in microfinance to provide loans was a particularly imaginative feature that kept cost of delivery low and levels of lending and recovery high. The inclusion of technical services was necessitated by the fact that several of the poor had no previous experience of undertaking IGA at an enterprise level producing goods for market. The entry of rural poor into enterprises required investments and also skill building to improve quality and quantity of production.

40. PKSF proved to be a good choice as the implementing agency on account of its rural exposure and the experience of dealing with MFIs for a long period of time. An added advantage of the partnership with PKSF was the high possibility and probability of replication and scaling up of proven good practices emanating from the project. The choice of existing microfinance institutions as partners ensured that the project could become operational sooner without having to invest in and create mechanisms for delivering financial and technical services. The partnership with the Department of Livestock Services brought several advantages, especially related to animal health care and training in livestock.
41. The coordination and management arrangements of the project were on the whole appropriate for its implementation, but could have been better if a gender specialist had been posted in the PCU, especially given that women's empowerment was a goal of the project, and that women were the main target group. Moreover, the goal of women's empowerment was not translated into gender specific objectives (objectives refer to poor people in general). There was not an inbuilt strategy in design for ensuring that women had control over credit, assets, income, marketing or decision making, though these were mentioned as anticipated "gender benefits" in the appraisal document. Moreover, there was no special provision for targeting the hard core poor, leading to less than anticipated participation of this group (see the section on Project Implementation Performance).
42. The appraisal document included a logical framework with some indicators and targets. This logical framework was also updated at mid-term. However, in the view of this evaluation, the targets seemed rather ambitious leading to the actuals being considerably different from the physical targets set at the design phase for many indicators. Technical support (mainly training) was one component of the project which received inadequate care at the design phase. As noted in the case study "Bangladesh: Approaches and Outcome of Training in Projects", it was challenging for the small PCU with a total of five technical and management staff to supervise the planned volume of field training carried out by 24 partner organizations. The supervision missions had realized this design shortcoming and recommended the project focus on ensuring the quality of a smaller volume of training, so the project ended up training about half the numbers anticipated at appraisal. The cost structure of the project also required significant changes during implementation as can be seen in Table 2.
43. Overall, the PPA rating for relevance is 4 (moderately satisfactory), similar to the rating assigned to this criterion by IFAD's Programme Management Department (PMD).

Effectiveness

44. **Objective 1: Adoption of sustainable income generating activities and improved livestock technologies and practices by the moderate and hard core poor.** The credit plus training approach adopted by the project not only gave the targeted poor access to loan funds but also to skill development training improving their knowledge and giving them exposure to improved production technologies and practices, new information and linking them with service providers and markets.

45. As mentioned earlier, fifty-nine per cent of the loans given to the targeted poor went to the livestock and poultry sector. The project trained the targeted poor on improved management (including technologies and practices) of poultry and livestock, which contributed to the adoption of improved technologies (e.g. mini-hatchery) and practices such as vaccination and deworming. Training of beneficiaries was also backed up by the livestock technical assistants (LTAs) who frequently visited project groups to support livestock enterprises with advice and informal training. In quite a number of cases, such training from LTAs enabled people to establish enterprises such as mini-hatcheries without attending a formal training course. The project also facilitated functional linkages between borrowers and the Department of Livestock Services and sources of private sector input supply leading to improvement in supplies of critical inputs for this sector.
46. The project households did not overwhelmingly approve of the training effort. Only in the case of beef fattening, 79 per cent households felt that the training was effective. In fact, the training for broiler farming was appreciated only by one third of the households.

Table 5
Effectiveness of technical support

Name of the enterprise	Beneficiaries' assessment on effectiveness of training (%)	Beneficiaries' assessment on the role of LTAs' visits (%)
Dairy Farming	55	95
Beef Fattening	79	23
Broiler Farm	34	7
Model Breeder	50	73
Mini-Hatchery	52	18
Chick Rearing	60	33
Buck Station	42	75

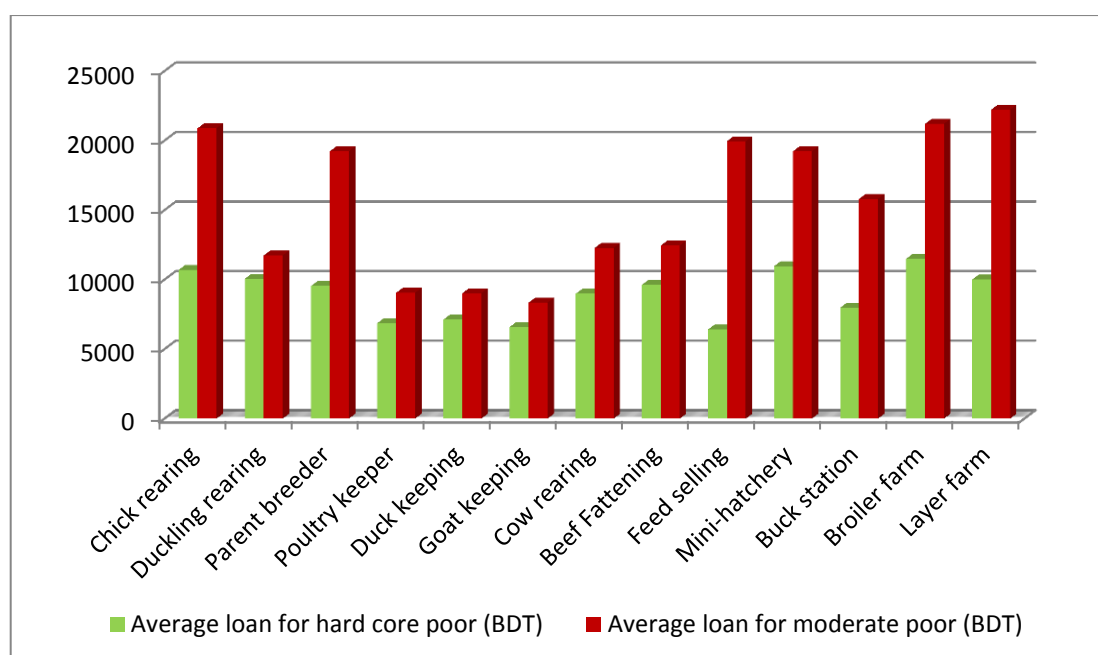
Source: Outcome Study of Microenterprise Development (2011)

47. The socio-economic impact study had some observations with regard to the adoption rates of the improved practices that were disseminated. According to this study (June 2011), *"the most taken up technology is worm control; overall about 28 per cent of all project respondents have been de-worming their cattle regularly, even 16 per cent of the control respondents also have been doing the same. In general, there is a low level practice of improved livestock technologies in control respondents but still worm control and insemination have some importance. Insemination technology has obtained acceptance to few households, 12 per cent of project respondents at southwest zone and 4 per cent at northeast are adopting. Regular adoption of insemination of southwest project households is almost double than control. Apart from this, other technologies have not been taken up very much by villagers."* While it is difficult to hazard a guess on what would be a satisfactory level of adoption, if even one in three failed to adopt an improved practice, the effectiveness of the technical support both in terms of content and process would have to be questioned.
48. The objective clearly stated that hard core poor be part of the target group, and the project had intended that at least 25 per cent of the customers covered would be hard core poor. As seen in the section on project implementation performance, in terms of group member acquisition, the project reached 17 per cent of the hard core poor whereas the hard core poor coverage was lower with regard to the provision of financial services, as well as technical assistance (training). The average loan given to the hard core poor was less than that given to the moderate

poor, even in cases where they had undertaken the same activities and in investments that were indivisible.¹⁵

Figure 4

Comparison of average loans to hard core poor and moderate poor



Source: Project data

49. The divergence in the loan sizes was a clear indication that the project did not have a differentiated strategy for achieving the objective of coverage of the hard core poor. The lower size loans in cases where the investments were not divisible would have increased the problems of the hard core poor forcing them to borrow the difference between the loans and the investment value from other sources, often at exorbitant rates. The income retention net of loan servicing in such cases would be far short of what the project might hope to achieve. With the hard core poor's capacity to handle loans and to repay loans being much less than the moderate poor, they should have had a differentiated loan product that would allow longer repayment periods, softer repayment terms and increased grace periods. However, the emphasis of the project in its approach towards coverage of hard core poor did not prioritise customising the products to meet their needs and improve their retained incomes. This was a deficiency in the project's approach for this target group (please also refer to the section on Rural Poverty Impact).
50. **Objective 2: Acquisition of livestock knowledge by PKSf and its partner organizations.** By implementing the project in close collaboration with partner organizations, PKSf has gained experience in funding and overseeing small-scale livestock development programmes. PKSf has been reviewing its overall capacity to support partner organizations in designing and implementing livestock programmes and exploring the feasibility of setting up a separate poultry and livestock cell within PKSf. The training provided by the project has contributed considerably to improving the technical capacity of partner organizations staff to provide livestock services; 4,028 staff from partner organizations have been trained and/or oriented under the project (109 per cent of the target). In relation to this, turnover of staff has been an issue in MFTSP. The partner organizations employed LTAs to provide technical support. However, a number of LTAs have left the partner organizations

¹⁵ It was possible that in some investments, such as chick or duck rearing, the hard core poor could receive smaller loans for a smaller size of the project consistent with their capacity to handle. There were some purposes for which the investments were not divisible. In activities such as cow rearing and beef fattening where the investments were not divisible, the hard core poor still received much lower sized loans than the moderate poor counterparts.

or been promoted to management jobs. MFTSP therefore had to regularly train new batches of LTAs to ensure that an LTA was working at all partner organizations project branch offices. A total of 157 LTAs had been recruited by different partner organizations during the project period, of which 120 still continued to work with the partner organizations as of January 2012.

51. The new knowledge acquired on livestock financing and livestock rearing issues was manifested in both PKSf and the partner organizations. The staff exhibited awareness of the different aspects of the livestock sector that have to be taken into account before financing. They were also cognizant of the need for borrower training in essential aspects of livestock based livelihoods. The training material prepared and distributed to the different partner organizations and their LTAs appeared to keep the staff current on livestock-related issues in input supply, marketing, veterinary care and risks of the enterprise and the financier. During the field visits it was found that the knowledge acquired had been applied in other lending outside MFTSP by many partner organizations and the PKSf.
52. In summary, Objective 2 has been achieved to a great extent whereas the achievement of Objective 1 to a much lesser extent, given the relatively low level of adoption of improved livestock technologies and practices. All in all, this justified the rating of 4 (moderately satisfactory) assigned by this PPA for the effectiveness of MFTSP, lower than the rating of 5 (satisfactory) assigned by the PMD.

Efficiency

53. The project came into effect in October 2003, just six months after its approval by the IFAD Board. This is shorter than the average for the Asia and the Pacific region, which is 9.1 months. The project was completed according to the original plan. Project funds were almost fully utilized (disbursement rate at project closure was 94.54 per cent). Actual project management costs (cost of the project implementation support component) were close to 15 per cent of total project costs, lower than the estimated 18.4 per cent at appraisal. This was more or less in line with the average management costs of IFAD projects.
54. The PCR noted that the financial management system of MFTSP has been part and parcel of the PKSf financial management system, which is well-developed, computerized and provides effective in-built financial control, checks and balances. The system recognizes incomes and expenditures using the accrual concept and is based on double entry bookkeeping. The PKSf organizational chart clearly defines the structure of the finance department and interrelationships between different positions. PKSf has a separate internal audit department, which is equipped with adequate numbers of qualified staff and reports directly to the managing director. External audits of PKSf and donor funded projects are conducted annually by a firm of independent professional accountants, which is appointed in a fair and transparent manner. PKSf has developed and put in place a strong financial system to monitor and oversee financial management of partner organizations in relation to utilization of PKSf funds.
55. At appraisal, no formal economic analysis was undertaken, which is often the case for microfinance project as this analysis would require too many assumptions. At completion, the PCR also did not attempt to calculate costs, benefit streams and net present value of the project, for the following reasons: (i) Income generating activities undertaken by end borrowers are small-scale and carried out at the household level using small amounts of money and unpaid family labours; (ii) end borrowers are scattered over a number of geographic locations with significant variations in input and output prices for the same IGA; (iii) record keeping of actual costs and benefits at end borrowers level simply do not exist; and (iv) often end borrowers tend not to invest the entire loan amount in the specific IGA for which a loan is sanctioned. Unquantified benefits, as reported by a sample of end borrowers during field visits, included increase in production and income in normal periods, an

improvement in understanding, knowledge and skills on IGA pursued, increased level of confidence, and functional linkages with partner organizations, Department of Livestock Services and input suppliers.

56. The profitability of the livestock enterprises that the project promoted sheds some light on efficiency aspects. In this regard, the "Outcome Study of Micro Enterprises Development", a study commissioned by MFTSP, which focused on the technical and economic performance of some of these enterprises, indicates some positive findings. The following table shows the net profit of the enterprises versus the total investment, based on data collected by the study from 190 commercially organized livestock enterprises. However, it is important to note that the calculation in most cases does not include the cost of labour (normally family labour) and does not factor in the risks faced by the enterprises.

Table 6

Average net profit of the enterprises versus total investment

<i>Name of enterprises</i>	<i>Average net annual profit of enterprises (Taka)</i>	<i>Average total investments of enterprises</i>	<i>Net profit as % of total investment of enterprises</i>
Dairy farming	307 320	852 083	36%
Beef fattening	99 654	146 667	68%
Broiler farm	211 624	374 824	56%
Model breeder	114 628	118 685	97%
Mini-hatchery	904 240	193 615	467%
Chick rearing	44 490	141 750	32%
Goat buck station	12 466	8 944	139%

Source: Outcome Study of Micro Enterprises Development (2011)

57. The cost per beneficiary over a period of seven years was about US\$ 21.20. This was calculated by taking the total actual expenditure (US\$ 23,239,000) minus the expenditure on micro credit and equipment loans (US\$ 18,207,000) and divided by the number of beneficiaries (237,336). The reason for deducting the expenditure on microcredit and equipment loans was because the loan funds remained intact, and were reinvested in partner organizations loan programmes. The PCR explained that this was possible mainly because of capitalizing on experiences and resources of PKSf partners, and the approach taken on utilizing local resources and expertise and leveraging project resources with the Department of Livestock Services to produce better livestock services for the targeted poor. The cost per borrower (calculated by taking the cost for technical support and project implementation support, divided by the total number of borrowers) was about BDT 1,880 (around US\$ 23). The cost per borrower as a proportion of the average loan was 17.35 per cent.
58. Efficiency, as per definition, is a measure of how economically resources/inputs are converted into results, at different levels, including outputs and impacts. In the case of MFTSP, in terms of resources, it has to be recognized that MFTSP was a very small programme compared to the overall scale of operations of PKSf. The MFTSP loans disbursed by PKSf to partner organizations over the project period amounted to just 2.7 per cent of its total disbursements during the same period to partner organizations. Similarly, the loans given by partner organizations to the customers under MFTSP amounted to 2.9 per cent of their total disbursement to all their customers as part of their normal business. The outstanding PKSf loans as of June 2010 under MFTSP were 2 per cent of the overall outstanding of loans of PKSf to the partner organizations. The customer level loans given by partner organizations under MFTSP formed 2.3 per cent of the total loans outstanding of all

customers of the partner organizations under their overall business. Thus, MFTSP formed a very small part of the business of both PKSf and its partner organizations.

59. In the context of the microfinance sector in Bangladesh, the outstanding MFTSP loans to partner organizations were just 0.4 per cent of the total volume of outstanding loans in Bangladesh. The outstanding loans of partner organizations to borrowers formed 0.9 per cent of the total outstanding microfinance loans. In terms of creating a large-scale influence on financing policies, product development and approaches, it would be difficult to hypothesize that MFTSP would be a great influence. However in the 24 partner organizations and PKSf as an apex institution, MFTSP was able to instill the idea of bundling technical services along with finances to improve the income generation capacities of borrowers and also consolidate their sustainability. This was a significant impact compared to the inputs invested, which demonstrated the efficiency of the project in pursuing its goals.
60. On a related and less positive aspect, the efficiency of the partner organizations was not very high as they were not always profitable. The intervening problems of an exogenous nature – i.e. cyclone Sidr and the avian influenza epidemic – created additional difficulties to customers, and as such the repayment rates suffered while pushing up the operational costs of partner organizations involved in rehabilitation of the affected communities. As described in other places in the report, 12 out of 23 institutions for which data was available were unable to achieve full cost coverage in 2010 and therefore could not be deemed to be efficient in a financial sense.
61. Considering all the positive and negative aspects as described above, the PPA rating for efficiency is 5 (satisfactory), similar to the rating assigned by the PMD.

B. Rural poverty impact

62. The Project Appraisal Report expected that hard core poor households would comprise a minimum of 25 per cent of project beneficiaries. In practice, it was difficult to recruit large numbers of hard core poor members, and at the end of the project about 17 per cent of the members were in this category. However as explained earlier in this report, the coverage of hard core poor under training and credit was much lower – at 13 and nine per cent respectively. The average loans received by the hard core poor were much less than that of the moderate poor.
63. The shortfall in the inclusion of hard core poor was attributed by the partner organizations to competition from other projects which offered special lending terms or more generous support to these households than MFTSP, which had no special provision for this group. Hard core poor were more risk averse and many of them did not find conventional micro-credit programmes with mandatory savings and weekly/biweekly loan payment schedules consistent with their cash flows. The partner organizations had reportedly been successful in screening out richer families in the villages. However, customer enrolment into groups was less than projected at appraisal due largely to an increasingly crowded microfinance¹⁶ “market place” and drop out of group members. The abundant availability of microfinance services and large number of licensed institutions tended to encourage shifting of customer loyalties and a high rate of churn of clientele. The macro aggregates of the sector performance tended to support the reasons offered by the project in failing to achieve targets for coverage of hard core poor. While the reasoning of the project may be correct, it was also true that MFTSP did not innovate appropriate financial products that would have been suitable for the hard core poor. In this regard, the low coverage of hard core poor could be considered as a missed opportunity.

¹⁶ There were 516 licensed NGO-MFIs in Bangladesh with a clientele of 25.28 million. Apart from this, Grameen Bank, commercial banks and financial institutions also provided microfinance. The total customer base of microfinance was estimated at 30 million. Source: Bangladesh Microfinance Regulatory Authority.

64. **Household incomes and assets.** The PCR noted that there was an impact study conducted in 2006, well before the cyclone Sidr which struck the southern coastal districts and the outbreak of avian influenza. This impact study reported significant increases over baseline in livestock ownership and number of livestock producers and sellers. The PCR did not report findings from another socio-economic impact study undertaken in June 2011 at project completion. In order to complement information from the PCR, the evaluation reviewed some other documents, including the 2011 impact study and RIMS data. The findings are reported as follows:
65. Expenditure of households was taken as a proxy for income in the socio-economic impact study 2011. Higher expenditure level was inferred to be indicative of higher income level.¹⁷ The study stated that mean expenditure of project households was significantly higher than control households in both the southwest and northeast zones. About 25 per cent of the project households had monthly expenditure less than BDT 5,000, while 35 per cent of the control households had a similar level of monthly expenditure. Also according to this impact study, 90 per cent and 80 per cent of project households in the southwest and northeast zones respectively owned sanitary latrines, showing an improvement of about 20 per cent in last five years, whereas the figures for control households in both zones showed a decrease of about 10 per cent.
66. The RIMS final follow up survey in 2011 included 900 households. As a livelihood and a source of income, livestock and poultry did not really figure in the farmers' priorities. Less than 2 per cent of surveyed households indicated that livestock and poultry was their most important or second most important source of income. The socio-economic impact study carried out by PKSF brought a slightly more positive observation on the significance of livestock/poultry as a source of income; 37.2 per cent of project households indicated that livestock/poultry was the most important or second most important source of their incomes.
67. Household assets improved over the project period in the project households. The following table shows a comparison of ownership of important household assets between the RIMS baseline survey 2005 and the final follow-up survey in 2011:

Table 7

Comparison of ownerships of selected household assets

Assets	Baseline survey 2005	Final follow-up survey 2011
Electricity	36.7	59.9
Radio	29.6	12.2
Television	21.0	36.9
Refrigerator	1.4	6.1
Fan	26.28	53.4
Bicycle	20.3	15.9
Motorbike	0.7	5.1
Number of households included in the sample	1 088	900

Source: Project Result Impact Management System (RIMS)

68. The socio economic impact study gathered information on assets held by households in 2011 and compared the same with asset holdings in 2005. In both

¹⁷ Such an inference can be fallacious. The very poor often have net liabilities on account of having to spend more than what they can earn— the gap being met by borrowing. A higher expenditure level might conclusively indicate that cost of living has increased over time and households have to spend more, not that they earn enough to meet the increased expenditure.

the zones, barring gold and some items of furniture, there was negligible difference between project and control samples in the proportion of households acquiring assets which they did not have in 2005.¹⁸ The changes in proportion of households acquiring assets were marked in the case of mobile phones, table, chair and electric fans.

69. It is important to note that, as normally is the case, the changes experienced by beneficiaries could not be entirely attributed to the project. The project support was only a part of the overall livelihood effort of the households. As a proportion of investments of the households in income generation, MSTFP finance was generally in the range of 15 to 35 per cent. The project households were exposed to interventions by other organizations, and various changes in social, economic and environmental factors. Events such as super cyclone Sidr, outbreaks of avian influenza and anthrax also eroded a significant part of economic gains made by the participants.
70. In summary, the project's impact on household income and assets is rated as 4 (moderately satisfactory), lower than the rating assigned by the PMD, given the lack of significant evidence of increase in assets in project households.
71. **Human and social capital and empowerment.** The RIMS final follow-up survey 2011 brought out that the number of people who became more literate over the project period increased significantly between 2005 and 2011. In the case of males, there was a fourfold increase in the number of people who could read, and in the case of females there was a threefold increase. The survey also confirmed the finding made in the socio-economic impact survey of PKSf that the number of people with access to sanitation facilities had improved by about 50 per cent. The socio-economic impact survey noted that 20 per cent more households had installed sanitary latrines over the project period, which was in contrast to a decline in ownership of sanitary latrines in the control sample during this period.
72. The PCR recognized that the project had brought about a number of behavioural changes for the beneficiaries. A few examples were developing the habit of making regular savings, vaccinating and deworming poultry and livestock, improved feeding, and maintaining cleanliness of places where livestock were housed. The impact study conducted in 2006 reported improvements in water supply, hygiene and food security among the randomly selected project participants. On the other hand, the 2011 socio-economic impact study noted that in the eyes of more than half of the respondents, social development training and livestock training conducted by the partner organizations were not that beneficial. There were also some variations in the feedback from the northeast and southwest zones.

Table 8

Level of benefits of training

Zone	Head	Beneficial level of training			
		No. of households reporting	Highly beneficial	Beneficial	Not beneficial
NE	Training on livestock from NGO	159	9.4	47.2	43.4
	Training on social development	69	2.9	33.3	63.8
	Training on livestock from MFTSP	3	66.7	33.3	0
SW	Training on livestock from NGO	117	6.0	30.8	63.2
	Training on social development	51	3.9	43.1	52.9
	Training on livestock from MFTSP	5	0	0	100

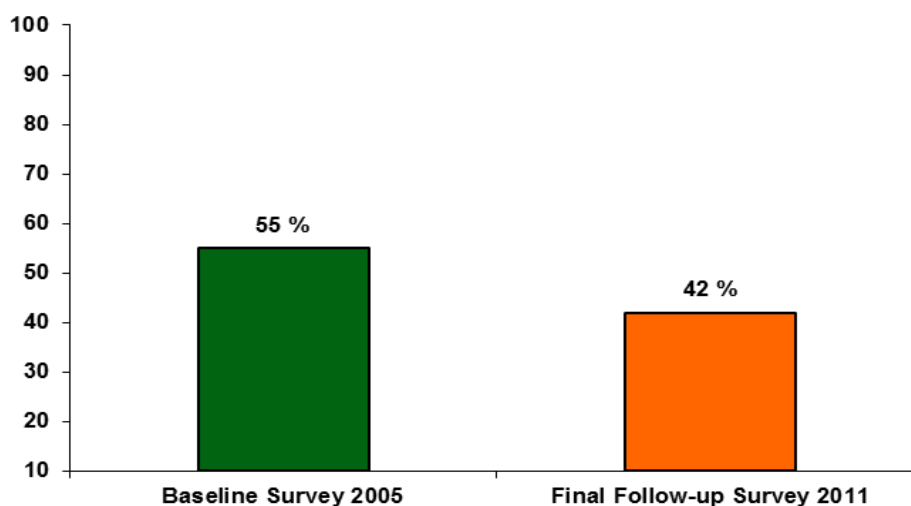
Source: Socio-economic Impact Study (2011)

¹⁸ In this impact study, the control group was selected from the village as the project treatment group. This had the advantage of providing a good control for tracking the natural trend in livestock development and production, but also the disadvantage of possibly under estimating impacts (e.g., if project members disseminate the improved knowledge and technology adoption to non-project members of the villages).

73. The project commissioned the Bangladesh Agricultural University to undertake research on the impact of livestock training on livelihoods and income. In this study, data from a sample of 632 households showed that, with training, livestock enterprises performed better. Income increased by 30 per cent for those who had been trained, compared with only 14 per cent for those without training (see also the section on household incomes and assets). When compared with the control households, the project households seemed to have benefited from training. While lack of training was the top reason for control households not expanding their livestock income generating activities, the project households ranked training inadequacy as the seventh out of a list of ten reasons.¹⁹
74. During the visits to the field, it was observed that the sanitation and hygiene practices introduced through training were not being practised in a few cases, putting at risk poultry to avian influenza. Adoption of improved practices should be followed up so that the full benefit of technology transfer percolates to the project households.
75. In terms of social capital, small savings and credit groups formed under the project provided an effective platform to share ideas, experiences, information and skills. The PCR also noted the social impact of the project with regard to empowering women. This was manifest in the increased mobility of and participation in family decision making by women and their greater control over revenues from project-supported IGA. A small portion of the participants were able to engage in public affairs such as community activities (e.g. Salish-alternative dispute resolution), and campaign for local level elections. Awareness on social issues such as child marriage, dowry, multiple marriage and rights of women and children improved considerably. Particularly in the Sylhet region, which is known for social conservatism, the project succeeded in involving women directly in project activities. More detailed discussions on women's empowerment can be found in the related section later on.
76. Overall, the impact on human and social capital and empowerment can be rated as 4 (moderately satisfactory), lower than the rating assigned by the PMD given the lack of significant evidence on the benefits of training.
77. **Food security and agricultural productivity.** According to the socio-economic impact study, food security was not a concern among the project respondents. The project households cited several reasons, of which the main reason was augmentation of income leading to enhanced food security. Loans received for cow rearing, a family member getting a salaried job, and increased business income impacted about 20 per cent of project respondents of the northeast zone. Over 37 per cent of the project respondents of the southwest zone believed that loans received for cow rearing and extra income from new services provided by family members (about 27 per cent) played major roles in improving food security. Better agriculture production played a major role for over 13 per cent of project respondents in the southwest zone and over 6 per cent in the northeast zone, which indicated that southwest households were more involved in agriculture activities. Business incomes contributed significantly to food security.
78. The RIMS final follow-up survey 2011 found that food security continued to be a problem, but on a reduced scale compared to the baseline.

¹⁹ Study of Impact of Training of Beneficiaries in IGA, March 2007, carried out by Bangladesh Agricultural University for PKSF.

Figure 5
Comparison of households facing at least one hungry season



Source: RIMS final follow-up survey 2011

79. The coping strategies indicated by families to deal with food shortages include 28 per cent either skipping a meal or eating less. This coping behaviour confirms that food insecurity persists despite the good work done by the project to boost incomes and production of meat and poultry products.

Table 9
Coping strategies of households to deal with food shortage

How food is managed	Often	Sometimes	Never	Total
Eat a grain other than rice	7.6	65.2	27.2	100.0
At least some household members skip a meal	8.1	67.3	24.6	100.0
Eat smaller quantity of food at a meal	20.7	72.0	7.3	100.0
Buy food on credit	31.2	59.7	9.2	100.0
Borrow food from relatives or neighbors	15.7	72.0	12.3	100.0

Source: RIMS final follow-up survey 2011

80. Concerning agricultural productivity, the project impact has been notable thanks to the introduction of a couple of improved breeds, better integration of small-scale producers with markets and functional linkages with public sector service provider, and improvement in supply systems of day-old chicks, poultry feed, vaccines and improved semen. These changes have brought significant tangible benefits to the project participants by reducing morbidity and mortality of poultry and livestock, thus leading to increased productivity. The project's impact on food security and agricultural productivity is therefore rated as 5 (satisfactory), similar to the rating assigned by PMD.
81. **Natural resources and environment (including climate change).** At appraisal, the project was classified as "C". As a result, no environmental analysis was carried out and there was no specific action recommended. The classification of the project as "C" was based on the fact that the project would have minimal direct impact on the physical setting or resources. Therefore, the PCR did not cover project impact on natural resources and the environment, or issues of climate change.
82. The project's impact in this domain was neutral. There was no direct disturbance of the physical setting or resources during the entire implementation lifespan of the

project. The project mainly financed small-scale IGA undertaken by individual poor households. It did not involve production systems or practices that generated hazardous waste, or use of large quantities of fertilizers or agrochemicals. In certain project areas, the project contributed to increasing the supply of poultry and cow excreta, which was used as organic fertilizer in crop land. Given the lack of evidence in this domain, the PPA did not assign a rating to this criterion (rating NA – Not Applicable).

83. **Institutions and policies.** According to the PCR, the project actively supported strengthening and empowering of local institutions (i.e. partner organizations). At the partner organizations level, the project significantly contributed to building capacity of livestock programming by developing human resources and enriching them with experiences in implementing small-scale livestock development programmes. It also helped them to develop linkages with the DLS and private sector input suppliers. By implementing the project, PKSf not only gained experience of funding and overseeing poverty alleviating livestock programming, but also established linkages with other key public sector players. The Memorandum of Understanding signed between PKSf and DLS at the national level provided the parameters of collaboration between the Government and NGOs (partner organizations) at the field level. While the DLS made important contributions to transfer of technical expertise to the project, at the partner organization level, there was a feeling that more could have been done by the department. The limited staff strength was stretched by the demands of project and they were unable to satisfy all the requirements with reference to expertise for training, supply of vaccines, etc.
84. The partnership of PKSf with the partner organizations has been a continuing relationship established prior to project commencement. This was used creatively to influence the manner of financing in the field to improve the technical soundness of income generating activities of ground-level customers. This strengthened the institutional practices and led to employment of LTAs for bundling technical support and services along with financing. With regard to policies, the project did not set out to impact policy or influence the microfinance practices through policy change. The size of the project was too small compared to the business of PKSf and its partner organizations to secure policy reform. However, the apparent success of the project should lead to changes in policies of microfinance institutions and possibly of PKSf as well; the institutions would ideally focus in future on providing technical and enterprise know-how to customers in order to strengthen their livelihoods and, as a result, improve the quality of the credit portfolio. Based on the above, the project's impact on institutions and policies was rated as 5 (satisfactory).
85. In summary, based on data in the socio-economic impact study, RIMS final survey, as well as information collected during the field visit, the PPA has rated the overall rural poverty impact of MFTSP as 5 (satisfactory), given the significant benefits that have accrued to the target groups in terms of food security and agricultural productivity, as well as institutions and policies.

C. Other performance criteria

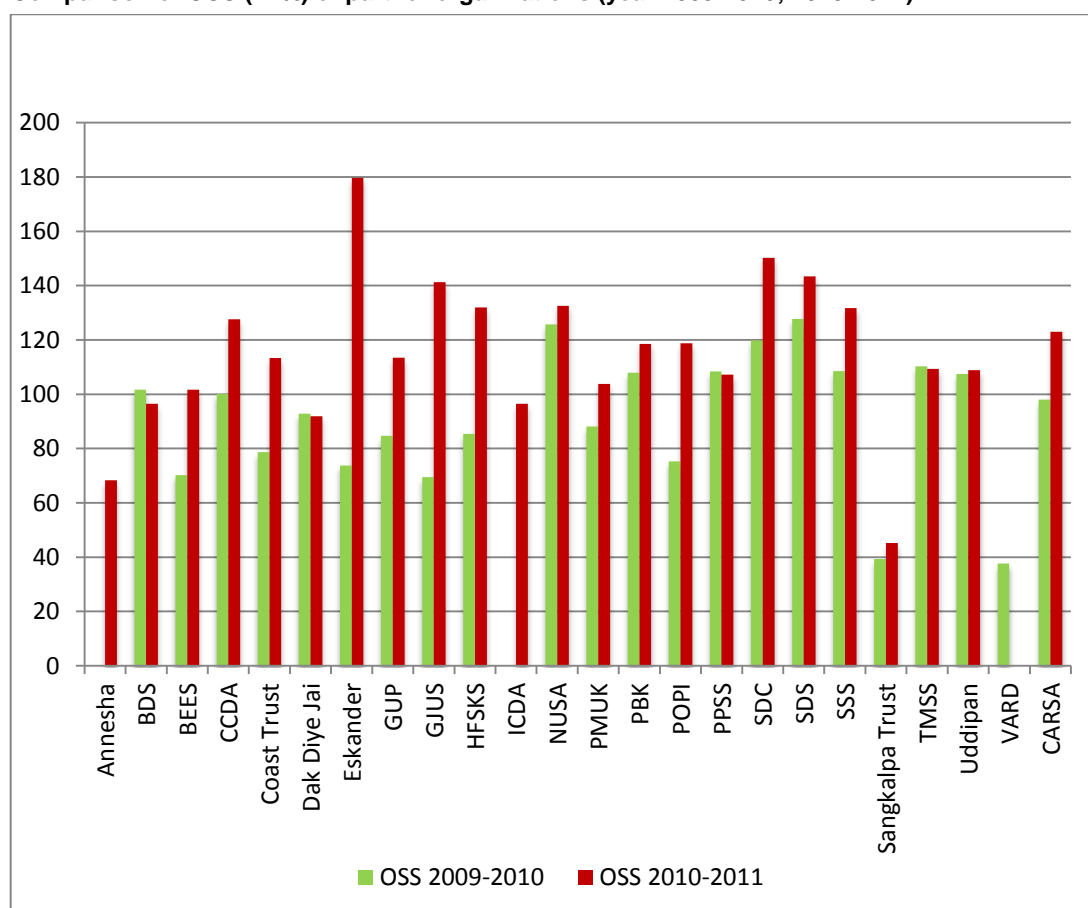
86. **Sustainability.** The core practices relating to delivery of technical support along with finance, especially in the livestock sector seem to have stabilised and been well accepted by the partner organizations. This effort has been sustained in several partner organizations as they have realised the benefits to the customer and resultant positive outcomes in their favour. The positioning of LTAs has been found to be useful and productive by the partner organizations. Customer acceptance of LTAs for linking inputs, veterinary health care and on-site problem solving has placed demands on the partner organizations for continued supply of technical services through LTAs. This two-way appreciation of their role has led to the arrangement becoming sustainable. As stated elsewhere in the report, even after the project discontinued reimbursing their salaries, 120 out of 157 LTAs have

continued to work with different partner organizations, with the cost being borne by the partner organizations. This clearly demonstrates that the LTA arrangement has become sustainable.

87. MFTSP has also extended a number of improved livestock technologies and practices, many of which will be sustainable and can be replicated in other geographical areas because they bring considerable economic benefits to the adopters, require low levels of investment and use locally available inputs. A couple of examples are the mini-hatcheries for hatching duck eggs and chick rearing in confined areas. Some improved technologies and practices are also being adopted by non-targeted households, which provide evidence of sustainability. The functional linkages facilitated by the project with field-level livestock staff of DLS and poultry workers (who vaccinate poultry birds and advise those raising poultry on biosafety and improved practices) are likely to be sustained because these generate mutual benefits. However, sustainability of vaccination and animal health services will depend on whether adequate supply of vaccines from DLS continue.
88. With regard to economic sustainability of the IGA, economic gains reaped by the project beneficiaries are likely to be sustained as well. The PCR mission concluded that livestock business will continue to remain profitable due to huge domestic demand, but that some farmers will occasionally face problems, which is a common business risk. The two factors that are critical for continuation of the poultry/livestock business are: (i) sustainability of input costs and supply of fodder; and (ii) development of reliable and sustainable animal health services. Moreover, external shocks and stress such as a sudden outbreak of avian influenza or anthrax, or an unusual rise in feed costs in national and international markets, remain as threats.
89. As regards sustainability of partner organizations, the available data as of the end of June 2010 (the last fiscal year ending before project completion) showed that 12 out of 24 partner organisations had less than a 100 per cent operational self-sufficiency ratio²⁰(OSS), which implied that they were taking operational losses. These 12 institutions failed to cover their costs and as such were not profitable; seven of these loss-making institutions had an OSS below 80 per cent, meaning they faced significant difficulties in sustainability from a financial point of view. Of the 11 institutions that posted an OSS of more than 100 per cent, two were marginally above the required cost coverage level. Even a very small increase in default rates or increase in staff salaries would render these institutions unsustainable. For some of these institutions, the rate of interest charged and the yield on their loan portfolio was significantly lower than others, while in other cases the rates of interest were much higher and nearer the interest rate cap put in place by the microcredit regulatory authority. The data for 2010-11 (year ending after the completion of the project) showed only six out of 23 partner organizations with less than 100 per cent OSS, which was a significant improvement over the previous year.

²⁰ Operational Self Sufficiency Ratio (OSS) refers to the ability of an institution to absorb all its operational costs with its revenues. The revenue is expressed as a percentage of operational costs. OSS of 100 just covers costs and the MFI breaks even at this point. The higher the OSS is above 100, the more profitable the institution would be. An OSS of lower than 100 implies that the MFI is taking losses.

Figure 6
Comparison of OSS (in %) of partner organizations (year 2009-2010; 2010-2011)



Source: 2009-2010 data from NGO-MFIs in Bangladesh □ Volume 7 □ June 2010, published by Microcredit Regulatory Authority; 2010-11 data as reported by PKSf

90. The PKSf loans were given at low interest rate of 4.5 per cent to the partner organizations. The interest rate charged by many of the partner organizations (18 out of 23) was in the range of 20 to 25 per cent. With financial margins of 15 to 20 per cent, the MFIs should have been able to cover their full costs. While a non-profit structure is ideally suited for microfinance business in the Bangladeshi context, the institutions should have been able to cover their costs and protect the value of capital investments made through ploughing back of surpluses. This aspect will need attention by the PKSf, as institutional sustainability of partner organizations will be essential for sustainability of the learning and new practices which the project has initiated.
91. Another aspect of the sustainability question was that of the recovery rates achieved under the project. The current recovery ratio (CRR)²¹ for the year 2010-2011 was seen to be good for most of the partner organizations. Out of 23 partner organizations for which data was available, 19 had a CRR of 98 per cent or more (see annex IX). However, there was still the problem of the fairly high (8.9 per cent in December 2010) overdue loans as a percentage of outstanding loans, as mentioned in the section on project implementation performance. The quantum of loan installments that had not fallen due, but were part of the defaulted loans (and as a result to be reckoned as problem loans) could not be determined through the CRR and overdue measurements. If the partner organizations had been encouraged to adopt a Portfolio at Risk concept in their accounting and Management

²¹ Calculated as the percentage of repayments collected against loans falling due for repayment during the period.

Information System, it would have been easier to assess the quality of the loan portfolio.

92. Overall, given the fact that PKSF as an apex institution will continue to provide different types of support to the partner organizations, thus ensuring their future sustainability, the PPA mission concurs with the rating of 5 (satisfactory) for sustainability as assigned by the PMD.
93. **Innovation and scaling up.** The innovations in the project were: i) the approach to delivery of technical and financial services to the borrowing members, ii) use of LTAs as intermediaries for gaps in technical aspects of projects, gaps in input supply, and as a link between veterinary health care and the members, iii) spawning of locally relevant livestock and poultry practices (of particular note is the design of a mini-hatchery without electricity – using sand or paddy husk and heat from kerosene lamps), iv) non-conventional modes of training – using friendly ‘hands-on learning by doing’ techniques, and v) the introduction of seasonal loans by some partner organizations to match the cash flows of the activities of members.
94. The learning from these innovations is being replicated in different ways at customer, partner organizations and PKSF levels. The mini-hatcheries have found acceptance among the people and there have been examples of members visiting other locations in which such hatcheries function and then setting up their own hatcheries. The delivery of technical services along with financial services has found acceptance among a number of partner organizations, which use the concept in other lending to members. Post-project, the blending of technical and financial services is likely to be increasingly used by partner organizations. The hands-on training method has caught the imagination of PKSF and some partner organizations and will be used more effectively in not just training, but in influencing customers towards different IGA and the best practices therein.
95. The project also commissioned 18 research studies, many of which were relevant to the project activities as they examined issues in choice of species, animal/bird breeding, rearing practices, profitability of selected IGA, effectiveness of training, etc. The results were internalised for adoption in the project. The findings from the research studies have been used in other projects and areas. For example, exposure training (learning by doing) had been successful in the studies and increasingly used in other projects as well. The findings of a study on suitable species in livestock have been used in determining livelihood and IGA choices in other projects. The findings of some of the studies deserved wider dissemination.
96. During discussions with the Managing Director and Deputy Managing Director of PKSF, it was indicated that PKSF has started adopting some of the new practices and learning from the MFTSP in its other projects. The seasonal loans, targeting hard core poor, making technical inputs a part of the financial services, and ongoing studies to bring out learning are some of the aspects of replication and scaling up indicated by PKSF.
97. Given the above, innovations and scaling up is rated as 5 (satisfactory).
98. **Gender equality and women’s empowerment.** The project was highly focused on women, who made up more than 95 per cent of group members. All trained poultry vaccinators were women. The provision of micro credit together with technical and social training had an important impact on household-level gender relations and helped expand the role of women inside and outside the home. This was manifested by increased mobility of and participation in family decision making by women and their greater control over revenues from project-supported IGA. Participating women had increased assets in the form of savings with MFIs and banks, improved houses, cell phones and gold jewellery and increased consumer durables.

99. A small number of the participants were able to engage in public affairs, such as community activities (e.g. Salish-alternative dispute resolution) and campaigning for local level elections. Awareness of social issues such as child marriage, dowry, multiple marriage and rights of women and children improved considerably. Particularly in the Sylhet region, which is known for social conservatism, the project succeeded in involving women directly in project activities. During the field visits women were seen as vocal in their participation in the programme, their ability to manage the IGA and their role in decision making in the family. The space given by the family for their activities, such as attending meetings, spending time on training and visits, as well as running enterprises was indicative of the autonomy enjoyed by women.
100. However there were grey areas that needed attention. The overwhelming membership of women in the MSTFP did not result in completely equitable treatment to women in loans. A higher proportion of men members were able to access loans than women. In December 2010, the percentage of men customers that had outstanding loans was 78 per cent of male group members, whereas in case of women it was 72 per cent. In terms of loan size, the men tended to receive higher average loans than women. As of December 2010, the average loan disbursed to men was BDT 106,046, while the corresponding average loan size for women was only BDT 78,680. This difference between men and women in terms of the average loan size persisted throughout the project period. However it must be noted that the differences in average loans were much larger in the beginning and seemed to narrow towards the end of the project period. This narrowing in the difference in average loan size reflected a positive trend.
101. Some other qualitative aspects of women participation – such as developing specialised women-centric IGA with necessary training, and training arrangements customised to take care of special needs of women – were some aspects that could have received more attention in the project.
102. Thus, with regard to gender equality and women’s empowerment, the project’s performance could be deemed to be satisfactory but not highly satisfactory. The project did not ensure that there was no discrimination against women in terms of the average loan sizes or the proportion of women financed when compared with men. In view of the above target of mobilisation of women and the high levels of participation achieved, the rating assigned by the PPA to this criterion was 5 (satisfactory), similar to the rating by the PMD.

D. Performance of partners

103. **IFAD.** IFAD got credit for a relevant project design and effective implementation support during the life of the project. The role of IFAD was fully appreciated at all levels by PKSf and its partner organizations. The speed and appropriateness of responses from IFAD, flexibility offered to the project and its partners, the participative supervision and mid-term review processes, and the sound advice rendered through the technical experts that were part of IFAD’s missions, were all held out as good examples.
104. Supervision missions were undertaken annually, the reports were of good quality, and IFAD provided adequate support to the PCU in following up with the recommendations from the supervision missions. IFAD assisted the PCU with regards to: (i) developing its monitoring systems; (ii) doing surveys by giving inputs to methodologies and terms of reference; (iii) training in knowledge management; (iv) providing frequent contacts to IFAD senior consultant and country officer for Bangladesh; and (v) supplying rapid information about international experiences with containment of avian influenza after the 2007 outbreak in Bangladesh. IFAD’s role was effective, positive and encouraging throughout.

105. Based on the progress made and taking into account ground-level realities, the mid-term review mission agreed to adjust some targets set at appraisal and made budget reallocations, showing IFAD's flexibility in the process. However, as noted earlier in the report, the targets still appeared to be quite ambitious, in particular with regards to the training targets. Also, given that women's empowerment was part of the stated goal of the project, the provision of a gender specialist at PCU level would have substantially enriched the project's human resources, even though management costs would have increased accordingly.
106. IFAD's performance is rated as satisfactory (5), higher than the rating assigned by the PMD, given its flexibility and effective supervision and implementation support provided to the project.
107. **Government.** The Ministry of Finance provided support and oversight to PKSf and facilitated acquisition of funds from IFAD. PKSf signed a memorandum of understanding with the DLS. DLS was very supportive of MFTSP and provided different services. While there were reservations about the promptness and adequacy of DLS services, the project beneficiaries expressed satisfaction with the DLS contributions.
108. Through its actions, including financial contributions and effective implementation of recommendations and follow-up, PKSf confirmed its high level of ownership of the programme. The project was managed satisfactorily by a small, professional and committed team in the PCU. This unit was instrumental in implementing the project and being an important link between IFAD supervision missions and the partner organizations by ensuring implementation of mission recommendations. Most of the partner organizations selected were committed to project objectives and performed their roles with diligence.
109. Given the above, the Government's performance is rated as 5 (satisfactory).

E. Overall project achievement

110. Overall, despite differences from the targets set at appraisal and mid-term, the PPA's rating of MFTSP's overall achievement is 5 (satisfactory). Annex I gives a summary of ratings, including a comparison of ratings as per the PCR and PPA. The PMD ratings have been upgraded in one instance— IFAD performance, and downgraded in three instances— (i) effectiveness, (ii) impact on household incomes and assets, and (iii) impact on human and social capital and women's empowerment. The rationale for such upgrading and downgrading has been explained in the corresponding sections.

Key points

- The relevance of the project was rated as moderately satisfactory since although the choice of delivery mechanisms and implementation strategies were good, the targets for training were too ambitious and there lacked special provisions for targeting hard core poor. Effectiveness was rated as moderately satisfactory since even though the micro credit activities worked well, the technical support had relatively weaker influence. The operational and financial systems adopted by the project were efficient, which justified a satisfactory rating for efficiency.
- The rural poverty impact was also rated as satisfactory given the benefits that have accrued to the target groups in terms of food security and agricultural productivity, institutions and policies, as well as income generation and human and social capital and empowerment.
- Sustainability was rated as satisfactory given the success in terms of mainstreaming the bundling of technical services along with finance, and various good practices, including the engagement of LTAs. There were innovations that gained ground, non-traditional methods used and replicated elsewhere, which justified a rating of satisfactory for innovation and scaling up. On gender, significant mobilization of women as members and their high level of participation was the basis for assessing gender equality and women's empowerment as satisfactory.
- The performance of IFAD and the Government were both rated as satisfactory. IFAD was praised for its flexibility and effective supervision and implementation support. The Government played an active role and showed a high level of programme ownership.

IV. Conclusions and recommendations

A. Conclusions

111. The overall goal of MFTSP was the improved livelihoods and food security of moderately poor and hard core poor households and the empowerment of women. At the end of the project, the project households increased their income, improved quality of housing, sent children to school, and were better placed in terms of food security. Institutional capacity of PKSf and its partner organizations, in terms of implementing small-scale livestock development programmes in combination with provision of microcredit, was also enhanced. Microfinance, technical assistance and associated interactions with NGOs, markets and society in general made visible changes in the lives of participating women. They were empowered and their role was expanded both inside and outside the home.
112. MFTSP was a well-designed project that initiated a new trend in bundling technical support along with financial services. MFIs experienced positive outcomes and have internalised the technical personnel in their roles and absorbed their costs in the post-project period. The project had relevant objectives, design and implementation mechanisms. The choice of PKSf and the partner organizations as implementing agencies and partners resulted in an efficient arrangement for delivery of project services. The implementation arrangements were by and large sound (paragraphs 39-41). The targets were however rather ambitious (paragraph 42).
113. Overall the credit component performed well. A high percentage of group members could borrow, and most borrowers received loans in multiple rounds from the participating partner organizations. The shortfall in group membership relative to target was partly due to major external setbacks. The training efforts were good in terms of quality, with easy-to-understand pictorial educational material used to pass on information to the members. The non-conventional approaches to training and technical support, such as hands-on training and locally-placed poultry workers, increased absorption of inputs among users. The adoption of improved technologies was not high and the influence of technical support on livestock/poultry based IGA was not remarkable (paragraphs 30 and 47).

114. With regard to targeting, targeting hard core poor was not fully effective, both in terms of processes and the proportion of project benefits delivered (paragraphs 26, 31, 48, 49 and 63). While targeting women was effectively done, more could have been done to focus on qualitative aspects of women's participation – such as developing specialised women-centric IGA with necessary training, larger loans on par with men consistent with the activities financed, and training arrangements customised to take care of special needs of women (paragraphs 98-102).
115. The project offered some valuable lessons in design and delivery. The LTAs and poultry workers, locally placed, proved to be a great resource to rural households. That technical service delivery could be effectively delivered through trained, itinerant personnel was learned through this intervention (paragraph 45). However, the introduction of technical services along with financial services needed greater integration at the staff level of the delivery institution (the partner organizations). There was a need for better refinement of customer selection and appraisal processes to ensure that technical service delivery was closely aligned to lending, to avoid instances in which customers trained in some IGA were not given loans for these activities since the credit officers felt they were not suitable for such loans (paragraph 30).
116. Though the credit component of the project was by and large achieved by the partner organizations, there was a need to enhance the financial sustainability of these partner organizations. About 25 per cent of partner organizations were not covering their costs and thus not sustainable in the year ended June 2011 (paragraph 89). The portfolio quality, measured in terms of overdue loans as a percentage of outstanding loans, was not satisfactory though there were natural causes that led to overdue build up (paragraphs 19 and 25).
117. Some of the innovations from the project deserve wider application. Some good research studies have been undertaken and the results should be more widely disseminated. Some of the new practices introduced during the project are likely to be sustained and scaled up by the partner organizations and PKSf (paragraphs 93-96).

B. Recommendations

118. This section gives a number of recommendations that future IFAD operations in Bangladesh might consider.
119. Targeting hard core poor (see paragraph 114) should be undertaken in a more strategic manner. In design, some approaches to strategize the targeting mechanics should be suggested so that projects try to customise products and processes, and differentiate between the moderate poor and hard core poor. The targets should go beyond member enrolment to specify extent of services, quantum and quality of offering. Strategies such as how to identify the hard core poor, what kind of IGA would suit them, how to train them for those activities, and how to finance those activities, should be thought through in advance instead of identifying hard core poor and then thinking of ways to deal with them.
120. In gender (see paragraph 114), apart from number-based customer enrolment, quality engagement with women and services offered should also be monitored. Women-centric IGA should be prioritised and suitable training courses designed. Training should be customised with regard to location, timing and manner of delivery, keeping the special needs of women in mind. The presumption in some partner organizations that women need smaller sized loans compared to men, apparent from the loan disbursement data, should be dealt with.
121. While bundling non-financial services in a financial institution, the staff dealing with financial products should be trained along with the technical personnel responsible for the non-financial services. This would ensure that there is greater understanding of each other's needs and roles, and greater integration of service delivery.

Integration is necessary to ensure that technology support and financial services do not move on two parallel tracks to the customer's disadvantage (see paragraph 115).

122. Financial institutions should be selected as partners using viability and sustainability criteria so that at the end of the project they will take up continued financing as a business activity (see paragraph 116). Where institutions are not likely to become sustainable within a reasonable period, then selection criteria should prevent such institutions from becoming partners. The support from the project should be based on verifiable performance-based benchmarks.
123. Knowledge management across the project – PKSF, partner organizations and customers – deserves more attention (paragraph 117). The research studies carried out should be compiled into a book with salient findings being disseminated in a form that can be easily understood by the layperson. The knowledge internalised by the staff should not be allowed to dissipate through attrition of staff. Successful practices should be popularised through periodic communication to all partner organisations of the implementing agency and not just those who are partners in the specific project.

Rating comparison

<i>Criterion</i>	<i>IFAD-PMD ratings^a</i>	<i>PPA rating^a</i>	<i>Rating disconnect</i>
Project performance			
Relevance	4	4	0
Effectiveness	5	4	-1
Efficiency	5	5	0
Project performance^b	4.7	4.3	-0.4
Rural poverty impact			
Household income and net assets	5	4	-1
Human, social capital and empowerment	5	4	-1
Food security and agricultural productivity	5	5	0
Natural resources, environment, (and climate change)	4	NA	NA
Institutions and policies	5	5	0
Rural poverty impact^c	5	5	0
Other performance criteria			
Sustainability	5	5	0
Innovation and scaling up	5	5	0
Gender equality and women's empowerment	5	5	0
Overall project achievement^d	5	5	0
Performance of partners^e			
IFAD	4	5	+1
Government	5	5	0
Average net disconnect			-0.17

Ratings of the PCR document

<i>Ratings of the PCR document quality</i>	<i>PMD rating^a</i>	<i>IOE PCR V rating^a</i>	<i>Net disconnect</i>
Scope	4	4	0
Quality (methods, data, participatory process)	4	4	0
Lessons	5	5	0
Candour	4	4	0
Overall rating PCR document	NA	4	NA

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; NP = not provided; NA = not applicable.

^b Arithmetic average of ratings for relevance, effectiveness and efficiency.

^c This is not an average of ratings of individual impact domains.

^d This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender.

^e The rating for partners' performance is not a component of the overall assessment ratings.

Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	APR	Total project costs	20.2			
Country	Bangladesh	IFAD loan and % of total	16.3	80.7%		
Loan number	I-609-BD	Borrower				
Type of project (sub-sector)	Credit and financial services	Cofinancier 1:				
Financing type	E	Cofinancier 2				
Lending terms ^a	HC	Cofinancier 3				
Date of approval	10 April 2003	Cofinancier 4				
Date of loan signature	08 May 2003	From beneficiaries	0.2	1%		
Date of effectiveness	20 October 2003	From other sources: PKSF	3.7	18.3%		
Loan amendments		Number of beneficiaries (if appropriate, specify if direct or indirect)	276 000 households		237 336 households	
Loan closure extensions	None	Cooperating institution	IFAD			
Country programme managers	Thomas Rath (current CPM) Nigel Brett	Loan closing date	30 June 2011		30 June 2011	
Regional director(s)	Nigel Brett (Acting Director) Thomas Elhaut	Mid-term review			4-20 December 2006	
Project completion report reviewer	Oanh Nguyen	PCR date			June 2011	
Project completion report quality control panel	Anne Marie Lambert Ashwani Muthoo	IFAD loan disbursement at project completion (%)			94.54%	

Source: President's Report, PCR, PPMS, LGS (January 2012).

^a There are four types of lending terms: (i) special loans on highly concessional terms, free of interest but bearing a service charge of three fourths of one per cent (0.75%) per annum and having a maturity period of 40 years, including a grace period of 10 years; (ii) loans on hardened terms bearing a service charge of three fourths of one per cent (0.75%) per annum and having a maturity period of 20 years, including a grace period of 10 years; (iii) loans on intermediate terms with a rate of interest per annum equivalent to 50% of the variable reference interest rate, and a maturity period of 20 years, including a grace period of five years; (iv) loans on ordinary terms with a rate of interest per annum equivalent to 100 per cent (100%) of the variable reference interest rate, and a maturity period of 15 to 18 years, including a grace period of three years.

Terms of reference

I. Background

1. The *Peer Review of IFAD's Office of Evaluation and Evaluation Function* conducted by the Evaluation Cooperation Group in 2010 recommended that the Independent Office of Evaluation of IFAD (IOE) transform its approach to project-level evaluation by undertaking project completion report validations (PCRVs) and, on a selective basis, project performance assessments (PPAs). PCRVs essentially consist of independent desk reviews of project completion reports (PCRs) and other available and relevant project documentation.¹ PPAs are undertaken on a selected² number of projects that have previously undergone a PCRV, and include focused field visits. PPAs are not expected to investigate all activities financed under projects/programmes or to undertake in-depth impact assessments, but rather to fill major information gaps, inconsistencies and analytical weaknesses of PCRs and further validate the explanations, conclusions and lessons presented in PCRs. Another purpose of PPAs is to shed light on selected features of project/programme implementation history not adequately analysed in PCRs, hence contributing to learning and accountability. In this regard, the Microfinance and Technical Support Project (MFTSP) in Bangladesh has been selected for a PPA.

II. The project

2. **Country context.** Bangladesh has continued impressive economic and social gains over the past decade. Nevertheless, it remains a low income country with substantial poverty, inequality and deprivation. About 60 million people, or 40 per cent of the population, are living below the poverty line, with a significant proportion in extreme poverty. Although the share of agriculture in GDP has fallen to less than 20 per cent, it still employs 44 per cent of the labour force. However, with urbanization, the amount of farm land is shrinking and most rural households now have little, if any, cultivable land. The country is also particularly vulnerable to climate change.
3. **Project area.** The Microfinance and Technical Support Project (MFTSP) covered 13 districts³ in northeast and southwest parts of Bangladesh with a rural population of 20.85 million. The 13 districts had 96 upazilas (subdistricts), 945 unions and 18,208 villages. Average household size ranged from 4.7 to 6.1 people. An estimated 2.2 million out of the total 4.3 million households in the project area were below the poverty line at the time of appraisal (i.e. consuming equivalent to 2,112 kilocalories/person/day). They were dependent on farming, livestock rearing and income from migration. The vulnerability of the poor was increased by floods, dependency on money lenders, seasonality of income and emergencies caused by illness. Formal government services for livestock and agriculture at the local level were limited.
4. **Project rationales and objectives.** The project's goal is the improved livelihoods and food security of moderately poor and hard core poor households, and the empowerment of women. Its objectives are the adoption of sustainable income generating activities and livestock technologies by the moderately poor and hard

¹ The PCRV performs the following functions: (i) independent verification of the analytical quality of the PCR; (ii) independent assessment of project performance and results through desk review (including ratings); (iii) extrapolation of key substantive findings and lessons learned for further synthesis and systematization exercises; (iv) identification of recommendations for future projects/programmes; and (v) formulating recommendations for strengthening future PCRs. A copy of the PCRV on MFTSP is available upon request.

² The selection criteria for PPA are: (i) major information gaps, inconsistencies and analytical weaknesses in the PCR found by IOE during the validation process; (ii) innovative project approaches; (iii) need to build up an evidence base for future higher plane evaluations; (iv) geographical balance; and (v) any disconnect between the ratings contained in the PCR and those generated by IOE during the validation process.

³ Barisal, Bhola, Brahmanbaria, Faridpur, Gopalganj, Habiganj, Jhalokati, Kishorganj, Madaripur, Moulvibazar, Pirojpur, Shariatpur, and Sylhet.

core poor and the acquisition of livestock knowledge by Palli Karma-Sahayak Foundation (PKSF) and its partner organizations, which are local non-governmental organizations (NGOs). PKSF is a financially sound, autonomous apex microfinance institution (MFI) established by the Government in 1990, which channels donor and government funds to NGOs to finance their microfinance programmes.

5. The project has six expected outputs: (i) sustainable savings and credit programmes; (ii) establishment of community based organizations; (iii) livestock and other skills developed amongst beneficiaries, and technical skills provided by NGOs; (iv) input supply assured; (v) livestock technology developed and tested; and (vi) private sector and NGOs with a capacity to support livestock producers.
6. **Project "target" population.** The target group of the project consisted of households in rural areas owning less than 0.50 acres of arable land, or with total assets not exceeding the value of one acre of land in that locality. It was projected that the project would directly benefit 276,000 households (25 per cent of the Millennium Development Goal target for the project area). Of this total, the project specifically targeted hard core poor households (i.e. consuming less than 1,805 kcals/person/day), with 25 per cent of the beneficiaries selected from this group. Landless women were the major target group, envisaged at 90 per cent by the appraisal document.
7. **Project components and cost.** The project had three components: (i) microcredit, with a cost of US\$ 10.5 million or 52.3 per cent of the total costs; (ii) technical support, with four sub-components (training for beneficiaries, training for partner organizations staff, training for PKSF and other government staff, and research and development) and a cost of US\$ 5.9 million, or 29.3 per cent of total costs; and (iii) project implementation support, with three sub-components (project coordination, monitoring and evaluation, and support to partner organizations) and a cost of US\$ 3.7 million or 18.4 per cent of total project costs.
8. The above cost estimations at appraisal were revised in June 2007 following the mid-term review, and revised another time in July 2010 based on the expenditure trends observed at the time of the revisions, and also to better respond to changing field level realities. The following table shows the component-wide breakdown of estimated costs and actual expenditure.

Annex III - Table 1

Estimated project costs and actual expenditure as of 31 December 2010 (in 000 USD)⁴

<i>Component</i>	<i>Estimated at appraisal</i>	<i>Revised at Mid-term review</i>	<i>Estimated at final revision on 19/07/2010</i>	<i>Actual expenditure</i>
Microcredit	10 546	18 600	18 253	17 837
Training for the beneficiaries	4 925	2 165	1 448	1 064
Training for partner organizations staff	392	317	319	278
Training for PKSF and other government staff	356	350	451	430
Research and development	232	199	184	148
Total technical support	5 905	3 031	2 402	1 920
Project coordination	897	665	754	719
Monitoring and Evaluation	226	45	71	21
Support to partner organizations	2 593	2 339	3 134	2 742
<i>Equipment loan</i>	828	894	441	370
<i>Grants</i>	1 765	1 445	2 693	2 372
Total project implementation support	3 716	3 049	3 959	3 482
Grand Total	20 167	24 680	24 614	23 239

Source: PCR (2011)

⁴ USD 1 = 69.35 BDTK represents the exchange rate when the last fund transaction was made on May 26, 2010.

9. To facilitate implementation, the project had a Project Coordination Unit (PCU) staffed with a Project Manager, a Livestock Coordinator, two training officers and a Monitoring and Evaluation officer. PKSF took overall responsibility for the execution of the project, working in close cooperation with 24 partner organizations and establishing 130 new area offices. Support to the partner organizations included the salary of a Livestock Technical Assistant for every new area office and the salary of credit assistants. The project was implemented over a period of seven years from 2003-2010.

III. Methodology

10. **Objectives.** The main objectives of this PPA are to (i) assess the results and impacts of the project, and (ii) generate findings and recommendations for the design and implementation of other IFAD-funded operations in Bangladesh.
11. **Scope.** Due to time and budget constraints, the PPA will not investigate the full spectrum of project activities and achievements. Rather, it will gather additional evidence only on the major information gaps of the PCR and on issues deserving further investigation (see section below). The PPA will also put emphasis on further issues emerging during the PPA process.
12. **Evaluation criteria.** In line with the evaluation criteria outlined in the Evaluation Manual of IFAD (2009) and the additional evaluation criteria (2010),⁵ and the IOE Guidelines for PCR and PPA (Jan 2012), the key evaluation criteria applied in this PPA will include:
 - i. **Relevance**, which is assessed both in terms of alignment of project objectives with country and IFAD policies for agriculture and rural development and the needs of the rural poor, as well as project design features geared to the achievement of project objectives.
 - ii. **Effectiveness**, which measures the extent to which the project's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance.
 - iii. **Efficiency**, which indicates how economically resources/inputs are converted into results.
 - iv. **Rural poverty impact**, which is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions. Five impact domains are employed to generate a composite indication of rural poverty impact: household income and assets; human and social capital and empowerment; food security and agricultural productivity; natural resources, environment and climate change; and institutions and policies.
 - v. **Sustainability**, indicating the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
 - vi. **Pro-poor innovation and scaling up**, assessing the extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction and the extent to which these interventions have been (or are likely to be) scaled up by the government, private sector and other agencies.
 - vii. **Gender equality and women's empowerment.** This criterion is related to the relevance of design in terms of gender equality and women's

⁵ Gender, climate change and scaling up

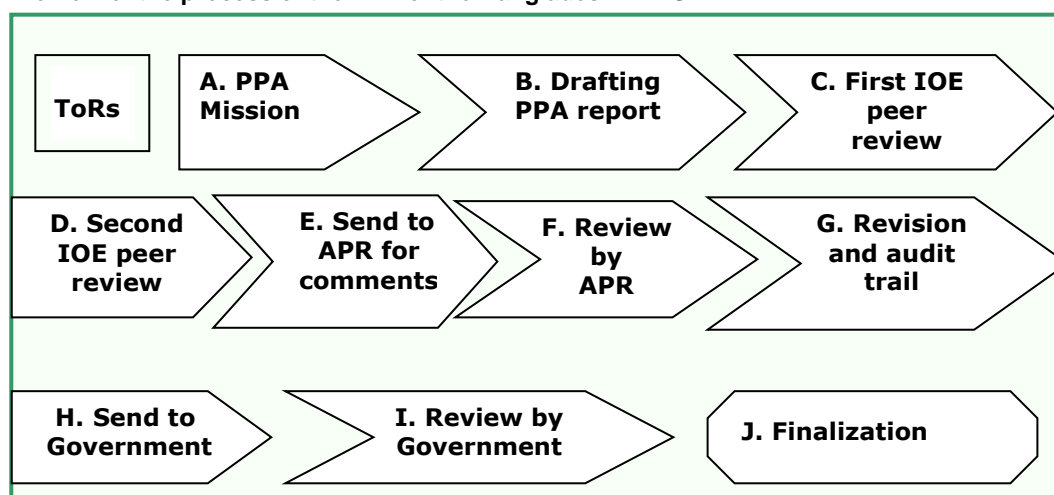
empowerment, the level of resources committed, and changes promoted by the project.

13. **Data collection.** The initial findings will be retrieved from the PCRV. During the PPA mission, additional primary and secondary data will be collected to reach an independent assessment of the performance and results. Data collection methods will mostly include qualitative participatory techniques. The methods deployed will be individual and group interviews, focus group discussions with beneficiaries, and direct observation. Questionnaire-based surveys are not applicable, because the short duration of the mission will not allow the generation of an adequate sample size. The PPA will also make use – where applicable – of the additional data available through the project M&E system. Triangulation will be applied to verify findings emerging from different information sources.
14. **Participation.** In compliance with the Evaluation Policy 2011, the main stakeholders of the programme will be involved throughout the evaluation to ensure that the key concerns of the stakeholders are taken into account in the evaluation, and the evaluators fully understand the context in which the programme has been implemented, and the opportunities and the constraints faced by the implementing institutions. Regular interaction and communication will be established with the regional division, Asia and the Pacific Division (APR), and Government of Bangladesh. Formal and informal opportunities will be explored during the process for discussing findings, recommendations and lessons.

IV. Evaluation process

15. The overall processes of the PPA include five phases: desk work, country work, drafting report and peer review, reviews by APR and Government phase, and the final phase of communication and dissemination.
16. **Desk work.** The PCRV would derive the initial findings and the key issues to be investigated in the PPA. The draft PCRV has been shared with APR for comments before the PPA team undertakes the mission to the country.
17. **Country work.** The PPA mission is scheduled from 4-12 March. The mission will interact with the Government, local authorities, private sector partners, NGOs, project staff and project clients (beneficiaries), and collect information from the programme M&E system and other sources. At the end of the mission, a brief will be provided to the IFAD partner Ministry(ies), and a wrap-up meeting will be held in Dhaka to summarise the preliminary findings and discuss the key strategic and operational issues.
18. **Drafting report and peer review.** At the conclusion of the field visit, a draft PPA report will be prepared and subject to IOE internal peer review for quality assurance. Mr Ashwani Muthoo, Deputy Director, and Ms Anne-Marie Lambert, Senior Evaluation Officer, will be the peer reviewers for this PPA.
19. **Review by APR and Government of Bangladesh.** The PPA report will then be shared with APR and thereafter the Government for comments. Upon receipt of the Government's comments, IOE will finalise the report.
20. **Communication and dissemination.** The final report will be disseminated to key stakeholders in the country and in IFAD. It will also be posted on the evaluation website of IFAD.

Figure 1
The flow of the process of the PPA of the Bangladesh MFTSP



V. Key issues for investigation

21. Based on the findings from the PCR, MFTSP has been rather successful in developing financial services for the poor, promoting livestock businesses, and enhancing technical knowledge of livestock farm management. It has contributed to increasing income and reducing poverty, although the beneficiaries suffered setbacks due to natural disasters and avian influenza and anthrax epidemics. As mentioned in paragraph 11, for the PPA a few issues have been identified for in-depth investigation. These are either selected features of the project's implementation history not adequately analysed in the PCR, or issues which are relevant to today's challenges and hence could bring lessons for future projects in Bangladesh. Below are these proposed issues/questions, which may be subject to change during the PPA process with new emerging findings.
22. **Sustainability.** Institutional sustainability is fundamental if a financial service provider is to grow beyond initial donor or investor support. The sustainability of a financial service provider hinges on its profitability, outreach, resource mobilization and the appropriate legal status of operations. The PPA will assess the sustainability of the lending partner organizations and see how they are placed after project closure. Also it will assess if arrangements have been made to sustain livestock management change practices.
23. **Innovation and scaling up.** What are the most important innovations promoted by the project? Have the innovations promoted by the project been (or are likely to be) scaled up by the Government, PKSF or other partners?
24. **Targeting.** The PPA will assess what instruments have been used for targeting and what lessons have been learned for the future. It will also assess why hard core poor were not covered to the extent of the targets, and why the northeast zone did less well than the southwest zone.
25. **Microfinance component.** The PPA will assess if the project introduced new financial instruments / practices to support the livelihood activities, if the loan size (per capita) kept pace with inflation, and if there were loan adequacy issues.
26. **Technical support component.** Did the reduced expenditure on technical support adversely impact the project or were there cost-efficient alternatives which need to be highlighted for use elsewhere?

VI. The evaluation team

27. Under the supervision of Mr Luciano Lavizzari, Director IOE, Ms Oanh Nguyen, IOE Evaluation Research Analyst, has been appointed as the lead evaluator for this PPA, and will be responsible for delivering the PPA report. Ms Nguyen will be assisted by a senior consultant, Mr. Narasimhan Srinivasan, microfinance specialist, who will contribute to the draft PPA report with a write up on findings and recommendations related to the above issues.

Methodological note on project performance assessments

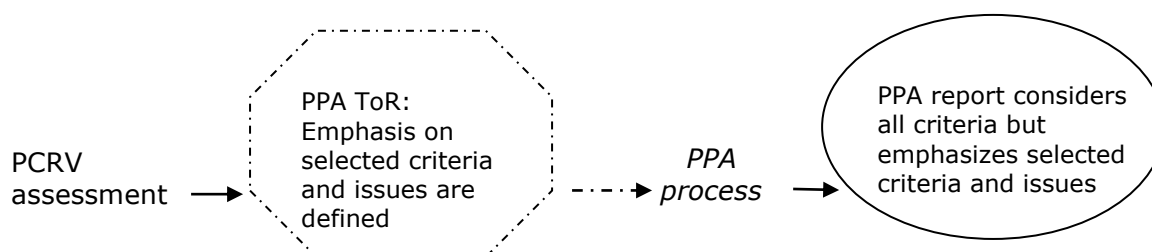
A. What is a project performance assessment? ¹

1. The project performance assessment (PPA) conducted by the Independent Office of Evaluation of IFAD (IOE) entails one mission of 7-10 days² and two mission members.³ PPAs are conducted on a sample of projects for which project completion reports have been validated by IOE, and take account of the following criteria (not mutually exclusive): (i) synergies with forthcoming or ongoing IOE evaluations (e.g. Country Programme Evaluations/ or Corporate level Evaluation); (ii) major information gaps in PCRs; (iii) novel approaches; and (iv) geographic balance.
2. The objectives of the PPA are to: assess the results and impact of the project under consideration; and (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country involved. When the PPA is to be used as an input for a CPE, this should be reflected at the beginning of the report. The PPA is based on the project completion report validation (PCR) results, further desk review, interviews at IFAD headquarters and a dedicated mission to the country that includes meetings in the capital city and field visits. The scope of the PPA is set out in the respective terms of reference.

B. Preparing a PPA

3. Based on the results of the PCR, IOE prepares brief terms of reference (ToR) for the PPA in order to sharpen the focus of the exercise.⁴ As in the case of PCRs, PPAs do not attempt to respond to each and every question contained in the Evaluation Manual. Instead, they concentrate on the most salient facets of the criteria calling for PPA analysis, especially those not adequately explained in the PCR.
4. When preparing a PPA, the emphasis placed on each evaluation criterion will depend both on the PCR assessment and on findings that emerge during the PPA process. When a criterion or issue is not identified as problematic or in need of further investigation, and no additional information or evidence emerges during the PPA process, the PPA report will re-elaborate the PCR findings.

Scope of the PPA



¹ Extract from the PCR and PPA Guidelines.

² PPAs are to be conducted within a budget ceiling of US\$25,000.

³ Typically, a PPA mission would be conducted by an IOE staff member with the support of a consultant (international or national). An additional (national) consultant may be recruited if required and feasible within the evaluation budget.

⁴ Rather than an approach paper, IOE prepares terms of reference for PPAs. These terms of reference ensure coverage of information gaps, areas of focus identified through PCRs and comments by the country programme manager, and ensure the PPA will concentrate on these areas. The terms of reference will be included as an annex to the PPA.

C. Evaluation criteria

5. The PPA is well suited to provide an informed summary assessment of project relevance. This includes assessing the relevance of project objectives and design. While, at the design stage, project logical frameworks are sometimes succinct and sketchy, they do contain a number of (tacit) assumptions on mechanisms and processes expected to generate the final results. At the post-completion phase, and with the benefit of hindsight, it will be clearer to the evaluators which of these assumptions have proved to be realistic, and which did not hold up during implementation and why.
6. For example, the PPA of a project with a major agricultural marketing component may consider whether the project framework incorporated key information on the value chain. Did it investigate issues relating to input and output markets (distance, information, monopolistic power)? Did it make realistic assumptions on post-harvest conservation and losses? In such cases, staff responsible for the PPA will not be expected to conduct extensive market analyses, but might consider the different steps involved (e.g. production, processing, transportation, distribution, retail), and conduct interviews with selected actors along the value chain.
7. An assessment of effectiveness, the extent to which a project's overall objectives have been achieved, should be made preferably at project completion, when the components are expected to have been executed and all resources fully utilized. The PPA considers the overall objectives⁵ set out in the final project design document and as modified during implementation. At the same time, it should be flexible enough to capture good performance or under-performance in areas that were not defined as an objective in the initial design but emerged during the course of implementation.
8. The PPA mission may interview farmers regarding an extension component, the objective of which was to diffuse a certain agricultural practice (say, adoption of a soil nutrient conservation technique). The purpose here would be to understand whether the farmers found it useful, to what extent they applied it, and their perception of the results obtained. The PPA may look into reasons for the farmers' interest in new techniques and into adoption rates. For example, was the extension message delivered through lectures? Did extension agents use audio-visual tools? Did extension agents engage farmers in interactive and participatory modules? These types of questions help illustrate *why* certain initiatives have been conducive (or not conducive) to obtaining the desired results.
9. The Evaluation Manual suggests methods for assessing efficiency, such as calculating the economic internal rate of return (EIRR),⁶ estimating unit costs and comparing them with standards (cost-effectiveness approach), or addressing managerial aspects of efficiency (timely delivery of activities, respect of budget provisions). The documentation used in preparing the PCRV should normally provide sufficient evidence of delays and cost overruns, and make it possible to explain why they happened.
10. As far as rural poverty impact is concerned, the following domains are contemplated in the Evaluation Manual: (a) household income and assets; (b) human and social capital and empowerment; (c) food security and agricultural

⁵ Overall objectives will be considered as a reference for assessing effectiveness. However, these are not always stated clearly or consistently throughout the documentation. The assessment may be made by component if objectives are defined by components; however the evaluation will try to establish a correspondence between the overall objectives and outputs.

⁶ Calculating an EIRR may be challenging for a PPA as it is time consuming and the required high quality data is often not available. The PPA may help verify whether some of the crucial assumptions for EIRR calculation are consistent with field observations. The mission may also help shed light on the cost-effectiveness aspects of efficiency; for example, whether in an irrigation project a simple upgrade of traditional seasonal flood water canalization systems might have been an option, rather than investing in a complex irrigation system, when access to markets is seriously constrained.

productivity; (d) natural resources, the environment and climate change;⁷ and (e) institutions and policies. As shown in past evaluations, IFAD-funded projects generally collect very little data on household or community-level impact indicators. Even when impact data is available, both the quality and methodological rigour of impact assessments are still questionable. For example, although data reports significant increases in household assets, this may be due to exogenous factors (e.g. falling prices of certain commodities; a general economic upturn; households receiving remittances), and not to the project.

11. PPAs may help address the “attribution issue” (i.e. establishing to what extent certain results are due to a development intervention rather than to exogenous factors) by:
 - (i) following the logical chain of the project, identifying key hypotheses and reassessing the plausibility chain; and
 - (ii) conducting interviews with non-beneficiaries sharing key characteristics (e.g. socio-economic status, livelihoods, farming system), which would give the mission an idea of what would have happened without the project (counterfactual).⁸
12. When sufficient resources are available, simple data collection exercises (mini-surveys) may be conducted by a local consultant prior to the PPA mission.⁹ Another non-mutually exclusive option is to spot-check typical data ranges or patterns described in the PCR by means of case studies (e.g. do PCR claims regarding increases in average food-secure months fall within the typical ranges recorded in the field?). It is to be noted that while data collected by a PPA mission may not be representative in a statistical sense, such data often provides useful reference points and insights. It is important to exercise care in selecting sites for interviews in order to avoid blatant cases of non-beneficiaries profiting from the project. Sites for field visits are selected by IOE in consultation with the government concerned. Government staff may also accompany the PPA mission on these visits.
13. The typical timing of the PPA (1-2 years after project closure) may be useful for identifying factors that enhance or threaten the sustainability of benefits. By that stage, the project management unit may have been disbanded and some of the support activities (technical, financial, organizational) terminated, unless a second phase is going forward or other funding has become available. Typical factors of sustainability (political support, availability of budgetary resources for maintenance, technical capacity, commitment, ownership by the beneficiaries, environmental resilience) can be better understood at the ex post stage.
14. The PPA also concentrates on IFAD’s role with regard to the promotion of innovations and scaling up. For example, it might be observed that some innovations are easily scaled up at low cost (e.g. simple but improved cattle-rearing practices that can be disseminated with limited funding). In other cases, scaling up may involve risks: consider the case of a high-yield crop variety for which market demand is static. Broad adoption of the variety may be beneficial in terms of ensuring food security, but may also depress market prices and thereby reduce sale revenues for many households unless there are other, complementary activities for the processing of raw products.
15. The PPA addresses gender equality and women’s empowerment, a criterion recently introduced into IFAD’s evaluation methodology. This relates to the emphasis placed on gender issues: whether it has been followed up during implementation, including the monitoring of gender-related indicators; and the results achieved.

⁷ Climate change criterion will be addressed if and when pertinent in the context of the project, as most completed projects evaluated did not integrate this issue into the project design.

⁸ See also the discussion of attribution issues in the section on PCRVs.

⁹ If the PPA is conducted in the context of a country programme evaluation, then the PPA can piggyback on the CPE and dedicate more resources to primary data collection.

16. Information from the PCR/V may be often sufficient to assess the performance of partners, namely IFAD and the government. The PPA mission may provide further insights, such as on IFAD's responsiveness, if relevant, to implementation issues or problems of coordination among the project implementation unit and local and central governments. The PPA does not assess the performance of cooperating institutions, which now has little or no learning value for IFAD.
17. Having completed the analysis, the PPA provides its own ratings in accordance with the evaluation criteria and compares them with PMD's ratings. PPA ratings are final for evaluation reporting purposes. The PPA also rates the quality of the PCR document.
18. The PPA formulates short conclusions – a storyline of the main findings. Thereafter, a few key recommendations are presented with a view to following up projects, or other interventions with a similar focus or components in different areas of the country.¹⁰

¹⁰ Practices differ among multilateral development banks, including recommendations in PPAs. At the World Bank, there are no recommendations but "lessons learned" are presented in a typical PPA. On the other hand, PPAs prepared by Asian Development Bank include "issues and lessons" as well as "follow-up actions" although the latter tend to take the form of either generic technical guidelines for a future (hypothetical) intervention in the same sector or for an ongoing follow-up project (at Asian Development Bank, PPAs are undertaken at least three years after project closure).

Definition of the evaluation criteria used by IOE

<i>Criteria</i>	<i>Definition^a</i>
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact^b	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
<ul style="list-style-type: none"> Household income and assets 	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
<ul style="list-style-type: none"> Human and social capital and empowerment 	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
<ul style="list-style-type: none"> Food security and agricultural productivity 	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
<ul style="list-style-type: none"> Natural resources and the environment and climate change 	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment, as well as in mitigating the negative impact of climate change or promoting adaptation measures.
<ul style="list-style-type: none"> Institutions and policies 	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
<ul style="list-style-type: none"> Sustainability 	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
<ul style="list-style-type: none"> Innovation and scaling up 	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and other agencies.
<ul style="list-style-type: none"> Gender equality and women's empowerment 	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners	
<ul style="list-style-type: none"> IFAD 	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.
<ul style="list-style-type: none"> Government 	

^a These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

^b The IFAD Evaluation Manual also deals with the "lack of intervention", that is no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

List of key persons met

A. In Dhaka

Ms Nurjahan Begum, Joint Secretary, Economic Relations Division, Ministry of Finance

Mr Golam Sarwar Howlader, Deputy Chief, Economic Relations Division, Ministry of Finance

Dr Quazi Mesbahuddin Ahmed, Managing Director, PKSf

Mr Md Fazlul Kader, Deputy Managing Director, PKSf

Mr Golam Touhid, General Manager (Operations), PKSf

Mr Gokul Chandra Biswas, Manager (Operations), PKSf

Mr Manir Hussain, Deputy Manager (Operation), PKSf

Dr M.A. Haider, Training Officer, PKSf

Ms Nusrat Sharmin Huq, Microenterprise Specialist, PKSf

Ms Shagufta Shameen, Officer (Finance & Accounts), PKSf

Mr Shahadat, Assistant Manager, FEDEC, PKSf

Mr Ashraf, Consultant, PKSf

Dr Ainul Haque, Assistant Director (Animal Health & Administration), Department of Livestock Services

Mr Mahbulul Islam Khan, IFAD Country Presence Officer

Mr Khandakar Muzharul Haque, Executive Vice-Chairman, Microcredit Regulatory Authority

Mr Gregory Chen, Regional Representative South Asia, CGAP

Mr Ishtiaq Mohiuddin, Director, Microfinance, BRAC

Mr Syed M. Hashemi, Director, BRAC Development Institute

Ms Anna Minj, Director, Community Empowerment Programme and Integrated Development Programme, BRAC

Ms Khaleda Khanom, Programme Coordinator, Gender Justice and Diversity, BRAC

Mr Mohammed Kamruzzaman, Monitoring and Evaluation Specialist, Gender Justice and Diversity, BRAC

Dr Mat Yamage, FAO Chief Technical Advisor/Country Team Leader, Emergency Centre for Trans-boundary Animal Diseases Bangladesh, Avian Influenza Unit

Tesfai Tseggai, FAO Technical Assistance Services Team Leader, Avian Influenza Unit

Nitish C. Debrath, FAO National Consultant, Avian Influenza Unit

Dr Shahjahan, FAO National Consultant, Avian Influenza Unit

Dr Friederike Mayen, FAO International Consultant, Outbreak Response Management, Avian Influenza Unit

Mr David Hadoll, FAO International Consultant, Avian Influenza Unit

Dr Zakiul Hasan, FAO National Consultant, Avian Influenza Unit

Mr Mahbulul Haque, FAO National Consultant, Avian Influenza Unit

Ms Basanti Rani Saha, Deputy Director, National Agricultural Technology Project, Department of Livestock Services

Dr Abdur Razzaque, Project Director, National Agricultural Technology Project, Ministry of Agriculture (Retired Executive Chairman of Bangladesh Agricultural Research Council)

Mr Michael A Roy, Management Consultant, Community Based Resource Management Project, Local Government Engineering Department

B. Field visits

Sylhet district

I. Meeting with staff of partner organization TMSS

Md Mahmudur Rahid, Joint Director TMSS Dhaka
Md Rezaul Karim, Zone Manager
Md Abdul Mader Kanda, Zone Manager
S M Maftun Ahmed, Area Manager
Md Ibrahim Khalet, Branch Manager
Md Ekramud Haque, Area Manager
Md Mahbubul Alam, Livestock Technical Assistant
Md Nazrul Islam, Livestock Technical Assistant
M A K Azad, Livestock Technical Assistant
Md Husman Ali, Livestock Technical Assistant
Md Muzaharul Islam, Area Manager
Md Ezar Ali, Livestock Technical Assistant
Md Azizul Haque, Livestock Technical Assistant
Md Anamul Haque, Branch Manager
Md Shadumuz Alam, Assistant Branch Manager
Md Abdul Hakim, Livestock Technical Assistant
Arcabindu Roy, Field Staff
Md Tozabsli, Field Staff
Md Sahidul Islam, Field Staff
Md Naharul Islam, Field Staff
Md Zahidal Islam, Branch Manager

II. Meeting with beneficiaries

Focus group discussions with two women's groups; visit broiler farm, poultry keeper unit, chick rearing unit, dairy farm, grass cultivation plot, mini-hatchery and model breeder units.

Habiganj district

I. Meeting with staff of partner organization CCDA

Sukumar Debroy, Deputy Executive Director, CCDA Dhaka
Md Azizur Rahaman, Livestock Technical Assistant
Bamir C Shale, Programme Officer
Jawhar lal Zey, Area Coordinator
Md Abdul Haque, Livestock Technical Assistant
Bibi Kulsum, Management Information System
Bwapon Chandr Shil, Associate Programme Office
Krishna Kanta Bhadra, Liaison Officer

II. Meeting with beneficiaries

Focus group discussion with two women's groups; visit mini-hatchery unit, goat rearing farm, buck station and broiler farm

Shariatpur district

I. Meeting with staff of partner organization SDS

Mozibur Rahman, Executive Director
B M Kamroul Hassan, Sector Chief

M M Abdul Hafiz, Coordinator Microfinance
Hoducara Bien, Branch Manager
K M Ahsan Kabir, Branch Manager
Helena Rani Dey, Branch Manager
Shakhawat Hossain, Branch Manager
Shankar Das, Livestock Technical Assistant
Salma Akhter, Field Worker
Md Shahidul Islam, Livestock Technical Assistant
Md Nazmul Haque, Area Manager
Rahman Akter Tapoti, Field Worker
Farun Haser, Field Worker
Monirujjaman, Livestock Technical Assistant
Md Haider Hossain, Livestock Technical Assistant

II. Meeting with beneficiaries

Focus group discussion with one women's group; visit mini-hatchery, model breeder, goat keeper, cow rearing and grass field

C. List of participants at the wrap-up meeting in PKSf, Dhaka

Md Fazlul Kader, Deputy Managing Director, PKSf
Gokul Chandra Biswas, Manager (Operations), PKSf
Partha Rathi Sarker, Director, Extension, Department of Livestock Services
Iqbal Ahammed, Executive Director, Padakhep Manabik Unnayan Kendra
S.A. Wahab, Executive Director, Gono Unnayan Procheta
Mozibur Rahman, Executive Director, Shariatpur Development Society
Saiful Islam Robin, Executive Director, BEES Bangladesh Extension Education
Mohammad Hasan Ali, Executive Director, Pally Bikash Kendra
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Livestock technical assistants (LTAs) engaged by the partner NGOs

No	Name of partner organizations	LTA engaged by the partner NGOs in the project period	No. of LTA (as of Dec 2010)	No. of LTA (as of Jan 2012))
1	Bangladesh Development Society (BDS)	6	6	2
2	Bangladesh Extension Education (BEES)	8	8	5
3	CARSA Foundation	2	2	2
4	Centre for Community Development Assistance (CCDA)	14	6	5
5	Coastal Association for Social Transformation Trust	14	14	14
6	Dak Diye Jai (DDJ)	5	4	4
7	Eskandar Welfare Foundation (EWF)	7	7	4
8	Gono Unnayan Prochesta (GUP)	4	4	4
9	Grameen Jano Unnayan Sangstha (GJUS)	4	4	4
10	Hilful Fuzul Samaj Kallyan Sangstha (HFSKS)	8	8	8
11	Samannita Samaj Unnayan Sangstha (ICDA)	5	5	5
12	Padakhep Manabik Unnayan Kendra (PMUK)	11	8	5
13	Pally Bikash Kendra (PBK)	6	6	4
14	People's Oriented Programme Implementation (POPI)	10	10	10
15	Palli Progati Sahayak Samity (PPSS)	6	6	3
16	Society Development Committee (SDC)	9	9	7
17	Shariatpur Development Society (SDS)	6	6	6
18	Society for Social Service (SSS)	6	6	4
19	Sangkalpa Trust	6	5	4
20	TMSS	13	13	13
21	NUSA	4	4	4
22	United Development Initiatives for Programmed Actions (UDDIPAN)	3	3	3
23	Voluntary Association for Rural Development (VARD)	No data		
24	Annesha Foundation	No data		
Total		157	144	120

Source: PKSf

Current recovery rate of the partner organizations

No	Name of partner organizations	CRR – December 2010 (%)
1	Bangladesh Development Society (BDS)	98.00
2	Bangladesh Extension Education (BEES)	99.30
3	CARSA Foundation	99.32
4	Centre for Community Development Assistance (CCDA)	99.61
5	Coastal Association for Social Transformation Trust	99.00
6	Dak Dia Jai (DDJ)	98.47
7	Eskandar Welfare Foundation (EWF)	93.00
8	Gono Unnayan Prochesta (GUP)	98.73
9	Grameen Jano Unnayan Sangstha (GJUS)	99.07
10	Hilful Fuzul Samaj Kallyan Sangstha (HFSKS)	98.98
11	Samannita Samaj Unnayan Sangstha (ICDA)	98.67
12	Padakhep Manabik Unnayan Kendra (PMUK)	97.47
13	Pally Bikash Kendra (PBK)	98.96
14	People's Oriented Programme Implementation (POPI)	96.99
15	Palli Progati Sahayak Samity (PPSS)	99.61
16	Society Development Committee (SDC)	99.54
17	Shariatpur Development Society (SDS)	99.34
18	Society for Social Service (SSS)	99.15
19	Sangkalpa Trust	92.85
20	TMSS	99.76
21	NUSA	99.19
22	United Development Initiatives for Programmed Actions (UDDIPAN)	99.74
23	Voluntary Association for Rural Development (VARD)	No data
24	Annesha Foundation	98.2

Source: PKSf



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