

### Cameroon: National Microfinance Programme Support Project

Item	Assessment Remarks	Rating
<b>Country &amp; Project Name</b>	<b>Cameroon: National Microfinance Programme Support Project (PPMF)</b>	
Loan No.	522-CM	
Project Id.	1126	
Board Date	09 Dec 1999	
Effectiveness Date	23 Apr 2001	
Original Closing Date	31 Dec 2007	
Final Closing Date	31 Dec 2007	
Total Project Cost USD(M)	13.54	
IFAD loan USD (M)	11.05 (30% disbursed)	
Cofinanciers (if any)	-	
Implementing Agency	Ministry of Economy and Finance (MINEF)	
Principal Components	The overall objective of the programme was to develop, maintain and consolidate a system of duly supervised MFI accessible to all, including the rural poor, in particular the women and the youth. More specifically it aimed to: (i) strengthen the capacities of the ministry of economy and finances in its supervision, control and coordination functions; (ii) provide support to the consolidation of MFI networks, incl. extension of geographical coverage and diversification of services; and (iii) provide support to the analysis and dissemination of best practices in terms of institutional development and products. Project activities were divided into four components: (a) MFI development and professionalization; (b) action research; (c) institutional support; and (d) project coordination.	
<b>Project Performance</b>		
Design	The project was designed in 1999, well before the adoption of IFAD's Strategic Framework. It was designed to support implementation of the national microfinance programme with the overall objective to facilitate the access of the rural poor to quality financial services. The entry point and approach were however not well chosen and did not ensure that the needs of the rural poor would be addressed. The project was designed to provide broad support to the microfinance sector as a whole and to the different MFI networks in particular, and it was assumed that the benefits would automatically trickle down to the rural poor. It became quickly apparent, however, that the poor could only be reached if their capacities and needs were carefully analysed, taking into account the specificities of their respective socio-economic and cultural context. This required a more focused and geographically limited approach as opposed to a broad-based national approach. The project failed to carry out a baseline to assess needs and, later on, measure the impact of its interventions on the living conditions of the rural poor. Also, the objectives set were generally too ambitious.	2
Implementation	Implementation has suffered from the beginning from a major disagreement between implementing partners about the project's strategy of intervention. This has hampered project implementation and led to substantial delays. Effectiveness was declared more than one year after approval and disbursement conditions fulfilled after more than 3 years so that the project effectively started almost 4 years after being designed. It was refocused in 2003, strategically and in its geographical coverage, to better respond to needs of the rural poor and to allow a better coordination with other IFAD interventions in the country. Despite all these efforts and because of inadequate project design, implementation remained top-down with little beneficiary participation. Project implementation was further hampered by the lack of understanding on the side of the Ministry of Economy and Finances of its role during project implementation (external M&E), governance problems (corruption) within the PCU and Government reluctant attitude towards hiring a permanent international technical assistance provider. This led to the suspension of IFAD disbursements between Apr 05 and Jun 06 (15 months) and the replacement of the project coordinator and administrative staff in November 2005.	2
Relevance	When it was designed, this project was perceived as the right project coming at the right time. The project was designed to support implementation of the national microfinance programme with the overall objective to facilitate the poor's access to quality financial services. As they were designed, the four components could have led to achieving this objective. The project's entry point and approach were however not well chosen and did not allow the project to respond to the need of the rural poor. Also, the project did not target those MFIs servicing the rural poor but only the agreed structures servicing the "better-offs". This major weakness was corrected in due course, but too late to induce any notable effect. Altogether, it appears that the project was relevant in its design, but not in its implementation.	3

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Effectiveness	The targets set were too ambitious and the results achieved largely insufficient. The project's main objective to develop a network of microfinance institutions (MFIs) accessible to the rural poor was not met. Project effectiveness has generally suffered from the many implementation problems the project has faced, including absence of adequate technical assistance (TA). Only 134 MFIs out of 470 received microfinance training and only 30 received organizational/management and M&E training. 536 individuals (staff) were trained including 101 trainers (equivalent to 10% of the target set). The project failed to develop "innovative structures" responding to the needs of the rural poor and action/research activities were limited to 4 micro projects carried out by 4 different MFIs. Results were found satisfactory but were not further tested or disseminated. Main achievement in terms of institutional support was the merging of 2 major MFI networks into one under the umbrella of the national association of MFIs, capacity strengthening of MFIs, the implementation of a National Microfinance Committee and the creation of a national pool of expertise. Effectiveness in addressing the needs of the rural poor is negligible.	2
Efficiency	Disbursement rate of the IFAD loan at closing: 30%. Efficiency of project operations was considerably affected by the various implementation problems the project has faced and which have led to implementation delays and a 15 months suspension. Disbursements were largely unbalanced: the disbursement rates under the technical components remained very low while the disbursements under the PCU reached a rate of 220% at completion with an important amount of funds disbursed for non-eligible expenditures. Training activities were defined in a top down process and did not respond to the needs of the MFIs. Institutional support to MFIs through the provision of equipment strongly varied in terms of efficiency. Only those investments related to capacity building and institutional development national level (National Microfinance Committee, National Associations of MFIs etc.) were considered good investments.	2
<b>Partner Performance</b>		
IFAD	IFAD performance is considered weak. Even though the project was found highly relevant at the time it was designed, IFAD was criticised for having adopted an unsuitable approach and inappropriate entry point in trying to facilitate access of the rural poor to financial services. IFAD performance suffered from the lack of continuity in its assistance (3 CPMs in 6 years) and its lack of responsiveness to the issues affecting the project. The MTR was delayed by 3 years and the needed assessment of key staff was carried out too late to have an impact on project performance.	2
Cooperating Institution	Performance of the cooperating institution/ CI (UNOPS- UN Office for Project Services) was modest. Changes in responsibilities have affected overall performance. The CI carried out only 4 supervision missions in 6 years. The supervision reports were of good quality but strongly focused on improving overall management. These recommendations however allowed refocusing project activities, assessing quality of project staff and suspension of IFAD disbursements due to mismanagement of project funds. Technical guidance and recommendations were, however, weak. The CI was slow in processing WA applications. A major weakness has been its inconsistency in the messages sent out. In several cases, the CI refused giving its no objection on activities foreseen in the approved AWP&B.	3
Government	Government performance is considered very weak. Despite participation in design missions, Government failed to internalize and follow the ultimate objective of the project which was to facilitate access of the poor to financial services. Discussions and clarifications on the overall objective and approach were needed from the beginning and led to important delays in the fulfilment of effectiveness and disbursement conditions. As a result, the project effectively started almost 4 years after being designed. MINEF's role in external monitoring of the project's activities was not well understood. The project's steering committee did neither meet regularly nor did it perform the required field visits. Beneficiary MFIs were not represented in the project's steering committee, as stipulated in the loan agreement which negatively affected the quality and appropriateness of the guidance provided by the committee. Government did not show a constructive attitude in the choice of the project team and was reluctant to carry out the needed evaluation of project staff which ultimately led to the suspension of IFAD disbursements. Overall, Government missed the opportunity to mobilize and coordinate interventions in the microfinance sector.	1
NGO/Other	Partner performance has suffered from the absence of a strong and performing project coordination team. Their performance strongly varied. Some partners provided quality services, but altogether, their support in training MFIs and establishing development plans responding to the needs of the rural poor was	3

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	unsatisfactory. Mostly, due to poor guidance provided by the PCU, they failed to recognize the overall objective of the project which was to facilitate access of the poor to rural financial services.	
Cofinancier(s)	No cofinanciers	NA
<b>Combined Partner Performance</b>	Combined performance of partners was poor, due to the frequent changes in responsibilities within IFAD and the CI, but also because of a very difficult partnership with Government and poor performance of the PCU.	2
<b>Rural Poverty Impact</b>		
Physical Assets	The project had no felt or measurable impact on physical assets.	1
Financial Assets	The project had some impact on improving governance and strengthening the capacities of MFIs. The PCR states that few MFIs in the Extreme North Province have acquired a better knowledge of the capacities, needs and behaviours of the rural poor vis a vis financial services. As such, it can be assumed that the project contributed modestly to improving the quality of financial services offered to the rural poor. Generally, however, the project has had no felt or measurable impact on the financial resources of the rural poor. It appears that the rural populations still lack confidence in the MFIs and still favour systems based on group solidarity (tontines). It is also mentioned that most MFIs lack the capital to satisfy the needs of the rural populations which can be better met through other systems. The institutional framework was definitely improved through bringing about a clearer vision of the microfinance sector (National Microfinance Policy validated and approved), framework for regular dialogue between partners established at national level (National Microfinance Committee), creation of a national association of microfinance networks and sensitisation about COBAC rules.	4
Food Security	The project had no felt or measurable impact on food security.	1
Environment	No applicable	NA
Human Assets	The project did not aim to and had no impact on human assets.	NA
Social Capital and Empowerment	The project had no impact on the social capital and empowerment of the rural poor since its entry point was the MFIs and not the rural populations. There was no indirect effect either since on the whole, the project did not reach its objective to improve access of the poor to financial services.	1
Ag. Productivity	The project had no felt or measurable impact on agricultural productivity.	1
Institutions and Services	The project's main achievement in this area has been the establishment of a National Microfinance Committee in charge of concertation at national level, the creation of a pool of microfinance expertise at national level and the creation of a National Association of MFIs. The project has also contributed to improving Governance and strengthening the capacities of 70 out of 84 MFIs which benefited from its support. This can be considered as a modest achievement with some chances of sustainability.	3
Markets	In the Extreme North Province, the project had some impact on marketing activities of the rural populations. There are no data available but a survey among beneficiaries/MFI clients has shown that better access to financial services has stimulated the development of income generating activities. Since this result is limited to one province only after 6 years of project intervention, overall impact of the project in this area is rated modest.	3
<b>Rural Poverty Impact</b>	<b><i>Since the project was originally designed to provide support to the MFIs servicing the rural populations and not to directly facilitate access of the rural populations to MFIs, no appropriate baseline was established at project start-up to measure the project's impact on the rural poor. According to the PCR, project interventions have had no visible effect on the livelihoods of the rural populations in the area of intervention. The project's objective to improve access of the rural poor - women and the youth in particular - to rural financial services was not reached.</i></b>	<b>1</b>
<b>Overarching Factors</b>		
Innovation	The project was designed to lead to innovations. It was intended to bring about innovative structures and services responding to the needs of the rural poor. Unfortunately, not a single activity was carried out under this sub-component. Action/research activities were limited to 4 micro projects carried out by 4 different MFIs. Results were found satisfactory but were not further tested or disseminated.	1
Replicability and Scaling-up	Positive results in improving governance and strengthening the capacities of MFIs were reached in the province of the Extreme North and could be replicated to other regions of the country.	3
<b>Innovation, Replicability and Scaling-up</b>	<b><i>Results were negligible.</i></b>	<b>2</b>

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Sustainability and Ownership	The National Microfinance Committee and the National MFI Association are two well established structures and recognised partners for microfinance development at national level with good chances for sustainability. By contrast, the MFI networks which have benefited from the project's support could not be sufficiently strengthened to become sustainable structures. Most of them are still not able to respond to the needs of the rural poor who still favour traditional, informal credit structures.	2
Targeting	Basically inexistent in the original project design. Attempts to target interventions were focused on MFIs as entry point of project interventions and not the rural populations. A strong emphasis was placed on providing material support to agreed MFIs. The project failed to identify an appropriate mechanism to provide support to those MFIs which were closest to the rural populations and/or needed to be strengthened in order to better service the rural poor.	2
Gender	No gender approach foreseen in the project	1
<b>Overall Performance</b>	In light of the scale of the implementation problems encountered, the little results achieved and the low disbursement rate at project completion, overall performance is found weak. Few notable results were reached in terms of institutional development and strengthening and in developing a structured and coordinated approach to MFIs at national level.	2
Estimated number of beneficiaries	No number provided	NA
<b>PCR Quality</b>		
Scope	The outline was respected and all annexes included.	5
Quality	Good quality PCR. Well-structured and very critical of project and partner performance. It generally lacks data, probably because these were not available at project level.	5
Lessons	Good lessons drawn relevant for the design of any future intervention in the area of MFI development.	5