

**Evaluation of
“Income
Generating
Activities (IGAs)
for the
Underprivileged
Communities
mainly through
Awareness and
Education
Program”**

**CODEC
Bagerhat**

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EVALUATION REPORT

**Submitted to
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Evaluation Team

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List of Abbreviation

CODEC	Community Development Centre
ED	Executive Director
HSC	Higher Secondary School Certificate
IGA	Income Generating Activities
NGO	Non-Government Organization
OCR	Operating Cost Ratio
OLD	Organization, Leadership and Development
OSS	Operational Self-Sufficiency
PAR	Portfolio At Risk
PO	Program Organizer
PRA	Participatory Rural Appraisal
RLF	Revolving Loan Fund
SF	Stromme Foundation
SMC	School Management Committee
SSC	Secondary School Certificate
TOR	Terms of Reference

Executive Summary

Stromme Foundation (SF) formed an evaluation team with an external consultant and its microfinance specialist to conduct the phase-end evaluation of the “Income Generating Activities (IGAs) for the Underprivileged Communities mainly through Awareness and Education Program– in short IGA project”, implementing by Community Development Center (CODEC), one of the major partner NGOs of SF, from 2001 in the southern part of Bangladesh (Bagerhat district). There was a TOR prepared for this evaluation following which the evaluation team conducted the evaluation in the field. Under the executive summary, the key findings and recommendations of this evaluation are presented in short, where detail analysis and more specific recommendations are provided inside the report under each section constructed on different subject matter of evaluation. The key findings and major recommendations from the evaluation are follows:

Key Findings:

1. The design, approach and strategy of the project were appropriate in a sense the participation of the target people was ensured throughout the lifecycle of the project.
2. All the interventions under the education and microfinance components were relevant and effective to address various socio-economic problems of the target people.
3. The project participants acknowledged that they were immediately benefited because of project interventions in different ways such as build up savings, meeting household emergencies by using savings and loans, education facilities for children, hygiene, sanitation and health facilities, etc.
4. There are also some long-term impacts claimed by project participants started to generate because of awareness and other programs.
5. The project has achieved more than hundred percent targets in most of the interventions.
6. Group¹ formation, member selection and institution building, etc. were done properly following participatory methods and process, such as use of PRA in need assessment, group formation, etc.
7. Overall service quality of the project was good which have satisfied the clients to a great extend.
8. Management of the project was good and the team spirit, commitment, and job satisfaction of the staff was high, if the small dissatisfaction is ignored because of poor salary – according to staff.

Major Recommendations:

1. All the interventions under education component will continue in the next phase. But, the project will be more organized and systematic in implementation and monitoring of the interventions.
2. Scale of the quality education intervention, i.e., high school teacher training is very small. Given the importance and impacts of this intervention, we will recommend CODEC to scale up this intervention further including primary school teachers as well.
3. Stromme Foundation and CODEC should have a long-term exit plan for funding to the primary school established at Surigathi village. CODEC and SMC will take more practical initiatives for government affiliation of this school.
4. Health orientation and social awareness session will merge together and will organize once per month separate from weekly group meeting.
5. For microfinance component, branch modeling should be more efficient and a branch must attain the operational self-sufficiency within 18 – 24 months.
6. Detail business plan must be prepared for the microfinance component for next 3-5 years, which should be the basis of further financial support to the microfinance component from SF.

¹ ‘Group’ and ‘shomity’ are the synonyms used alternatively in different places in this report. Similarly the words ‘member’ and ‘client’ are used alternatively in different places of the report as synonyms.

7. Microfinance program is operating at quite below the standard of the country in terms of various indicators such as members/PO, active borrowers to total member ratio, loan portfolio/PO, operating cost ratio, etc. Necessary initiative should be taken to reach the standard in terms of efficiency, profitability and sustainability ratios.
8. CODEC may consider introducing some fee for loan processing and provisioning insurance on disbursed loans to cover the loan risks like death of clients.
9. Delinquency in loan repayment is in increasing trend. Practical measures should be taken to check the trend. CODEC also must prepare aging analysis of the delinquent loan and loan loss provision should be determined based on aging report and the provision should be made in each month on the outstanding portfolio at risk.
10. Branch level accounting system must be improved on an urgent basis and there should have a more competent accountant in the project office who is capable of managing finance and accounts independently for the entire project.
11. Branch offices must prepare receipts and payment statement, income statement, balance sheet and cashflow forecast statement on monthly basis.
12. The credit policy manual should be more comprehensive and a financial and administrative policy manual should be prepared separately for the IGA project.
13. Branch managers' competency on financial management must be improved on a priority basis. They should be provided training on financial management that will cover basic accounting, preparation, analysis and interpretation of financial statements and ratios, financial control mechanism, etc.
14. Performance appraisal of the staff should be more rigorous and competency based, and the capacity building needs of the staff should be mentioned clearly in the performance appraisal. Special awards like special increment and or appreciation letter from ED may be provided to the best performing staff.
15. Job description of all staff should be reviewed to make it more competency based and reflective to the current job responsibilities of the staff. It would be good, if the designation of the 'branch coordinator' is changed as 'branch manager'.
16. Equipment facilities of the IGA project seem to be improved further to ensure better performance of the staff. There are needed more motor cycles, computers, printer, photocopier, etc. for the project office and branch offices.

Chapter 1. Introduction

1.1 Background of Evaluation

CODEC is one of the partner organizations of Stromme Foundation (SF). The organization has been receiving funding support from SF from 2001 for both microfinance and education components for its Bagerhat IGA project. This is the final year of the first 5-year funding agreement with SF, which can be called as Phase I. According to agreement, the project will face an external evaluation by end of Phase I, based on which the project will enter into phase II considering the findings and recommendations from the evaluation. This evaluation is the outcome of that agreement.

1.2 Evaluation Objectives

As set in the terms of reference (TOR), the objective of this evaluation were follows:

- To assess physical progress of the project and at the same time changes that have taken place in the lives of the target participants due to the project intervention.
- The evaluation will also focus on the impact that the project has created on the people and the area.
- To review changes in the community based people's institutions and their capacity to sustain the efforts of the project.
- Assess the institutional, financial and personnel capacity of the executing organization.
- To assess the significant changes in the economic and social life and the role of the women.
- Impact of the education component in terms of quality, enrolment and drop-out rate in the schools supported by the program.
- Assess the sustainability of the program activities in the light of present institutional, financial and personnel capacity of CODEC.
- To identify the problems, if any, in project implementation and suggest/recommend changes in the program implementation strategy for future intervention.

1.3 Scope of Work

The evaluation should comprise, but not necessarily limited to, the following aspects;

- A general assessment of CODEC's program and its objectives. Its relevance for and to the extent possible, its impact to the target people.
- Assessment of the cost-effectiveness of the program.
- Assessment of the sustainability of the program regarding CODEC's strategy and plan.
- Assessment of the total education program including (1) improvement of quality of education of in primary school and (2) long-term impact of capacity building efforts of the project on the target members and also role of women in the program.
- Assessment of credit policy, type of loan, conditions, interest rate, utilization of fund, loan portfolio etc.
- Assessment of the program administration and of the system is used.
- Assessment of the organization, staffing and management of CODEC, and its capacity to implement the program.
- Assess the program administration at Project Office and at Branch level.
- Any other issues considered relevant for the evaluation.

1.4 Evaluation Process and Methods

The evaluation was carried out in the field from 5–9 December 2005 in light of set objectives and scope of work applying varieties of methods and techniques, of which the following methods and techniques were used predominately:

- **Focus group discussion:** Discussed with project beneficiaries who includes shomity members, students, and teachers. List of people meet and discussed is enclosed in Annex 1.
- **Field observation:** Observed shomity meeting, saving and loan collection process, loan disbursement process, income generating activities implementing by beneficiaries, water supply and sanitation activities in different villages, training sessions with beneficiaries, etc.
- **Office visit:** Visited project office and three branch offices. Observed equipment facilities, physical setting, inventory management system, filing system, working environment, etc. of these offices.
- **Review of records and reports:** Reviewed monthly monitoring reports, quarterly progress reports, annual reports, audit reports, mid-term evaluation report, etc.
- **Review of books and documents and accounting system:** Reviewed books and documents used for financial management which includes cash book, general ledger, subsidiary ledger, savings register, daily collection sheet, loan application form, disbursement and recovery vouchers, and various other forms and formants. Observed bookkeeping, accounting system and financial reporting system.
- **Review of financial statements:** Reviewed cash flow statement, trial balance and audited income statement and balance sheets.
- **Interview and discussion with staff:** Interviewed and discussed with volunteers, program organizers, branch managers, education officer, program officer, accounts officer and program manager.
- **Review of project documents:** Reviewed project proposals, credit policy manual, service rules manual, and payment procedure manual.

1.5 Evaluation Team

SF microfinance specialist, Mr. Zahirul Islam; CODEC Bagerhat IGA program manager, Mr. Rafiqul Islam, education officer, and other staff also participated in this evaluation. Md. Harun-Or-Rashid, freelance consultant with specialization in microfinance and management development leads the evaluation. He has previous experiences in evaluating small and large scale integrated development projects/programs of national and international NGOs, government agencies and intermediary organizations.

Chapter 2. Evaluation of Microfinance Component

This section of the report presents the findings and recommendations of the evaluation of the microfinance component of CODEC Bagerhat IGA Project.

2.1 Microfinance Clients and Their Socio-Economic Condition



Present client-base and their selection process: As of 30th November 2005, clientele reach under microfinance component is 7,156, of which 229 (3%) male and 6,927 (97%) female. There are specific criteria for selection of clients (members) and the selection has been done following the criteria. Selection criteria are pro-poor. However, the criteria of upper age limit forced to exclude poor people of age above 45 from getting access to microfinance services. The project also records the socio-economic profiles of the clients' households during admission, which is helpful to track their livelihood changes over the period because of impacts of the program.

Socio-economic profile of the clients: Microfinance clients are from different economic classes. Hardcore poor to moderate and upper vulnerable poor and a good percentage of non-poor, who need financial assistance for sustainable livelihood, are included in the shomity. Fish farming (*Chindri Gher*), agriculture, horticulture, bamboo and cane products, poultry and cow rearing, etc. are the main sources of income of the majority households. A good percentage of income earners of the clientele households, estimated 25-30%, are seasonal day laborers, small traders or engaged in other off-farm activities. Seasonal vulnerability is acute in a large percentage of households because of seasonal unemployment and uneven cash flow. A good percentage of CODEC shomity members have membership with other NGOs. In general, social awareness of CODEC shomity members appeared good being exposed to various awareness campaigns by govt. and NGOs.

Recommendations:

-
- # *It seems that a good percentage of the clients are non-poor, a common phenomenon of microfinance program in Bangladesh. However, it would be good if the client selection process is made more prudent to exclude non-poor.*
- # *The membership criteria of upper age limit 45 may be relaxed to make it 55 years.*
-

2.2 Microfinance Services/Activities

CODEC Bagerhat IGA project offers following services to the clients of the microfinance component:

- Shomity formation and institution building
- Savings mobilization
- Loan support
- Skill development training

2.3 Shomity Formation and Institution Building

The first and foremost activity under microfinance is the formation of shomity of the poor and their institution building, which is considered highly important for the sustainability of all kind of development endeavors in the shomity.

No. of shomity formed: As of 30th November 2005, a total of 365 shomity have been formed in 185 villages under 27 Unions from 5 Upazilas namely Chitalmari, Kachua, Fakirhat, Moralongj and Bagerhat Sadar, of which 12 are male and 353 are female shomity. Progress in shomity formation is satisfactory. However, importance and scope is there to form more shomities in different villages where the IGA project is implementing.

Process of forming shomity: CODEC followed Grameen model in shomity formation. Male and female shomity are formed in separate, and 10–35 members are included in a shomity, who are again divided into 5-member small groups. What is good in CODEC is that it conducts PRA before formation of shomity in a village to know the overall situation of the village and socio-economic conditions of the people living there. If it is appeared that there are sufficient target people and they are interested to participate in the program, only then CODEC goes to form shomity. This is a good practice which allows CODEC to have a good relationship with the community people from very inception and know preciously about their needs and preferences.



Shomity meetings and establishing group disciplines: System is that members of a shomity will meet once a week for savings and loans transactions, where they will also receive orientation on group disciplines, savings rules, loan policies and development issues. As we observed, weekly meetings were held regularly with the attendance of good percentage of members, except in a few shomities where attendance was poor and the members were not well-disciplined or aware about shomity rules. This is perhaps due to difference in quality between program organizers, who nurse the shomity. CODEC needs to pay more attention minimizing quality differences between shomities and establishing group disciplines equally in all the shomities.

Institution building: This refers to establishment of institutional policy procedures in a shomity and makes the shomity members capable of managing and performing various activities of the shomity independently in absence of supporting organization. Our observation, CODEC has made a good progress in institution building of the target peoples' shomities. For evidence, in some of the shomities, we found the shomity leaders to volunteer for conducting weekly meeting, collecting savings and loan installments, writing passbook and daily collection sheets, preparing loan application form, etc. If the emphasis goes to maintained, we believe these leaders could able to manage their shomities independently at a stage, when their shomities can be easily transformed into self-help groups.

Recommendations:

- # *In some of the shomities, group disciplines are not up to the mark. Group dynamics is also lacking in these shomities. Special attention is required to bring disciplines and dynamism in these shomities.*
- # *If there is an aim to transform shomities into self-help groups in future, then the shomity members will be involved more in managing shomity and performing various activities of the shomity.*
- # *IGA project needs to develop a tool for measuring progress of the shomities towards self-help groups and measure the progress each year and accordingly grade the groups like A, B, C, or D based on progress.*

2.4 Savings Mobilization



Savings mobilized: As of 30th November 2005, a total of Tk.4,756,392 mobilized as savings from 7,156 members of which Tk.4,475,946 is held with CODEC and the rest Tk.280,446 remains with groups accounts. Savings mobilization is good in a sense group members deposit savings regularly and the amount mobilized over the period 2001– 2005 is quite substantial.

Savings rules: Savings are collected in the weekly meeting. Program organizers usually collect the savings; wherein some shomities, volunteers from the shomity collect the savings and who are paid for that at the rate of Tk.500 per month by CODEC. Minimum savings is Tk.10 per week; which is considered as mandatory savings. However, a member can save more and the additional amount is considered as flexible savings. Mandatory savings is not allowed to withdraw, as the amount is considered to be taken as security deposit when loan will be given to a member. Additional savings is allowed to withdraw. However, some of the shomity members informed us that savings withdrawal is not allowed practice; in protest of which some of the members left the

shomity. CODEC has a written policy to pay interest on members' savings at commercial bank rate. But the interest was not paid in the year 2001 and 2003, perhaps why some of the group members reported us not to receive any interest ever on their savings - which dissatisfied them a bit. As we reviewed the audited income statement, it shows that CODEC paid interest on members' savings in the year 2002 and 2004 amounting Tk.22,261 only. In general, members are familiar with savings rules.

Recommendations:

- # *It is not required to break up members' savings into mandatory and flexible savings. It is better all the savings is treated as 'general' savings, which will be easy to remember by the members and keep the accounts by the staff.*
- # *Savings remained with group accounts is better to centralized in CODEC account to follow a common strategy.*
- # *Interest on members' savings must be paid regularly each year and the amount paid will be shown clearly in the members' passbook.*
- # *Savings withdrawal should be allowed to meet household crisis, if there is no outstanding loan.*

2.5 Loan Support

POLICY MATTERS

Types of loans: Only one type of loan is offered from IGA project which is called as IGA loan. However, very recently CODEC has been decided to offer a new loan product called as small enterprise (SME) loan effective from January 2006.

Loan policies: A member can receive only one loan at a time, however, all the members in a shomity may have outstanding loan at a time. Loan length is 1 year repayable through 45 weekly installments. Repayment of installment starts from the following week after disbursement of loan. First loan is highest Tk.4,000, which increases by Tk.1,000 in each time and the highest loan is Tk.10,000. Loan size has been increased very recently to be effective from 1st January 2006; where 1st loan has been made Tk.7,000, 2nd loan Tk.9,000, 3rd loan Tk.12,000, 4th loan Tk.15,000 and from 5th loan and on wards Tk.3,000-5,000 can be increased. SME loan has been proposed to be 15,000-50,000 taka. Borrower members must have 10% savings in their account against the proposed loan. No force savings is deducted from the approved loan. Usually it takes 3/4 days to disburse loan after the proposal is made. In a new shomity, loan is disbursed after one month of formation, where a new member in an existing shomity can receive loan after two weeks of membership. Loan is disbursed from the branch office. Loan interest is 12% calculated using flat method; which has been raised at 12.5% to be effective from 1st January 2006. Borrowers need to pay Tk.4 only during loan receiving for revenue stamp. No other costs are required in loan processing. Loan policies are okay given the operating market, and clients' socio-economic condition and behavior.



Credit policy manual: A credit policy manual exists describing the above-mentioned basic policies. The policy manual has to be made more comprehensive including bookkeeping and accounting process, loan loss provision, financial control measures, audit, and forms and formats use in financial management of the microfinance component, etc. Also the manual will cover loan approval authority, and the responsibilities of the program organizer, accountant and branch manager in loan processing, disbursement, and realization.

Clients' familiarity and respond to loan policies: Members are familiar and satisfied with most of the loan policies. They are happy that the loans are provided quickly within 3/4 days and no such costs are involved in loan processing. However, they extremely feel the need for a second loan or subsidiary loan in the middle of the running loan to fill up financial gaps created from repayment of installments of the current loan, which often jeopardize their economic activities. They also expect that CODEC offers different other loan products such as sanitation loan, housing loan, education loan, and provisioning multiple loans to a member.

MICROFINANCE PROGRAM PERFORMANCE: At a glance program performance of the microfinance component has been shown below with remarks:

Heads	Year 2001	Year 2002	Year 2003	Year 2004	Year 2005 (30 th Nov)	Remarks
1. No. of Branch	2	2	2	5	7	• Having 7 branches over a 5-year period is a good progress.
2. No. of Union Covered	2	7	7	14	27	• Union and village coverage is good.
3. No. of Villages Covered	15	47	53	100	185	
4. No. of Shomity Existed	28	89	126	199	365	
5. No. of Clients Held after Dropout	522	1,810	2,639	4,006	7,156	• Formation of shomity and clients reach could have been better. There is scope to form more shomities in the working villages.
6. Net Savings Held after Refund/ Withdrawal	57,000	481,000	1,611,000	3,113,000	4,756,392	• Savings accumulation is good.
7. No. of Active Borrower	66	649	1,810	2,929	6,019	• No. of active borrowers reach at a satisfactory level in 2005. But it would be increased further.
8. No. of Loans Made	66	686	1,894	3,047	8,419	• No. of loans is okay during 2004 and 2005.
9. Amount of Loan Disbursed	211,000	2,186,000	7,689,000	13,913,000	35,302,000	• Though disbursement has been increased over the period, but it would be increased further.
10. Year-end Loan Outstanding	200,972	1,333,967	4,075,803	7,708,056	17,673,000	• Average outstanding must be
11. Average Loan Outstanding	140,762	678,208	3,073,081	5,849,221	14,283,852	
12. Amount of Loans in Arrears	DNA*	DNA	DNA	DNA	559,214	• Delinquency is increasing trend in the older branches and older shomities. One point is to mention here that CODEC does not consider installments delinquent while calculating delinquency or arrear which is wrong. Also they do not analyze the aging of delinquent loans.
13. Amount of Outstanding Loans in Arrears	DNA	DNA	DNA	DNA	993,758	
14. No. of Loans in Arrears	DNA	DNA	DNA	DNA	567	
15. Operating Income	11,080	129,750	650,083	1,289,242	2,610,000	• Income must be increased by increasing loan disbursement and introducing some fee for loan processing.
16. Administrative Costs	379,785	1,200,212	1,398,320	1,831,807	2,440,351	• Cost structure should be more clear and should not mix with education component. It seems operating cost is high. Cost structure of a branch and the overall program should be described clearly in the credit policy manual.
17. Financial Costs	875	67,966	466,413	659,846	606,471	
18. Loan Loss Provision	-	-	40,748	77,080	235,632	• Loan loss provision should be made regularly on monthly basis based on risk exposure of the portfolio in arrears, for which aging analysis of delinquent loan is required.
19. Operating Expenses (13+14+15)	380,660	1,268,178	1,905,481	2,568,733	3,282,454	
20. Profit/Loss (12-16)	(369,580)	(1,138,428)	(1,255,398)	(1,279,491)	(672,454)	• Program is still running under loss, as because new branches are opened.
21. Cash and Bank Balance	211,290	525,942	934,126	1,135,314	2,506,469	• Should be more efficient in fund management. There is always a good amount idle in the bank.
22. Total Microfinance Staff**	9	15	15	31	42	• No. of total staff as a percentage of line staff seems pretty high. This is because branch modeling in efficient to have 4 PO only under 1 branch manager with 1 attendant.
23. No. of Program Organizer (PO)	4	8	8	15	24	

* DNA = Data is not available

** Program manager and accounts officer in project office, and the branch managers, program organizers and office attendant in branch offices considered as the staff of microfinance program.

Heads	Year 2001	Year 2002	Year 2003	Year 2004	Year 2005 (30 th Nov)	Remarks
Performance Ratios						
● No. of Clients (Members) /PO	131	226	330	267	298	# Current best practice is more than 350-400/PO, so it should be increased.
● Average Savings/Client	109	266	610	777	665	# This is okay given the new branches are opened and new clients are enrolled. But still needs to encourage the members to save more.
● Borrowers to Member Ratio	13%	36%	69%	73%	84%	# Could be increased further.
● No. of Active Borrowers/PO	17	81	226	195	251	# Could be increased further.
● Average No. of Loans Made/PO	17	86	237	203	351	# Okay.
● Average Loan Size	3,197	3,187	4,060	4,566	4,193	# Must be increased.
● Year End Portfolio Outstanding/PO	50,243	166,746	509,475	513,870	736,375	# Must be increased.
● Average Portfolio/PO	35,191	84,776	384,135	389,948	595,161	# Performing quite below the standard of the country. Standard is 15-25 lac/PO.
● Rate of Repayment	100%	100%	100%	87%	83%	# Declined remarkably after flood in 2004. Necessary actions should be taken to increase the repayment rate.
● Portfolio In Arrears	DNA	DNA	DNA	DNA	3.2%	# Arrears and risk is in increasing trend. But there is no practice of calculating these ratios, which are important to analyze.
● Portfolio At Risk	DNA	DNA	DNA	DNA	5.6%	
● Yield on Portfolio	8%	19%	21%	22%	18%	# Satisfactory.
● Administrative Cost (Efficiency) Ratio	269.81%	176.97%	45.50%	31.32%	17.08%	# Seems okay as the standard range from 15 – 25%. However, it would be good if the ratio can be reduced further.
● Operating Cost (Efficiency) Ratio	270.43%	186.99%	62.01%	43.92%	22.98%	
● Cost per Unit of Money Lent	1.80	0.58	0.25	0.18	0.09	# Okay.
● Cost per Loan Made	5767.6	1848.7	1006.1	843.0	389.9	# In decreasing trend as the number of loans increased. But still to decreased by further increasing the number of loans..
● Loan Loss Provision Ratio	0	0	1%	2%	2%	# Okay. But provision must be made based on aging of the delinquent loans. It may be total past due loan after adjusting with savings can be provisioned as loan loss.
● Operational Self-Sufficiency	2.91%	10.23%	34.12%	50.19%	79.51%	# Good if we consider 5 new branches are opened in 2004 and 2005, where cost stream is high than the income. But proactive measures should be taken to make all the 7 branches, thereafter overall program operationally self-sufficient by 2006. For this treatment is required both in reducing operating cost and increasing operating income.

Use of loans: Most of the loans received by shomity members used in economic activities like agriculture, fishery, poultry, cow rearing, small trading, etc. that they are doing traditionally based on existing skills. Very a few loans were found to use for consumption, house repairing, repayment of previous loans, making household assets, etc. A good percentage of women claimed to involve with economic activities by using the loan. But majority of them reported to handover their loan money to the husbands or other male members in the family for investment. However, they claimed to have a control over the economic activities that are initiated with their loan money. There has been adequate monitoring from CODEC on the uses of loans by the shomity members.



Branch modeling: At present, one branch coordinator, four program organizers and one office attendance constitute the model of a branch for the microfinance component. To make the branch financial viable, it seems to be efficient to have 6 program organizers, one accountant (flexible), one branch coordinator and one office attendant. We also recommend changing the designation of the branch coordinator as branch manager.

Recommendations:

-
- # CODEC may consider offering second loan or subsidiary loan at the middle of a running loan, if the repayment of the current loan of a borrower is good.
 - # CODEC may consider introducing some fee for loan processing, because there are cost involvement in loan processing.
 - # Effective measures should be taken to check delinquency which is in increasing trend.
 - # Installments delinquent must be included within overdue loan shown in the portfolio report and aging analysis of the delinquent loans must be done on monthly basis.
 - # CODEC may consider introducing insurance policy to defuse loan risk if a member dies.
 - # Branch modeling for the microfinance component should be more efficient. It seems to be more efficient if a branch is consisted of 6 program organizers, 1 accountant, 1 branch manager and 1 office attendant (flexible).
 - # A branch should attain operational self-sufficiency within 18-24 months and the branch wise business plan should be prepared accordingly
 - # Loan products may be diversified further through changing important features of the existing loans or introducing completely new products.
 - # Credit policy manual should be more comprehensive.
-

Financial Management and Control: Please see the section 4.2 under the chapter 4: organization's capacity in professionalized and systematic management of the program.

2.6 Training

A training course called as 'selection, planning and management of IGA' was provided to the shomity members, particularly who received loan from the microfinance component. This course helped the borrower members to plan and manage their economic activities in a better way.





2.7 Client Satisfaction and Overall Quality of Microfinance Services

In overall, clients expressed their satisfaction about the quality of microfinance services offered by CODEC Bagerhat IGA project. According to group members we met, CODEC value target peoples' needs and preferences and disburse the loan as quickly as possible. The organization also tries to maintain commitments with target people and show respects when they are in the branch office or project office for receiving loan or participate in the training.

Chapter 3. Evaluation of Education Component

3.1 Interventions under Education Component

The education component of CODEC Bagerhat IGA program supported by Stromme Foundation consists of following major interventions which are evaluated by the evaluation team.

Name of intervention /activities	Target people
<ul style="list-style-type: none"> Primary school Scholarship Quality education Cultural programs Special day observation 	Students of primary school, high school and college from poor families.  
<ul style="list-style-type: none"> Adult Education Development education Health awareness education Training 	Group members of the saving and credit program.  

3.2 Primary School

CODEC Bagerhat established 1 primary school in Surigathi village under Chitalmari Upazila in 2003 based on community demand as there was no primary school around 2 kilometers. 3 female and 1 male teachers - all are graduates - are now employed in this school. An 11-member school management committee (SMC) has been formed with the interested community people. The school follows government curriculum and each year government text books are collected from open market for distribution to the students. Apart from establishment cost, IGA project bears all the running costs of the school covering teachers' salary, teaching materials, etc. which is nearly Tk.200,000 per year. Community people donated the land for the school.



Key observations and comments:

- A total of 114 girls and boys are now reading in this school from nursery to class V. Students' enrollment is inspiring and increasing each year.
- Dropout is negligible. Since establishment, only 13 students dropped out from different classes because of economic and social reasons.
- Students' attendance is satisfactory which varies from 80-90% depending on seasons.
- Quality of education is good in a sense students showed good progress in learning compare to govt. primary schools we are experienced.

No. of students in Surighathi primary school			
Class	Girls	Boys	Total
Nursery	10	9	19
Class I	17	15	32
Class II	11	7	18
Class III	11	8	19
Class IV	5	7	12
Class V	8	6	14
TOTAL	62	52	114

- Teachers are sincere and hardworking making some extra efforts to make the school successful. They take extra coaching class for the students of class V, which is appreciated by the community people.
- Apart from routine classes, teachers also perform some extra-curricular activities with the students which impacted on increasing attendance of the students.
- Education officer of CODEC IGA project pays visit to the school on regular basis, which is good. But, he does not use any monitoring checklist to record his findings and discusses those with the teachers during monthly meeting.
- School management committee is proactive. They sit together each month to discuss about management aspects of the school. Level of community involvement is good.
- The main concern related to this primary school is the future sustainability. How long Stromme Foundation will continue to fund this school? What would happen to this school and its students, when Stromme Foundation will stop funding?
- No such alternative is being yet identified regarding future sustainability of this school. Though the teachers and management committee informed us about some initiatives taken for govt. affiliation of the school, but that are very preliminary discussions.

Recommendations:

-
- # Necessary initiatives should be taken to raise the students' attendance further.
 - # CODEC education officer must use a monitoring checklist while visiting the school and there should have monthly meeting between education officer and teachers where he will discuss his observations recorded in the checklist.
 - # Stromme Foundation and CODEC should have a long-term exit plan for funding to this primary school.
 - # More practical initiatives should be taken for sustainability of this school. CODEC needs to play more active role relating to government affiliation of this primary school.
 - # Until govt. affiliation, community must share a percentage of the running costs of this school - which would be increased gradually each year. Initially it may be 10% by the community and 90% by the IGA project and then 10% increase and decrease each year in both sides so that at the end of next 10 year, the entire cost of the school goes to shoulder by the community, if government affiliation is not possible.
-

3.3 Scholarship

Scholarship is a good initiative under IGA project started from 2002 for SSC and HSC students (candidates) only. There are specific criteria for selection of students for scholarship. Usually one student is awarded with scholarship from a high school/college - who exhibits good result in the test exam, and the student must be from poor family. Teachers and SMC give the selection of students. Scholarship money for SSC and HSC candidates is Tk.1,000 and Tk.1,500 respectively – which are disbursed among the selected students through a ceremony where district/ upazila education officer (govt.) remains present.

No. of students received scholarship					
Year	Category	Girl	Boy	Total	No. of School/College
2002	SSC	2	8	10	10 High Schools
	HSC	-	-	-	-
	Total	2	8	10	10
2003	SSC	14	30	44	30 High Schools
	HSC	13	17	30	28 Colleges!!
	Total	27	47	74	58
2004	SSC	26	38	64	62 High Schools!!
	HSC	-	-	-	-
	Total	26	38	64	62
2005	SSC	-	-	-	Not yet awarded.
	HSC	-	-	-	
Total		55	93	148	130



Key observations and comments:

- As of date, a total of 148 SSC and HSC candidates received scholarship from different high schools and colleges within working area.
- No. of boys awarded with scholarship was almost double than the girls.
- Most of the students so far awarded with scholarship demonstrated good results in SSC and HSC exams.
- In overall, the program has a good impact on students, especially the meritorious students from poor families encouraging them in good results and continuing education. All the students so far received scholarship are now reading in upper classes.
- However, according to teachers and students, choosing only one student from a school for scholarship is not effective.

Recommendations:

-
- # *Scholarship program will continue in the next phase.*
 - # *Scholarship money may be provided to the students before a head of exam so that they can use the money for better preparation.*
 - # *1:1 girls and boys ratio should be maintained in awarding scholarship.*
 - # *Number of scholarships may be increased, if possible.*
 - # *Amount of scholarship money for high school students may be increased at Tk.1,200.*
-

3.4 Quality Education

This program started in 2003 to improve the quality of education in secondary schools within working area. The approach is to provide training to the English and Math teachers from selected number of high schools. Course duration is 10-days conducted by hired teachers from govt. high school. Training is non-residential held at district level usually in Bagerhat district. Actual travel costs plus Tk.200 per day allowance are provided to each learner-teacher participate in the training as daily allowance. Hired teachers (resource persons) are also paid at the rate of Tk.500 per day.

Year	No. of high school teachers trained			No. of school covered
	Male	Female	Total	
2003	6	-	6	6
2004	6	-	6	6
2005	29	8	37	19
Total	41	8	49	31

Key observations, comments and feedbacks from trained teachers:

- All concerned including teachers and SMC members appreciated the program. They acknowledged the program has some effects on improving teachers' skill in teaching methods.
- Scale of the program is small. So far a total of 49 English and Math teachers received training over the whole project period.
- Training also needed for the teachers of other subjects like physics, chemistry, elective math, accounting, etc.
- Teachers think that one-shot training is not sufficient. They need refreshers training at follow-up stage.
- Selection of resource persons (teachers) was not good. They were new in teaching profession and did not do well as expected.
- As the training was non-residential, participants did not get scope for informal experience sharing – which is very valuable according to them.
- Adequate follow-up and meeting was not there from CODEC IGA project with the trained teacher after completion of training to monitor result of the training.

Recommendations:

-
- # *It would be useful if the training is organized for the teachers of other subjects like physics, chemistry, accounting, etc.*
 - # *It would be effective if the training is organized at upazila level and make it residential.*
 - # *More experienced and qualified teachers, who have practical experience of examining SSC and HSC exam papers, should be selected as resource person or trainer.*
 - # *Training duration may be increased up to 15 days.*
 - # *It would be good if there is has a provision for refresher-training at follow-up stage.*
 - # *Use of skills learned by trained-teacher should be monitored from CODEC IGA project at follow-up stage. It will inspire the teachers and make them accountable.*
 - # *This intervention deserves continuation in the next phase and expands its span covering the government primary schools, as the quality of education in government primary school in rural area is remarkably poor.*
-

3.5 Cultural Programs

From 2003, cultural program came to include under IGA project and was confined within students of class I to VIII. Three major events were organized under the cultural program. These were essay competition, art competition and competition of music and citation, which were organized once a year and a number of schools were clustered together from an upazila for the competition. Upazila champions were awarded from the IGA project. Project also provided financial supports to a number of schools for art and music classes.

Year	Organizing Cultural Events			
	Debate	Essay	Others	No. of school participated
2003	Yes	Yes	No	6
2004	Yes	Yes	No	8
2005	No	Yes	No	1

Key observations, comments and teachers' feedbacks:

- Teachers, students and community people acknowledged a good impact of the cultural program.
- However, there were some weaknesses reported by the teachers and students which are as follows:
 - CODEC did not inform the participating school well ahead of time about the competition, why they sometime faced difficulties or lacked of time for necessary preparation to participate in the competition.
 - Students and teachers, who accompany students, had to bear the transport cost for travel to other school or upazila for participation in the competition – which is discouraging for them.
 - Students also found it discouraging not to provide them any certificate for winning in the competition. They also like to see some valuable items are awarded them instead of items like wall clock, dairy, etc.

Recommendations:

-
- # *Cultural program may continue in the next phase if it can be organized in more structured and systematic way. To ensure that there should have a written process description on organizing each event which must be informed the teachers from selected school.*
 - # *If the program continues in future, then there should have an organizing committee at upazila level – who will be responsible for organization and administration of the cultural competition each year.*
 - # *Winners of the competition should be awarded with certificate and their prize items should be something meaningful to them. Some of them recommended to give giving them 'a set of text books' or equivalent money.*
 - # *Students and the teachers, who accompanied students for participation in the competition, should be reimbursed with their actual transport costs.*
-

3.6 Special Days Observation

CODEC Bagerhat IGA project organized really, social gathering, workshops, seminar, etc. on special days, such as independence day, victory day, language day, world women day, etc. as part of development activities. This activity has contributed remarkably in raising image and acceptance of the organization in the local community, civil society, and govt. officials. This activity should be continued in the next phase as well but there will be some innovations in observing the days.

3.7 Adult Education

Adult education is for the group members organized under microfinance component with an aim to improve their reading and writing skill. The program was implemented in the year 2002 and 2003 only and a total of 14 batches of learning sessions completed over the period whereby a total of 178 group members were trained. Course duration was 3 months with 2-hour class each day, 6 days in a week. Learners were provided with a primer, writing pad and pencil. Facilitators were selected from local community and were paid Tk.500 per month as remuneration.

Group Members Received Adult Education				
Year	Male	Female	Total	No. of Group Covered
2002	20	64	84	7
2003	-	94	94	8
2004	No activities in this year			
2005	No activities in this year			
Total	20	158	178	15

Key observations and comments:

- Implementation of the program has remained stop for last two years.
- Group members who received adult education are not fully satisfied with the result of the program.
- Staff are also not convinced with the scale and outcome of this intervention. They think that providing adult education to 178 group members out of 7,156 is not significant.

Recommendation:

If we consider various factors, then it would be better to drop the adult education from next phase.

3.8 Health and Development Awareness Education

Health awareness and development education sessions are organizing at group level with an aim to aware group members on health, hygiene, sanitation, HIV AIDS, human rights, violence against women, social injustice, etc. In each branch, there is one paramedic- who usually conducts the health orientation session; where the program organizers, whose main jobs are to collect savings and loan, conduct the development orientation sessions. Health orientation and development orientation take place separately. Usually the health orientation session takes place once/twice a month where the development orientation session takes place during weekly group meeting after collection of savings and loans.



Key observations and comments:

- Health awareness session appeared more effective and desirable to the group members than the development orientation session.
- Development orientation session seems less interesting to the group members, as the session takes place during weekly meeting after collection of savings and loan installments. At this stage, group members feel hurry to leave the meeting and thus are not ready to pay adequate attention to the discussion.

- In fact, program organizers get little time after group meeting and they do not keep adequate knowledge on development issues to make the orientation meaningful to the group members.
- In connection to health orientation, group members expect that CODEC branch office keeps some medicine so that they can buy readily from the paramedic when sick.

Recommendations:

-
- # *Health and development orientation will continue in the next phase, but in a more organized way.*
 - # *Health and development sessions could be merged together and organize once a month separate from weekly meeting.*
 - # *Local volunteers may be appointed to conduct the health and development orientation sessions and they may be paid per session basis. Of course, they must be trained on facilitation of adult learning sessions.*
 - # *CODEC may consider the proposal of the group members to keep some medicine at branch office under the disposal of paramedic.*
-

3.9 Training

All the human resource development and skill promotion training conducted for the group members are considered as part of education component. The main training courses were:

- Organization, Leadership and Development training – 3 days.
- Human Rights and Legal Awareness training – 3 days
- VO accounts training – 3 days
- Poultry Rearing training – 3 days



Key observations and comments:

- A total of 161 group leaders from 75 shomities received OLD training, 250 women from 100 shomities received human rights and legal awareness training, 76 women received shomity accounts training, over the period 2001 to 2005 (30th Nov).
- Organization and management of training was good.
- All the training courses were held in classroom environment at branch level and were conducted by the experienced trainers from CODEC head office.
- Training was participatory and audio-visual training materials were used in the training.
- Trainers were skilled and knowledgeable.
- Well-designed training modules exist for each training course.
- Participants were provided with lunch and Tk.50 per day as allowance covering transport cost, which was helpful to ensure participation of the poor group members.
- Participants acknowledged good impacts of training in raising their awareness and changing attitudes.

Recommendations:

-
- # *Skill development training should be strengthened further. More training should be organized on new trades suitable for the area.*
 - # *It would be good if a full time trainer is appointed for the IGA project who will organize, coordinate and conducts training and evaluate the effectiveness and impacts of training.*
-

3.10 Other Interventions

Plantation: A total of 49,146 horticultural and timber plants were planted by the group members during the period 2001 to till now. To promote plantation, the IGA project disbursed a total of Tk.43,889 interest free loan among 912 group members, Tk.500 to each member. Group members appreciated the program and they paid their plantation loan on a timely manner. This program should continue and enlarge further during next phase.

Safe latrine installation: A total of 429 water sealed safe latrine were installed in the working areas by the group members with financial support from the IGA project and a total of Tk.140,000 interest free loan was disbursed among 220 members for latrine installation. This program is also appreciated highly by the group members and they fully repaid their loans. This intervention also deserve further continuation in the next phase.

Safe water supply: A fairly large pond sand filter has been installed in the Barasia village with financial and technical support from NGO Forum for Drinking Water. Community people also shared Tk.4,000 against a total cost of Tk. 32,000 required to install the filter. 312 families are now using the filter for drinking water purpose and they expressed their gratitude to CODEC and its donor for supporting in installation of the filter. Since the ground water sources in the entire area where CODEC IGA project works are highly arsenic contaminated, more sand pond filters are needed to install in the area to ensure safe water supply for the poor community people. Therefore, IGA project may consider to include a few sand pond filters in the next phase plan.



Recommendation:

Plantation and safe latrine promotion intervention will continue and enlarge in the next phase considering the peoples' needs and preference.

Chapter 4. Evaluation of Organization's Capacity in Professionalized and Systematic Management of the Project

In this area, we focused on several important aspects of management that are pertinent to reveal how efficiently and professionally the project is managing by the implementing organization– which is an important criterion for funding to an organization. Planning and monitoring systems, financial management, human resource development and management, commitment and competency of staff, office management, procurement and inventory system, documentation and reporting, organizational communication and leadership, decision-making process, etc. were the major focus of our evaluation.

4.1 Project Planning, Monitoring and Evaluation Systems

Planning system: Yearly project proposal submits to Stromme Foundation serves as the main basis of planning in CODEC Bagerhat IGA project, based on which branch wise annual and quarterly plans are developed. There is also practice of preparing monthly work plans by the staff. However, we still feel the importance of making the planning as a prominent event in IGA project. To do this, a planning workshop may be organized at the beginning of the year involving all staff to jot down various activities of the project in one/two pages and split those into quarterly plans in a more clear fashion.

Monitoring system: Monitoring system seems less structured in IGA project. We say this because, we did not find as such structured monitoring plan and system for any intervention that focus on both quantitative and qualitative aspects. Branch coordinators also reported that adequate monitoring is not there from the project office to monitor branches or shomities. Branch offices produce various quantitative reports on different interventions which are considered as the monitoring reports as well. But there is no checklist or tool for process monitoring of project implementation. More important aspect is that there is no one in the IGA project who coordinates overall monitoring functions and consolidates the monitoring reports, as a result getting quick and consistent data is difficult in the project.

Evaluation: CODEC Bagerhat IGA project very recently take a decision to evaluate impacts of the program by themselves on a regular interval, which is a good decision. We feel that having internal evaluation system will help CODEC to make the program more effective for the beneficiaries.

Recommendations:

-
- # *Planning would be a more prominent event in the IGA project. A planning workshop may be organized at the beginning of each year where annual and quarterly plans would be developed through active participation of all staff.*
 - # *There would have a better monitoring system and plan backed by simple formats focusing process and qualitative aspects.*
 - # *There should have someone responsible for coordinating monitoring functions. The responsibility may be given to the program officer – changing his designation as monitoring officer.*
-

4.2 Financial Management and Control

Financial management needs substantial improvement at branch level. There are many things that are not going properly. If the system is not improved now, it would be difficult to improve it later when the program will grow bigger, especially the microfinance component. Major shortcomings in the present financial management system of IGA project are follows:

Bookkeeping:

- At branch level, no cash book and individual savings register are maintaining.
- Other than savings and credit related transactions (receives and payments), no bookkeeping is maintaining for the transactions related to operation at branch level. Branch offices forward all the bills and invoices for operating expenses directly to the project office through journal voucher keeping a copy in the branch office.

As a result, a branch office cannot give the account of the operating expenses for long period say 2/3 months; otherwise the project office is provided it.

- There is no control account for the savings in the general ledger. As a result, to get the savings balance of a branch at a given date, one needs to add shomity wise savings balances one by one from the savings register – which is too time consuming.
- There are many other shortcomings to improve in bookkeeping at branch level which are numerous to mention here.

Accounting and financial reporting:

- Accounting is not taking place at branch level. Project office maintains the account and prepares the financial reports on behalf of branch office – which is not an idle and acceptable practice.
- Branch office produces two financial reports on microfinance component. One is 'bank transaction summary' and another is 'trial balance'.
- The 'bank transaction summary' report shows the cash inflow and outflow in a month under microfinance. It does not include cash received and paid for the operation (such as salary, stationeries, etc.); as these expenses are intermingled with operation expenses of education component.
- Similarly, 'trail balance' also does not cover the accounts for all transactions in a branch. This is for microfinance component only that covers loan, interest and savings accounts.
- Branch offices do not prepare receipts and payment statement, income statement and balance sheet – which are very important to produce by them.
- However, project office prepares the income statement and balance sheet for the whole microfinance program for submission to the donor with a copy to branch offices. But it seems that branch level staff do not go through these reports closely or understand very clearly how to interpret and analyze these reports.
- Also the income statement and balance sheet that are producing from the project office are not following the standard format commonly used in microfinance by the FMIs in worldwide.

Financial ratio analysis: Financial ratios are not analyzed which are very important for performance rating.

Recommendations:

-
- # *A very strong bookkeeping and accounting system should be established at branch office, where a cashbook and an individual savings register (flexible) should be added with the existing books and documents.*
 - # *Branch offices must prepare the following financial statements on monthly basis:*
 - *Cash flow forecast (before the month starts)*
 - *Receipts and payments account*
 - *Income statement*
 - *Balance sheet*
 - # *The portfolio report that is now preparing from the project office that should be prepared from the branch offices.*
 - # *Branch offices will submit all the financial statements and portfolio report to the project office by end of month. Project office will just compile the branch office reports to produce an aggregate report for the whole project.*
 - # *It is essential that some of the key financial ratios are analyzed for the microfinance component.*
 - # *To execute all these transformations in financial management, it would not be enough just to instruct the branch level staff to make the changes. There would need someone who has strong skill on microfinance accounting. S/he will work closely with the branch coordinators to bring all the recommended changes in the accounting system at branch level.*
 - # *There should have close monitoring after changes have been made to ensure that branch level staff are correctly keeping the books and accounts and are producing the reports.*
 - # *To strengthen branch level financial management, it would be useful if a computer and printer are provided to each branch office.*
-

FINANCIAL RISK CONTROL

Control measures for branch and shomity level financial transactions: There are various control measures for minimizing financial risks at shomity level. These are:

- Receive collection sheets and cash from the program organizers on the day of collection. However, a good amount of collection, which comes at late hours in the office, remains as cash-in-hand in the branch office.
- Branch coordinator pays visit in the field randomly to spot check the transaction records of the program organizers.
- Payment of staff salary through bank account.
- Payment to third party through A/C payee check, if the amount is above tk.5,000.
- Not allowing any expenses if they are not stated in the approved budget.
- Advising staff to avoid any kind of fraud or misappropriation.

Passbook reconciliation: Branch offices do not reconcile the members' passbook with the official documents. However, the auditors from HO reconcile the sample number of members' passbooks once a year, as reported by the program manager.

Bank account operation: Each branch office has two bank accounts, one for microfinance component and the other one for education component. Loan from SF usually deposit in the bank account for microfinance, where the operational grant provided by SF both for microfinance and education are deposited in the bank account for education component. Branch coordinator and two program organizers are the signatories of the bank accounts. To withdraw money from the bank accounts, two signatories are required; of which signature of the branch coordinator is a must. Branch office maintains a checkbook register. Checkbook usually lies with the branch coordinator.

Prudential management: CODEC Bagerhat IGA project does not maintain any "cash reserves" in a separate bank account as prudential reserves to meet savings deposit obligations of the group members. It uses all of members' savings on lending which is a bit risky.

Audit: Internal and external financial audits are conducted regularly each year. But we feel the importance of a management audit in the IGA project.

Written manual on financial management for IGA project: We did not find any written manual on financial management for IGA project which describes clearly about accounting system, books and documents to be maintained for accounting; cash handling and petty cash control system, authorization of expenditure, taking advance and adjustment of advance, the chart of accounts, etc. If there is a manual, then we feel that the branch coordinators will do better in financial management and there will be insured greater reliability and transparency in financial management.

Recommendation:

-
- # *Branch offices should reconcile the members' passbook and 100% passbooks should be reconciled in every year.*
 - # *Alternatives have to find to avoid large amount of money remain as cash-in-hand at the end of day in the branch offices.*
 - # *Grant receives for microfinance operation should not be in the same bank account maintain for education component. Also the records and reports for operational expenses of microfinance component should be maintained separately, should not be amalgamated with operational cost of education component.*
 - # *It would be good if there is a management audit at least once in every phase of the project funding.*
 - # *It would be useful if a detail financial and administrative manual is prepared for CODEC Bagerhat IGA project and make it available for the branch offices.*
-

4.3 Financial Planning

Financial plan: CODEC Bagerhat IGA project prepares multi-year and annual budget for submission to the donor (SF) which serve the purpose financial plans. But it does not prepare any business plan for the microfinance component, which is important to prepare.

Business plan: Business plan is the future financial projection prepared for a certain period (usually 3-5 years) for the microfinance program. It allows the organization to become specific in terms of clients to be reached, savings will be mobilized, loans will be disbursed and realized and thereafter to determine additional fund requirement to run the program financially viable. CODEC Bagerhat IGA project needs to prepare business plan for its microfinance component to become more efficient. In this year it is more important to prepare business plan for the IGA project as it entering into second phase of partnership with SF. It may be likely that IGA project will not require any fresh fund from SF for the existing 7 branches, if the plan is prepared in an efficient way. In that case CODEC may go for new branches, if it has expansion plan, and request SF for additional RLF for the new branches. But no way, it will place a fund request blindly to SF without a detail business plan.

Recommendation:

CODEC Bagerhat IGA project must prepare a detail business plan for the microfinance component for at least next 3-5 years considering the existing RLF and reflows from savings and loans installments – which will be the basis of funding support from SF.

4.4 Human Resource Development and Management

Staff recruitment: Staff recruitment process was transparent and competitive. Vacancies in IGA project were published in the local and national newspapers. Interview boards were formed with head office staff and the program manager of Bagerhat IGA project. All the interviews were held at project office in a transparent way.

Appointment letter: All the staff recruited under IGA project reported to receive an appointment letter signed by executive director. All the terms and conditions of service and salary and benefits in a given position were mentioned in the appointment letter.

Job description: All the staff acknowledged receiving job description with the appointment letter. But they mentioned that job description had never ever revised or improved during last 5 years.

Orientation and integration of new staff: CODEC IGA project provides basic orientation to the newly recruited staff after joining. Organizational norms and values, policy procedures, financial systems, main job responsibilities, etc. are discussed during orientation. New staff are also allowed to observe project activities for some days before they are discharged with their responsibilities to perform independently. The entire process of integrating new staff is good in CODEC.

Provision period and confirmation: There is no provision period and confirmation system for the new staff in the Bagerhat IGA project. But we think it would be good if there is a provision period, and the performance of the new staff is evaluated before confirmation.

Organogram: We did not find an organogram of the IGA project in the project office or branch offices showing reporting relationship of the staff.

Staff Supervision: Staff supervision needs to make stronger. Following are our suggestions in this regard:

- Project manager will pay surprise visit to the branches. He must have a checklist where he will note down his observations from the surprise visit to a branch. In the following month, during coordination meeting, he will share his finding with the staff.
- Branch coordinators will also pay surprise visit to the field to check whether the program organizers arrived in the shomity meeting timely. They will discuss with the group members about their satisfaction on the quality of services provide by the program organizers.

Performance appraisal: We are informed that job performance of the staff is evaluated on annual basis and all the staff receive one annual increment on a flat manner regardless their level of performance stands after appraisal. However, as we reviewed the ‘service rules’ for CODEC Bagerhat project’, it is silent about staff performance appraisal.

Staff development process: Staff development process of CODEC is good. Apart from in-service training after joining, it organizes various others training and exposure visits afterwards for the staff as part of staff development. However, it seems that the staff development initiative shall be strengthened further, if we consider the competency of microfinance staff – especially the branch coordinators. Here we feel the importance of conducting need assessment for staff development by using an external consultant.

Compliance of organizational policy procedures by Staff: There was no such major evidence of gross violation of organizational policy procedures by staff. We observed a deep respect among the staff to follow organizational policy procedures properly. In general, CODEC Bagerhat staff appear punctual in attending office, maintaining movement register, stock register, vehicle log book, adjustment of advances, leave approval, etc. as per policy. There are also some written ‘code of ethical conducts’ in the service manual saying what to do and what not to do with the group members. Project manager also reinforce staff to follow the organizational policy procedures properly.

Disciplinary actions: Adequate policy exists in the ‘service rules’ on disciplinary actions. But the management of CODEC Bagerhat IGA project seems very soft and not adequately professional in taking disciplinary actions. We will suggest him to provide written advice or warning to the staff for their negligence or poor performance, rather than telling verbally again and again.

Recommendations:

-
- # *It would be good if there is a provision period and confirmation system for the new staff.*
 - # *Job description needs to revise and improve after certain period making it more reflective to current job responsibilities of the staff. The reporting relationship and authority in a position should be mentioned clearly in the job description. Also there should have certain non-negotiable bench mark in the job description considering the position.*
 - # *There should have an organogram for the IGA project circulated to all branch offices showing reporting relationship.*
 - # *Staff supervision should be intensified to improve their serve quality and professionalism.*
 - # *Staff performance should be appraised more professionally. Appraisal should cover technical competency, human relation skills and commitment of the staff required to perform the jobs.*
 - # *In the performance appraisal, the competency gaps of the staff must be highlighted clearly with specific recommendations to overcome the competency gaps.*
 - # *There may have a system of encouraging good performing staff based annual performance appraisal. They may be awarded with special bonus or appreciation letter from executive director.*
 - # *IGA project management will be increasingly practice written advice or warning to the staff for their poor performance or negligence. Staff who will receive warning letter in a year, s/he will not get increment and promotion in that year.*
-

4.5 Competency and Commitment of Staff

Overall observation and comments about staff competency:

A total of 49 staff are now employed in CODEC Bagerhat IGA project in 9 different positions. Our overall observation about staff competency and commitment are follows:

- In general CODEC Bagerhat IGA project staff seem committed and hardworking.
- They have a deep sense of responsibility and show stewardship in using organizational resources.

IGA Project Staff		
1.	Program Manager	1
2.	Program Officer	1
3.	Education Officer	1
4.	Accounts Officer	1
5.	Branch coordinator	7
6.	Program Organizer	25
7.	Paramedics	6
8.	Attendance	6
9.	Peon	1
TOTAL		49

- Their honesty and integrity is commendable and they try to follow organizational policy procedures strictly.
- They maintain a good relationship with the group members and community people.
- They show sincerity in performing their tasks and duties as their competency permit.
- But in general, CODEC Bagerhat IGA project staff have deficiency in competency, which is more evident in case of microfinance staff relating to financial management.
- Monitoring and reporting is another major weak area of CODEC Bagerhat IGA project staff.

Specific Observation and Comments about Staff by Position:

- **Project Manager:** Mr. Rafiqul Islam is the current program manager of CODEC Bagerhat IGA project. He joined CODEC in 1987. He is a committed staff possessing good moral and ethics. He seems competent in staff dealing having a good relationship with all staff. He is a good motivator and team builder. However, it would be good if he is more professional in his management style and see the microfinance program from sustainability point of view. He also needs further improvement in technical knowledge on microfinance, especially in analyzing and interpreting financial statements and financial ratios.
- **Accounts Officer:** Accounts officer is very new and seems not adequately skilled and competent to manage the accounts of a microfinance program like CODEC Bagerhat IGA project independently. He seems not adequately familiar with microfinance accounting, and financial reporting and ratios analysis. He seems lack of required command and control in financial management. Thus he needs sufficient training on microfinance accounting and financial management.
- **Education Officer:** Education officer is hardworking. But he needs to improve himself on monitoring, reporting and documentation. He will be more organized in preserving records and reports. He needs training on monitoring and report writing.
- **Branch coordinators:** It seems that branch coordinators are committed, sincere and hardworking. Most of the branch coordinators also appeared skilled in office management, problem solving and handling group members. But as a manager, their behavior appeared very submissive. More importantly, they are very weak in financial management, where they need big push.
- **Program Organizers:** Program organizers have adequate knowledge and skills on their core job responsibilities. They are hardworking and their commitment and compliance to organizational policy procedure is recommendable.

Recommendations:

-
- # *Intensive training and technical assistance should be arranged immediately for the branch manager and accountant to improve their competency on financial management covering bookkeeping, accounting, preparation of financial statements, ratio analysis and financial control mechanisms.*
 - # *A more competent and capable accountant will be recruited for the IGA project to oversee whole financial management.*
 - # *In fact, IGA project has a pretty large microfinance component. But compare to that there is only one accountant who is actually from the financial discipline. There is no one other in the project from whom he can take advice or suggestions relating to accounting and financial management when problem arises. This situation must be changed by appointing more staff with financial background.*
 - # *In general, competency of all staff shall be improved on monitoring and reporting.*
-

4.6 Staff Job Satisfaction

In overall, job satisfaction of CODEC Bagerhat IGA project staff is high. In an exercise with branch managers, they graded their level of job satisfaction as 'B' in a four-level assessment rating scale: A, B, C and D. Timely payment of salary, existence of enabling working environment, cordial feeling of senior management, etc. were identified as the main reasons behind their job satisfaction. However, they expressed their big dissatisfaction for big salary difference among staff in the same position. They also expressed that their salary structure is very poor. We would request CODEC to look into the concern of the staff, if possible.

4.7 Office Management

Outlook of the office: All the offices we visited are neat and clean. Notice board, display board and all other fixed assets are placed in an organized manner and are in tip-top condition. In overall, the project office has a professional outlook that has increased the reliability of the organization to the clients.

Office timing and staff attendance: 9:00 a.m. – 4:00 p.m. is the office time. Attendance register is maintaining in the project office and all the branch offices. Staff are punctual in attending office timely. But they often stay late hours in the office – which shall not be encouraged.

Use and maintenance of official resources: Use and management of official resources is appreciable in a sense staff shows a great stewardship in using official resources and taking care of the fixed assets under their disposal.

Registers: Various registers are maintaining in the project office and branch offices such as register for logistics and stationary, fixed assets and equipments, vehicle use, staff movement, etc.

Filing system: Various files are maintaining in the project office and branch offices. But filing system is not well-organized and some of the files were not updated. Various circulars, correspondence letters, reports, etc. were not preserved properly or in the right files. As a result, when a circular or report is needed, it takes long time to find after exploring various files.

Recommendations:

-
- # *There should have a list of files with numbers that should be maintained commonly in the project office and branch offices. Files must be in updated state and various circulars, reports, etc. should be piled properly in the right files.*
- # *There should have a common list and number of registers to be maintained in the project office and branch offices.*
-

4.8 Procurement and Inventory Management

Procurement policy and system: According to program manager, CODEC has a procurement policy and procurement committee in the head office. According to policy, procurement above Tk.5,000 is through quotation and the payment is through A/C payee cheque. According to him, any fixed assets for the Bagerhat IGA project is procured by CODEC head office, where the procurement of logistics, stationeries, etc. for the branches and project office is done by the respective branch offices and project office. There is a procurement committee in each branch and in the project office.

Inventory management: CODEC Bagerhat IGA project maintain an inventory for all the depreciable assets that are marked with a control number and are tracked in the asset register. But there was no physical count of the fixed assets during last 4/5 years and the depreciation is not charging and showing in the financial statements.

Recommendation:

-
- # *Physical counting and adjustment of book value of the fixed assets after adjustment of depreciation should be done yearly basis.*
-

4.9 Logistics and Equipment Support

Logistics support of the IGA project is good. However, the project needs some additional equipment for better performance, of which the following are needed on a priority basis:

- Motorcycle 5 4 for branch coordinators, 1 for project office
- Computer 2 for the project office
- Printer 1 for the project office
- Photocopier 1 for the project office
- Spiral machine 1 for the project office
- Scanner 1 for the project office

It would be useful if the branch offices are provided with one computer and a printer as well.

4.10 Leadership, Communication and Coordination

Leadership: In this area we mainly focused on program manager's ability to guide and influence staff toward mission and vision of the project and to take the project forward and establish good linkage with all stakeholders. We feel is that the program manager has the ability to cascade organizational values and culture among staff and motivate them towards project goal. He also established good linkage with different stakeholders. However, we feel that he needs to think more strategically regarding financial sustainability of the project.

Decision-making: Decision-making between head office and project office should be faster. To say that we would refer to, for example, some recommendations made by SF microfinance specialist before two years which are not yet translated into action, one of which was strengthening accounting system at branch level.

Organizational communication: There would need to develop a culture of written communication in the IGA project. At present, project office to branch office and branch and branch communication is predominately verbal and mainly through mobile phone, where many important decisions are sharing. This is sometime risky in a sense, a decision given verbally by the manager may ignore by the staff or by manager, if there is something happened unfavorable. A sharing culture of project documents, reports, correspondence letter with donor, etc. with the project staff, especially with the branch coordinators should also be emphasized.

Coordination: Project wide coordination meetings were held regularly bi-monthly basis. Apart from project wide coordination meeting, there were monthly staff meeting also held regularly in each branch.

Recommendations:

Decision-making in IGA project should be faster. In regard to organization communication, there should have emphasize on written communication.

Chapter 5. Evaluation of Relevance, Effectiveness, Impacts and Sustainability of the Program

5.1 Relevance of the Program

All the project interventions appeared relevant given the overall socio-economic condition of the working area and the target people. The area is relatively backward in terms of health, education, sanitation, hygiene and water supply facilities. Infrastructure facilities are also poor. Fishing, agriculture, small trading and day laboring are the main source of income of the majority people and the income is seasonal and subsistence; not sufficient to meet household expenses. No such big intervention has been taken yet in this area from the government and or other major development partners. So the services providing from the IGA project are essential at this stage for sustainable livelihood of the poor people living in the working area of the IGA project.

5.2 Program Effectiveness

Design of the project was effective to a great extent to address various socio-economic problems of the target people. Project has adopted a participatory approach from very beginning to know peoples' needs and preference and according selecting interventions and setting methodology for service delivery. Livelihood of the target people could have been worse, if the project was not taken. The project has given a protection to the vulnerable people from further suffering in life and living.

5.3 Impacts

As we discussed with the project participants and observed practically some of their livelihood situation, it is evident that the project has brought some immediate benefits and long-term impacts for the target people and in the local socio-economic condition of the area. Below are the major benefits and impacts project participants realized to have generated due to IGA project:

- Women have built up a good amount of savings to which they have access and control. This has increased their financial strength and dignity in the family being able to make financial contribution to the family during extreme situation.
- Loan support from IGA project helped the target people to raise their household income and reduce seasonal employment and income vulnerability to a great extent. It also brought an increasing number of women involving with economic activities using the loans.
- Group members recognized that the loans and savings also helped them greatly to meet their household emergencies.
- In general, the project participants claimed a long-term impact of the program being making them aware about health, hygiene, sanitation, safe drinking water, children education, social injustice and discrimination, violence against women, human rights, etc. through its social interventions. They think that their improved awareness will help them in changing their socio-economic situation gradually.
- Institutional movement and linkage of the women in the project area has also observed to increase than before. Women are now visiting market, local government institution and extension service center, etc.
- An increased aspiration and encouragement also observed among the poor target people regarding their children education because of various interventions under education component, where a positive change has also been observed in their sanitation and hygiene behavior.

5.4 Sustainability

The microfinance component of the program is very close to reach at a meaningful scale that the interest income from the component will enable the project to run its social interventions as well at beyond donor support situation. However, to materialize this model of cross subsidizing social interventions from interest income of the microfinance component, more efficiency should be achieved in microfinance operation and there should have a clear business plan projecting future income and expenses. To make the interest income sufficient to meet expenses for social interventions, the microfinance component is needed to expand further.

Annex 1: List of People Meet and the Documents Consulted

1. PEOPLE MEET

Surigathi Primary School Teachers

1. Josna Akter, Head Teacher
2. Nur Jahan, Assistant Teacher
3. Kanika Mondal, Assitant Teacher
4. Amal Krishna Mojumder, Assistant Teacher

Hihg School Teachers (Kachua High School)

5. Samiran Kumar Saha
6. Md. Zihadul Islam
7. Mallik Yasin Ali
8. Nishikanta Gaine
9. Basudeb Paul

Scholarhip Students

1. Sharifa Akter
2. Mukta Khanam
3. Al Mamun
4. Md. Alamgir
5. Md. Sohel Sheikh

Group Members:

South Badukhali Women Shomity:

- | | | | |
|-----------------|------------------|-----------------|------------|
| 1. Taslima | 2. Rebeka | 3. Reba Begum | 4. Lavli |
| 5. Rani Begum | 6. Tara | 7. Pervin (II) | 8. Ratna |
| 9. Kulsum Begum | 10. Monira Begum | 11. Ratna Begum | 12. Laili |
| 13. Pervin (I) | 14. Somi Akter | 15. Cheharan | 16. Nasima |

Durgapur Women Shomity:

- | | | | |
|--------------------|-------------------|--------------------|-------------------|
| 17. Purul Rani | 18. Sova Rani | 19. Monju Mojumder | 20. Mala Halder |
| 21. Meherjan | 22. Marani Halder | 23. Subasini | 24. Dipu Rani |
| 25. Pravati Halder | 26. Pramila Roy | 27. Sujata Gaine | 28. Malina Halder |
| 29. Putul Rani Roy | 30. Sima Roy | | |

Durgapur Purbapara Women Shomity:

- | | | | |
|-------------------|--------------------|----------------------|--------------------|
| 31. Doly | 32. Shathi Begum | 33. Chanchala Biswas | 34. Bipasha Mandol |
| 35. Banita Halder | 36. Basanti Halder | 37. Urmila Mondal | 38. Shefali Halder |

Barasia Meja Jila Women Shomity:

- | | | | |
|-----------|------------|-------------|--------------|
| 39. Mafia | 40. Helena | 41. Ranjina | 42. Hosneara |
| 43. Belka | | | |

CODEC Begerhat IGA Project Staff:

Project Manager	: Rafiqul Islam
Educaton Officer	: Mizanur Rahman
Program Officer	: Shukto Shakor Das
Accounts Officer	: Layakot Hossain

Branch Coordinators:

1. Arup Saha : Chitalmari Branch
2. Ashok Kumar Barai : Boro Baria Branch
3. Moazzem Hossain : Gazalia Branch
4. Narapada Adhikari : Kachua Branch
5. Chanda Adhikari : Daibbagati Branch
6. Asim Kumar Guha : Bagerhat Sadar Branch
7. Gazi Faruk Hossain : Fakirhat Branch

Program Organizers:

1. Palash Saha : Gazalia Branch
2. Pankau Mondol : Gazalia Branch
3. Kazi Iqbal Hossain : Gazalia Branch

Paramedics:

1. Meherunnesa : Gazalia Branch

Volunteers:

1. Shahanara Begum : Gazalia Branch
2. Puspa Gulder : Gazalia Branch
3. Soma Roy : Gazalia Branch

2. DOCUMENTS CONSULTED

1. Project Applications: 2001, 2002, 2003, 2004 and 2005
2. Annual Project Report: 2001, 2002, 2003 and 2004
3. Project Mid-term Review Report
4. Audit Reports: 2001, 2002, 2003 and 2004
5. Audited Financial Statements: 2001, 2002, 2003 and 2004
6. Credit policy manual, April 2001
7. Service Rules Manual for CODEC Bagerhat Project 2001 -2003
8. Service Rules Manual for Regular Service 2001 – 2006
9. CODEC Payment Procedure Manual 2001 – 2006
10. Members' Passbook, Collection Sheets, Loan Appliation Form, etc.
11. Books of Accounts
12. Monitoring reports and formats

Annex 2: Terms of Reference (TOR)

Final Evaluation of IGA for Underprivileged Communities Project (314051) COMMUNITY DEVELOPMENT CENTRE (CODEC)

1. BACKGROUND

The Community Development Centre (CODEC) is non-governmental organization (NGO) working to promote the development of the coastal communities in the coastal areas of Bangladesh. The organization started its operation in October 1985 in Chittagong. As a one of support activities, CODEC is implementing “Income Generating Activities (IGAs) for the underprivileged Communities mainly through Awareness and Education Program” with the assistance of Stromme Foundation since 2001.

Initially CODEC started the development program from Chitalmari upazila under Bagerhat district and over the time the program expanded to the Kachua, Morelgonj, Fakirhat and Sadar upazila and presently implementing the program through one Project Office and seven Branches.

CODEC organizes its community people under the umbrella of mainly female members. By September 2005, CODEC thus covered 345 adult groups belonging the membership of 6,571 female and 219 male.

The core program elements of CODEC are the followings;

- Education
- Savings and credit

Institution Building and Health awareness is integrated part of the programs.

Development Objective:

Improve socio-economic conditions of the underprivileged landless/asset less people of **Bagerhat** district to the extent where they have secured their basic needs and a healthy environment.

Immediate Objective:

Self-reliant and well-functioning village organizations in the villages, which will be active and democratic participation by its members for help to cater economic, social, educational, health related and environmental needs of the villagers.

Program Operation:

The overall activities of the program are carried out under the leadership of Executive Director. Project Office is managed by the Program Managers with the help of Education Officer and Accounts Officer. The seven Branch offices are managed by the respective Branch Coordinator with the help of required numbers of Program organizers. They are sole responsible for implementing the overall program at the grass-root level.

2. OBJECTIVES OF THE EVALUATION

The objectives of the evaluation are:

- To assess the physical progress of the project and at the same time changes that have taken place in the lives of the target participants due to the project intervention.
- The evaluation will also focus on the impact that the project has created on the people and the area.

- To review changes in the community based people's institutions and their capacity to sustain the efforts of the project.
- Assess the institutional, financial and personnel capacity of the executing organization.
- To assess the significant changes in the economic and social life and the role of the women.
- Impact of the education component in terms of quality, enrolment and drop-out rate in the schools supported by the program.
- Assess the sustainability of the program activities in the light of present institutional, financial and personnel capacity of CODEC.
- To identify the problems, if any, in project implementation and suggest/recommend changes in the program implementation strategy for future intervention.

3. OUTPUT

A report containing the findings and recommendations of the Evaluation Team (ET) based on the objectives of the evaluation and the activities undertaken by the team.

4. SCOPE OF WORK

The evaluation should comprise, but not necessarily limited to, the following aspects;

- a. A general assessment of CODEC's program and its objectives. Its relevance for and to the extent possible, its impact to the target people.
- b. Assessment of the cost-effectiveness of the program.
- c. Assessment of the sustainability of the program regarding CODEC's strategy and plan.
- d. Assessment of the total education program including (1) improvement of quality of education of in primary school and (2) long-term impact of capacity building efforts of the project on the target members and also role of women in the program.
- e. Assessment of credit policy, type of loan, conditions, interest rate, utilization of fund, loan portfolio etc.
- f. Assessment of the program administration and of the system is used.
- g. Assessment of the organization, staffing and management of CODEC, and its capacity to implement the program.
- h. Assess the program administration at Project Office and at Branch level.
- i. Any other issues considered relevant for the evaluation.

5. METHOD OF WORK

The Evaluation will be participatory. An Evaluation Team will be constituted with representatives from the Project Participants, the Partner Organization and SF under an external Team Leader.

The Team Leader will be fully responsible for conducting the evaluation. He/she will prepare a work plan, prepare draft report, share it with the organization and forward to the SF. The Draft Report will be finalized with comments from the concerned parties.

The Evaluation will base its work on written documents like project Documents, Plan, Reports, other reports (if any), interviews, observation, field visits etc.

6. TIMING & REPORTING

The evaluation shall preferably be carried out within an estimated time of ten days. ET shall prepare a draft report and present the summary in a de-briefing meeting at the CODEC at the end of the evaluation. The Team Leader will forward the Draft Report to SF by 31 December 2005. CODEC will have an opportunity to provide their comment on the draft report sent by SF with their comments. With comments from CODEC the Team Leader will prepare the final report not later than 15 January 2006.