

# People's Republic of Bangladesh

## Microfinance and Technical Support Project Project Performance Assessment

### 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.