

Final Report

**Review of
Integrated Program for Sustainable Women Development (IPSWD),
Sathkhira Unnayan Sangtha (SUS), Sathkhira**

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CONTENTS

1. Background and Methodology	4
2. Findings of the Review	6
3. Conclusion and Recommendation	9

Annex 1: Terms of Reference	10
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TABLES

Table 1: Target and Achievement of SUS

ACRONYMS

GOB	Government of Bangladesh
ME	Microenterprise
SF	Stromme Foundation
IPSWD	Integrated Project for Sustainable Development of Women (project of SUS)

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I. BACKGROUND AND METHODOLOGY

1.1 Introduction

The Stromme Foundation (SF) has been supporting microfinance, development education and human rights program of Satkhira Unnayan Sangstha (SUS) in Satkhira district since 2001. The financial support for SUS has been to implement the 'Integrated Project for Sustainable Development of Women (IPSDW) for a period of three years (2001-03). SF has been following a three-year cycle of financing a project. SF's policy is to review the project at the end of 3-year cycle. This review is end of the project review. This review covers activities funded by SF during 2001-2003. Although SF has been supporting both education and microfinance, the review primarily focused on the microfinance part, with a view to make assessment for further expansion of microfinance.

1.2 SUS in Satkhira District

Although SUS was established in 1982 but its genuine start took place in early 1990s when it became a partner organization of the Palli Karma Sahayak Foundation (PKSF). Its microfinance program has since been funded by PKSF. Currently SUS got engaged in various activities like microfinance, community health development, safe water and sanitation, non-formal primary and adult education, social forestry and fisheries, environmental conservation and disaster management etc. Over the years, SUS has earned good reputation in Satkhira region for its effective microfinance program for the poor. It has also ventured into many other development activities. However, microfinance is by far the largest program of SUS. SUS has received funds from many national and international organizations.

SUS has mobilized 13,545 women in 413 villages (June 2003) under its entire microfinance program. The members have outstanding savings and loans of Taka 7.54 million and Taka 20.2 million respectively (June 2003). The cumulative loan disbursement is Taka 60.25 million (up to June 2003). This program is further supported by skill development training, loan for Golda (sweet water lobster) farming and microenterprise lending. CARE Bangladesh has provided some funds to SUS for disaster loan operations in flood affected areas.

SUS has a typical organizational structure commonly found with NGO community of the country: a General Body of 31 members from the locality, an Executive Committee of 9 members, Executive Director and management staff.

1.3 Integrated Program for Sustainable Development of Women (IPSDW)

Purpose: The project funded by SF has been in operations since 2001 in four Unions of Satkhira Sadar Thana. The project has five purposes as follows:

- a) Women are united, have sisterly feelings for each other and capable of managing groups' activities independently;
- b) Oppression on and exploitation of women being reduced and they live with dignity in the family and in the society;
- c) Women are skilled, undertake viable and feasible Income Generating Activities and contribute to combating hunger and poverty of their families;
- d) Women have mobilized own capital by fostering savings habit and from profit of IGA; and
- e) Have sound health of family members living in good and hygienic environment.

Beneficiaries: The project has a target of direct beneficiaries of 1000 women from marginalized rural families and indirect beneficiaries of 4000 family members.

Activities: The project has four basic activities: i) awareness building on various social and health related issues; ii) water and sanitation; iii) microfinance services for 1000 women; and iv) skill training on various topics.

1.4 Methodology

From the outset, it was agreed with SF that the present study would not be a rigorous quantitative evaluation of the project. It will rather be a review based on discussion and observations of the activities of SUS in Satkhira, mainly in SF funded areas. The Terms of Reference of the review is attached as Annex 1. Based on that understanding, the review was made on the basis of following methodology :

- a) The programs of Satani branch were visited. Activities related to microfinance, development education and health and sanitation were observed in three Unions.
- b) Five samities namely Siuli and Bhashan mahila samity of Kushkhali Union, Piyal Mahila samity of Banshdah Union, Sonali and Bashanti Mahila samity of Agradri Union were visited to see the impact as well as activities of IPSDW.
- c) Since Satani branch being fully funded by SF, more time was employed to observe the impact of the program. Discussions were held with the members at group meetings to collect their views about the programs and their impact.
- d) Accounting and MIS system in Satani and SUS Head Office were examined.
- e) In addition, activities of Kolaroa (partly funded by SF) were also discussed at the Head Office.
- f) Discussion meetings were held with all staff members at Satani and Satkhira to collect their views about the program management and impacts.
- g) Discussion was made with the Director of SUS; and
- h) A review meeting was held at the Head Office with all senior staff and consultant.

- i) Project proposal, annual reports and financial reports submitted by SUS, and audit reports prepared by external auditors were reviewed.

2.0 FINDINGS OF THE REVIEW

2.1 Concept of the program

SUS started as a Thana-level organization at Tala Thana of Satkhira. It evolved as a local medium-size organization for the development of the poor people in Satkhira district and later it has expanded its operations in other districts. The core of its program is the mobilization of the poor women under microfinance groups. In addition, the same groups have been provided with additional services such as primary health and sanitation, awareness building regarding social issues, skill training for undertaking profitable income generating activities. That eventually led to the adoption of a ‘credit plus’ approach of development by SUS. Microfinance services (savings and credit), development education and human rights awareness are the major programs that SUS conduct for these groups. Microfinance program is meant to ensure access to financial resources by the poor people so that they can undertake income-generating activities. Development education makes group members aware of social, health and economic issues. IPSDW supported both types of activities as explained in Section 1.3.

2.2 Microfinance Program

The issues and findings related to the microfinance program are summarized below:

Overall Target of 2001-2003 Period: The following Table 1 provides basic information as well as a comparative analysis of the quantitative targets and achievements of SF funded project area of SUS:

Table 1: Target and Achievement of SUS under IPSWD

	Description	Target	Achievement (October 2003)	% achieved
1	Number of groups	-	47	-
2	Members*	1000	1307	130.7
3	Loan disbursement (Million Taka)	18	10.23	56.81
4	Borrowers*	1000	1095	100.9
5	Savings balance (Taka in million)	0.61	0.5	81.96
6	Loan outstanding (Taka in million)	-	3.0**	
7	Number of loans	3000	2666	88.86
8	Average loan size (Taka)	-	3836	-
9	Savings balance per member (Taka)	-	382	-
10	Loan recovery rate	100%	100%	100

Source: SUS Report (2003); * includes both Satani and part of Kolaroa Branch (SF part only); Taka 3.52 million at the end of November 2003.

SUS has exceeded its targets in mobilization of members and number of borrowers and has maintained nearly 100% loan recovery rate. Maintenance of such high recovery rate is very important for the sustainability of the microcredit program. However, the amount of disbursement and number of loans were lower than the targets. The main reason for low level of disbursement is small average loan size, which is less than Taka 4000. The average savings balance per member in November is 382, which is indicative of the newness of the program.

Target Groups: Visits to 5 groups in three Unions indicate that members generally belong to poorer section of the areas. A survey conducted by SUS also indicates that the members belong to the target groups as per the project proposal. However, some members may be slightly above the target group, which is a common phenomenon in microfinance program all over the country due to various social reasons. The number of marginal poor in the groups is around 30%.

Meeting attendance: The average rate of attendance in these 5 groups was around 85%. This is quite consistent with the existing industry norm. Members could tell each other's savings and loan amounts, which is indicative of good internal control environment. Considerable degree of cohesion among the group members has also been observed during the field visits. They all reside in close neighborhood and are aware of each other's situation.

Savings mobilization: Each group member deposits Taka 5 to 20 every week as savings. SUS allows limited withdrawal of savings. The trend in the microfinance industry is to allow more open and flexible savings. SUS may consider making savings a lot easier to withdraw. This also fits with their mandate for poverty alleviation. Members would like to have more than one type of savings to meet their different savings needs.

Loant products: Members normally borrow between Taka 3,000 to Taka 8,000 for various purposes such as vegetable cultivation, cow rearing, cattle fattening, horticulture (plant nursery), grocery shops, petty trading, fish culture, rickshaw, and poultry etc. SUS is also pilot testing microenterprise loans. Each loan is to be paid within a period of maximum one year in weekly installments. Members demanded for higher amount of loans and some members placed the need for seasonal loans with option for making balloon payments.

Loan recovery rate: So far SUS has been able to maintain 100% rate of recovery both in general loan as well as microenterprise loan. Group members seem to be aware of the importance of maintaining 100% recovery rate as non-maintenance of 100% recovery rate means discontinuation of subsequent loan from SUS.

Financial Viability: Credit program supported by SF is not financially viable yet. The project has accumulated some surplus because of grants provided under the project. The strategy for SUS would be to increase number of group members and per head loan size along with rationalizing all factors that affect their cost structure in order to become financially viable within an acceptable period of time. It will be very much possible to cover all expenses related to microfinance program within 2 years. Adherence to certain performance standards would be very crucial for attaining both institutional and financial sustainability. SUS may look into the performance standards devised by the PKSf at

http://www.pksf-bd.org/rating_mfis.html in this regard. The PKSf part of microfinance program of SUS is profitable because of bigger scale of operations.

Skill Training: Several batches of training were completed under the project both in skill and human development areas. Skill training courses were in areas of vegetable cultivation, cattle fattening, cow rearing, pond fisheries, sewing and typical microenterprises. Members very much appreciated for giving them the scope of having such trainings.

IGAs undertaken: Members were found undertaking IGAs in areas where they received training.

Accounting system: SUS follows double entry accounting system. It maintains all necessary books of accounts and entry are properly classified according to transaction category. The financial reports were found accurate and maintained as per norm of microcredit industry. SUS is yet to establish a firewall between its microcredit program and other development programs. It needs to follow an acceptable cost allocation policy for using common assets by different programs.

Fund management: Although SUS has been managing its credit program well but at the end of November 2003 more than half of its assets under SF-funded program was in the bank as cash (Taka 3.9 million), which is more than loan outstanding (Taka 3.53 million) at that time. This shows that there is ample scope for improvement in Fund management so that most efficient use of fund is made.

Management Information System: SUS has elaborate reporting and consolidating system for program and financial information. SUS should ensure regular reconciliation of MIS information with corresponding accounting information on a regular basis.

Internal control: Internal control of SUS appears to be good. Project coordinator regularly visits the branch offices as well as groups. Branch manager regularly visits groups. However, SUS should ensure usage of specific terms of reference for each supervision layer with mandatory supervision-reporting system.

Human resources: The staff members were found skilled in microfinance management. Several staff development training courses were organized in areas such as credit management, logical framework analysis, strategic planning, and project monitoring and evaluation. Staff members were found skilled in their respective areas. SUS should initiate a process for improving its degree of motivation of its staff.

Impact of microfinance program: The impacts of microfinance program as reported by the members at the group meetings during the visits are summarized below:

- They could begin some income generating activities as well as expand existing businesses by easily accessing loan from SUS. This has created employment opportunities.
- Members' dependence on moneylenders has been reduced, who charge 120-140% per year compared to SUS's 30%.
- They could maintain their dignity by joining an organization rather than trying to borrow from relatives, neighbors and moneylenders.

- Members have the opportunity to save regularly.
- Members reported increase in income as well as consumption. They have increased their assets. Some members have improved their housing condition.
- Continuous access to financial resources is very important for the poor people for running their small business ventures. SUS has been able to ensure supply of regular funds for poor group members. Members seem to be pleased about the performance of SUS.
- Members sought flexibility in saving withdrawal. They also showed keen interest to use more financial leverage.

2.3 Development Education

The review has looked into the impact of development education and training aspects of IPSDW. The review has discussion with the sample five groups. The findings are summarized below:

Leadership: each group has alternative leadership. Members know each other very well, an indication of cohesiveness of the groups. They resolved minor disputes within the groups.

Sanitation: All members are aware of health hazards of not using safe toilets. They reported 100% family members use toilets. About 60% of families have sanitary toilets. *Vegetable cultivation:* Nearly 80% members have vegetable cultivation around their houses.

Health issue: Participants could mention the names and vaccines of six common diseases of children (the immunization package). Normally members consult village doctors (quacks). In case serious health problems they resort to govt. hospital.

Human Rights: Members know the ills of dowry and know the laws regarding the dowry issue. They could mention the minimum legal age limit regarding marriage. However, it is difficult to say how the knowledge is translated into practice. But the awareness was found high. It appears that women are taken more seriously on family issues by their men-folk.

School attendance: School attendance of children has increased.

3.0 CONCLUSION AND RECOMMENDATION

3.1 Conclusions

SUS has been successfully managing microfinance program with the financial assistance from SF. It has well developed savings and credit policies, accounting, internal control and management information system. Group members are aware of the programs and policies. They are utilizing loans and have reported improvement in income. The recovery rate is 100% as reported by SUS and verified in the 5 groups. Although the

microcredit program is not fully sustainable, it can be made sustainable within reasonable timeframe but it needs expansion of membership and increase of loan size.

Development education has increased the level of awareness of the group members. Members have attained high level of awareness regarding social, sanitation and health issues.

3.2 Recommendation

- a) Steps should be taken to make SF-funded branches financially viable by increasing membership and average loan size. Microcredit is a continuous program and it should be expanded and continued in accordance with the very nature of this program.
- b) SUS should improve its planning capability to utilize funds properly.
- c) SUS should take steps to make regular reconciliation between its MIS information with accounting information.
- d) Presentation of Financial reports should comply with IAS as adopted in Bangladesh. SUS accountants may be given training in this regard.
- e) SUS should adhere to industry performance standards during expansion of its program.
- f) Management of motivation of staff should be integrated in its Human Resource management activities.

Strømme Foundation Asia

Terms of Reference for Microfinance Program Review

1. Introduction

As per the Agreement of Cooperation signed between the Partner and Strømme Foundation (SF), SF will organize periodic review of each project (MFI). SF's policy is to review the performance of each 5-year project twice: a mid-term review and a final review towards the end of the project period. A 3-year project is reviewed once towards the end of the project. After reviewing its approach, SF has decided to lend to its partner on a long-term basis to capitalize microfinance programs. That means SF will not treat its partners as projects rather they are organizations. The implication of this approach on performance review will be profound. SF will review the partners to consider refinancing the organizations.

2. Scope of Review

The performance review is a tool useful for both the Partners and Strømme Foundation. The findings from the review will help the Partner to see the areas of their successes and deficiencies in project planning, implementation and commitment of inputs, as well as the drawbacks and weaknesses of the staff and management. For SF this will help weighing the impact of the program, achievements compared to planned objectives, cost effectiveness of the program, and guide SF in reviewing future support strategy. The overall objective of the review is to gather insights into the performance of the partner in the management of the program, impact of the program and the future direction of the program.

3. Detailed Terms of Reference

3.1 Scope of Review

The general objectives of the review are:

- To study whether the partner has implemented the program as planned in regard to selection of target people,
- training, strategy and management;
- To get an overall view and salient features, special characteristic, strengths and weakness of the project;
- To examine and assess the effects and impact of the project;
- To assess specific objective of the program in relation to how income and employment generation have helped the participants;
- To comment on the extent the program has helped in achieving its the objectives;
- To identify and suggest future course of direction

3.2 Detail Terms of Reference

3.2.1 Aims and objectives of the program

- a. Assess the degree of achievement of the program objectives;
- b. Idea (conceivability) of program aims and objectives by the staff and program beneficiaries; and
- c. Recommendations.

3.2.2 Program management

- a. Is the project period sufficient to effect an economic development among the target number of beneficiaries?
- b. Was the monitoring and follow-up system of the management accurate and sufficient?
- c. Were accounts and records keeping system of the organization compatible for the project?
- d. What are the strength and the weakness of the organization?
- e. Recommendations

3.2.3 Staff capability and discharge of responsibilities

- a. Was the number of worker sufficient?
- b. Interest/Morale of staff in carrying out own responsibilities
- c. Strengths and Weaknesses of staff in carrying out job responsibilities
- d. Recommendations

3.2.4 Organizational efficiency

- a. Fund management (portfolio management)
- b. Staff efficiency
- c. Risk management
- d. Repayment/overdue management
- e. Cost efficiency
- f. Operational/Financial sustainability

3.2.5 Impact assessment

- a. Assess the level of achievement of the Project in terms of poverty emancipation/ economic sustainability of the beneficiaries?
- b. Capacity of project in mobilization and capacity building of the project participants.
- c. Development of members' awareness, leadership and participation
- d. Development of members' skills in different trades to improve income.
- e. Capability of members to utilize credit for income generation.
- f. Capacity of members to utilize earned income for family development.
- g. Sustainability of the project.
- h. What lessons can be learned both positive and negative, particularly for planning and implementing a similar project by the partner?

4. Methodology

4.1 Composition of Review Team

The review is aimed to be fully participatory. The Review Team is formed with representatives from the Partner, Participants and Strømme Foundation. The Team will be headed by an External Resource Person having the skill and experience in development projects, especially in monitoring and evaluation.

4.2 Terms of Reference

The Partner will draft the Terms of Reference (TOR) for the review in consultation with staff and participants. The TOR will be finalized after review and comments by SF.

4.3 Review Process

The review will primarily involve gathering of qualitative information from group members and Partner staff members to compliment information gathered through regular monitoring system. Due to time and resource constraints, the review is NOT meant to follow rigorous statistically valid method of project evaluation. It also NOT meant to be only quantitative in necessary. The objective is to arrive at reasonably valid conclusion about the performance of the partner.

The review process will include following steps:

- Review of program documentation, audit report, previous review reports (if available);
- Collection of secondary data at the Partner/SF office;
- Field visit for data source review;
- Conduct group discussion with group members for impact assessment;
- Discussion with staff and management on findings of the review;
- Submission of Draft report
- Comments by Partner, SF and team members;
- Submission of Final Report

4.4 Data Collection

The data/information collected in the process of the Review needs to be sex-disaggregated. Further, with regard to impact, the indicators need to relate also to gender/gender equality and empowerment.

4.5 Report

The External Resource Person (Team Leader) will write a brief and concise report which will primarily include the findings and recommendations. The report and all data should be in English. The final report should incorporate observations on the draft report by SF and the Partner. The summary of the findings and any relevant section of the report will be translated into Bengali by the Partner to ensure participation and effective feedback by field staff and project participants

4.6 Time for the review

The Team Leader is expected to spend three days in the program area and spent 2 days for drafting the report. An additional two days are allocated to travel between Dhaka and the program area. That is a total of seven days are allocated for review of one partner.

5.0 Deliverables by the Team Leader

5.1 The Team Leader will submit a brief and concise final report in English. He/she is expected to debrief SF and the Partner.

6.0 Time Frame

The review should be completed by December 2003.

7. Costs and Payments

The cost of the review is built in the Annual Budget of each SF supported program. However, payment of fees to the Team Leader will be negotiated and paid directly by Strømme Foundation. Any logistic arrangements made by the Partner during the review should be invoiced to Strømme Foundation for reimbursement.