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Final Report

Final Evaluation of Microfinance and Development Programs of COAST Trust, Cox's Bazaar

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ACRONYMS

GOB Government of Bangladesh

UJS Unit Jana Sangghathan (People's Organization)

ME Microenterprise

RMC Regional Management Center

SF Stromme Foundation

SECDI South-East Coastal Development Initiative (project of COAST)

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1. BACKGROUND AND METHODOLOGY

Introduction

1. The Stromme Foundation (SF) has been supporting microfinance and education program of COAST Trust in Cox's Bazaar district for the last five years. A mid-term evaluation was conducted in January 2004. This final evaluation has been conducted to gather impacts and lessons learned over the last five years. The project has three distinct components: microfinance, education, and institution building and governance. These three components represent COAST Trust's 'Basic Program', which is a combination of microfinance, development education, and institution building and governance. Over the period the Stromme Foundation has refined its strategy both in microfinance and education. In microfinance it has moved away from project financing to regular financing of microfinance program. On the other hand, in education it has decided to fund a three year program cycle than a one year 'project'. These decisions are expected to have significant positive impacts on program results and management.

COAST Trust in Cox's Bazaar Area

2. The COAST Trust has been working in Cox's Bazaar district since September 2000 with financial assistance from SF. The SF's project began in 2001 through funding a project titled South-East Coastal Development Initiative (SECDI), which has been renamed as Regional Management Center. The goal of the project is 'to build people's organization for governance and improve income capacity and to ensure quality education and community participation in the islands of South East Coastal Belt.' A brief account of scope of work and strategy of COAST Trust is given below:

- **Microfinance:** Currently SF finances eight branches in Cox's bazaar areas. The features of microfinance program are similar to mainstream microfinance offered by other MFIs. It offers two credit products: i) general loan between Taka 4,000 to Taka 15,000 for one year and collected in weekly 45 installments over one year period with 12.5% (flat) annual interest; ii) a microenterprise loan called Talent Financing where loans are given to experienced and skilled borrowers who can manage larger businesses. The biggest loan so far disbursed is Taka 70,000. The TF loan is also for one year with same rate of interest. Members have the opportunity to deposit small amount of savings every week.
- **Education:** Under the education component SF finances a number of activities as follows: i) Adolescent Girls' Education: This is a one year program targeted to adolescent girls who never attended schools to equip them with basic literacy, awareness about social and health issues (especially reproductive health) and introductory training on poultry and livestock rearing as a possible future income generating activities. It follows a modified version of REFLECT approach where a facilitator runs a group of 30 girls and identify issues for discussion through social analysis. The program gives emphasis on literacy as well. The one-year time is divided into two parts: nine month literacy and 3 month post literacy (continuing education). ii) Early Child Development Center (EDC), which is a pre-primary one year education program targeted to 5-6 old boys and girls to prepare them to enroll in

regular primary education after one year of preparation. iii) Pre-School Education for children in Moktab, which targets geographical areas where primary schools are not conveniently located. This is also a one year pre-school to prepare children and focuses on literacy. iv) 'Mobile' school for working children where they attend classes in the evening; and v) Financial assistance for three years to a number of non-government primary schools and junior high schools to assist them get registered with government education department.

- ***Institution Building and Governance:*** Each samity of COAST Trust has 5-member management committee; and all members under one branch form a Jana Sangathan (people's organization). All these members elect every year a team of another 7 people to lead the human rights and governance activities. They try to contribute to the following areas: resolve disputes within members, family members of samity and families of the villages; sensitize Union Parishad and Upazila GOB offices to provide services to the poor people; create social movement on different issues such as education, sanitation, women rights, violence against children and women etc. COAST has a 38-lessons 'development education' module where in case of new groups each Program Organizer before beginning collecting savings and credit installments in the group discusses one issue. The objective is to make the members aware of the issue.

Methodology

3. The methodology for evaluation has been as follows:

- a) The evaluation began with presentation on each component of the program by respective coordinators of the COAST Trust.
- b) The microfinance program has been observed in Cox's Bazaar Sadar and Maheshkhali Sadar branch by visiting groups and observing branch operations. The activities of microfinance and development education and governance programs were observed in these two branches.
- c) Discussions were held with Jana Sangathan leaders in Maheshkhali Unit
- d) Two adolescent girls education centers, two ECDCs, a working children school, one Moktab, one primary school and one junior high school were visited. The quality of education and activities were checked through simple tests. Discussions were held with teachers and facilitators.
- e) The evaluation team visited several drop out members of microfinance program.
- f) The internal review reports prepared by COAST, project proposals and annual reports submitted by COAST, and audit report prepared by external auditors were reviewed.
- g) A final debriefing was done at the COAST Trust office with officials in attendance.

2.0 FINDINGS OF MICROFINANCE PROGRAM

Microfinance Program Performance

4. *Target and Achievement:* The following Table 1 provides a comparative analysis of the quantitative targets and achievements of SF funded project:

Table 1: Target and Achievement in SF Funded Project (Taka mill)

	Description	2002		2003		2004		2005	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1	Branches	7	7	7	8	9	8	9	8
2	Groups	300	200	380	229	600	307	610	390
3	Members	7350	4700	7350	5293	9450	6880	9450	8911
4	Borrowers	7000	3930	6650	4161	7650	5598	8100	7708
5	Loan outstanding	15.62	14.47	15.29	22.77	19.35	24.27	22.35	31.84
6	Savings balance	-	5.5	-	8.7	-	8.6	-	11.9

Source: COAST Trust (2005)

COAST Trust was able to achieve its loan portfolio targets over the last several years as well as mobilized Taka 11.9 million (Taka 1335 per member savings balance) despite high drop out rate. However, it has not been able to reach its membership and borrower target over the years although the gap narrowed in 2005. But it has yet to fully utilize its staff capacity. Each branch has 5 credit officers who should be supervising at least 300 members (30 members per group and 10 groups per credit officer). That would mean 1500 members per branch and 12000 members under its eight branches since there is no dearth of poor families in COAST working areas. COAST claimed that the shortage of capital funds had stopped it from mobilizing that many members. However, it could be viewed as an outcome of unplanned expansion of memberships without ensuring availability of resource to finance the expansion. COAST has reportedly used savings fund to buy physical asset (land) instead of utilizing that for loan program leading to shortage of funds. It has been an opportunity missed and should be corrected promptly.

5. *Target Groups:* The clients of COAST Trust generally belong to the poorer section of the areas but not necessarily the hardcore poor but similar to the microfinance clients throughout the country.

6. *Savings mobilization:* Groups are found to deposit savings of Taka 10 to 20 every week. Members save same amount every week in the groups that were visited. COAST allows withdrawal of savings but not many members other than those left the groups have withdrawn savings. It appeared that not all members were fully aware of the withdrawal facilities available to them. Besides, the COAST Trust should strive for mobilizing additional savings

as a source of fund for microcredit program. Customarily this source could be 30-40% of total capital for microcredit.

7. *Credit products:* Members normally borrow between Taka 4,000 to Taka 15,000 for various purposes such as fish business, betel leaf growing (especially in Moheshkhali), salt production and other petty trades. The average loan size is hovers around Taka 7000. There is strong opportunity to increase the loan size. COAST also offers microenterprise loan to selected clients. The clients are in general pleased with the terms and conditions of loans except that they would like to borrow larger loans.

8. *Loan recovery rate:* So far COAST has been able to maintain nearly 100% rate of recovery both in general loan as well as microenterprise loan.

9. *Drop out:* It appears that the client drop out rate is high, more than 2700 clients left COAST (under 12 branches) in 2004. The evaluation team visited seven former members of microenterprise loan. These drop-out members appear to suggest that smaller loan size and not receiving loan on time are the main reasons for such drop out. Similar to other places in the country microfinance is highly competitive, that means, once members are enrolled they would expect regular finance. COAST explanation is that it does not have adequate resources to provide all loans on time, i.e. quickly after full repayment of previous loans by clients. COAST's internal investigation shows lack of group discipline as well as (long) time spent in the group meetings encourage members to leave groups. The high drop out could be an adverse effect of unplanned rapid expansion without ensuring resource.

10. *Accounting system:* As suggested in the mid-term review COAST has segregated principal and interest amount and record the transactions under two different Head of Accounts.

11. *Financial Viability:* The following Table 2 presents critical viability indicators of COAST microfinance program. The microfinance program (2004 and 2005) could only cover operating cost (OSS is more than 100%). However, the program funded by SF is yet to become fully financially viable. The reason for such poor financial performance is obvious from Table 2. This has been due to low staff productivity, which led to small portfolio per credit officer. The two productivity indicators, member per credit officer and borrower per credit officer, are unacceptably low (below 200) compared to industry standard. Although the average loan size is more or less similar to MFIs of its size but COAST has failed to fully utilize its credit officers. To make the program viable COAST must increase member to credit officer ratio to 300 if not more and maintain member to borrower ratio more than 85%. In addition it may consider increasing one to two credit officers in each branch depending on availability of clients. However, this should be done after ensuring availability of capital funds for such expansion. The essence is that it has to make a branch with 1500-1800 members. During the mid-term review it was recommended that COAST should develop a structure of viable branch, i.e. to develop structure, management, membership number, loan volume for a model branch to make the program viable within shortest possible time. That has not been done.

12. Another disturbing indicator related to viability is 'Loan outstanding as percentage of total asset', which is very low for COAST microfinance program. Since the microcredit (loan outstanding) is the highest earning asset all MFIs try to deploy most of their available funds to loan program. Normally this indicator is around 85%, which was as low as 52.72% and

66.25% in 2004 and 2005 respectively in case of COAST (Table 2). This clearly shows that funds have not been fully utilized in credit program.

13. **Cost escalation:** Although we have mentioned income side factors in Paragraphs 11 and 12 for reasons behind loss in microfinance program. However, a number of expenditure side factors have also contributed to this situation. We find a number of expenditure items have been erratic as well as jumped suddenly (See Annex 1 for comparative income statement of microfinance program of COAST Trust funded by the Stromme Foundation). For example, salary expenses in 2004 was Taka 1.456 million whereas it increased to Taka 2.348 million in 2005 (61% increase). But this expense was higher in 2002 and 2003 compared to 2004. Similarly, ‘Administrative expenses’ were Taka 137,902 in 2004 which increased to Taka 509,294 in 2005 (3.7 folds increase). The office rent has suddenly become double in 2005 compared to 2004. Besides, the items such as Project Overhead and Reserve Expenses should be properly explained, which are large sums of expenses that affected viability. On the other hand ‘depreciation’ has not been charged in 2004 and 2005. The situation can be corrected as follows: a) agree with the Stromme Foundation the staff members and their salary that be charged in the SF-funded program; b) the types and amount of overhead expenses that would be charged; c) policies regarding income and expenditure booking should be agreed between two parties.

Table 2: Critical financial viability indicators

	Indicators	2002	2003	2004	2005
1	Member per credit officer	134	132	172	222
2	Borrower per credit officer	112	104	139	192
3	Member per branch	671	661	860	1113
4	Average loan size (Taka)	7,363	10,947	8,672	8,262
5	Portfolio per credit officer (Taka)	413,390	569,427	606,845	796,111
6	Loan outstanding as % of total asset (%)	<u>73.56</u>	<u>62.49</u>	<u>52.72</u>	<u>66.25</u>
7	Recovery rate (%)	100	100	100	100
8	Profit without subsidy (Taka)	-1,552,235	654,596	-619,754	-1,095,150
9	OSS without subsidy (%)	84.8	142.4	132.6	160.3
10	FSS without subsidy (%)	62.4	116.9	88.0	86.0

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

- Members’ dependence on moneylenders has been reduced, who charge 120-140% per year compared to COAST’s 25%.

- All clients either began new income generating activities or expanded existing businesses by accessing loans from COAST. This has created additional income for the family.
- Members have the opportunity to save regularly and can access the savings, which is an additional financial service to them. Members in Cox's Bazaar area have so far mobilized Taka 11 million as savings (December 2005).
- Members reported increase in income as well as consumption. They have increased their assets. Some members have improved their houses.
- Regular access to finance for business is very important for the poor people. Members seem to be pleased about the work of COAST.

Development Education

15. The COAST Trust uses 38-lessons development education module to increase awareness on organization, family laws, environment and primary health care, education, dowry and medicinal herbs in each group. The credit officers, in case of new groups, before beginning collecting savings and credit installments discuss one topic from the module. Discussions with the groups show that they can recall issues that have been discussed. This module has been completed and current practice is to discuss important current topics. For example, at the time of evaluation the topic was voter registration. But the actual impact of such development education is not really visible. One weakness was clear, as was also indicated during mid-term evaluation, that although women were aware of some social and health problems, actions to remove them are missing. One glaring example is lack of sanitary latrines in every member-household. Approximately 30-40% members do not have sanitary latrines. Neither groups nor Jana Sanggathan and Unit office took it seriously to ensure 100% sanitation. Although COAST Trust's policy has been to provide Taka 1000 for sanitary latrine it has been seriously promoted. Other issues such as family planning, prevention of early marriage etc need renewed attention and sustained campaign from the groups and Jana Sangathan. Otherwise the microfinance program members may be only 'aware' of the issues without having any meaningful impact on their lives.

Management Issue

16. COAST has reported shortage of loan capital to fully finance the existing program as well as any vertical expansion. This issue has been dealt earlier in the report that the shortage may not be due short-fall from the Stromme Foundation but may be a result of rapid expansion and improper deployment of funds and assets by COAST Trust. It has also reported mismatch of timing between its loan disbursement needs and funds availability from SF. Overall, this appears to be a case of not having a more robust plan followed by implementation by COAST on the basis of an agreed upon business plan with SF. In future the issue can only be resolved by jointly developing a detail business plan for the program.

Future Direction of Microfinance Program

17. It has been indicated in the viability analysis that the efficiency indicators such as member per credit officer, borrowers per credit officer and member to borrower ratio, and loan outstanding as % of asset are low. COAST Trust should give priority to improve this situation rather than opening new branches. In addition, the Unit Managers should be able to supervise 5-6 credit officers compared to current four officers. The strategy therefore should be to: i) increase member per officer to 300; ii) maintain member to borrower ratio around 85%; iii) gradually increase the average loan size to meet the reasonable loan demands of the borrowers; and iv) add one to two credit officers in existing braches if opportunities for including members in the same area exist. But the strategy has to be converted into a business plan to be agreed with SF assuming that both organizations want to continue to work together.

18. This limited expansion will need additional capital, which will be sourced from savings, profit and loan from SF. The COAST Trust needs to develop a business plan for next three years with detail financial projection to estimate the amount and timing of resource needs. The next step would be to determine the sources of funds, which are savings, profit and loan from SF. In the event that SF can not fully finance the needs there could be two options: i) mobilize additional resources by offering second savings product (as also recommended during mid-term review) and ii) try new sources such as commercial bank.

3. FINDINGS OF EDUCATION PROGRAM

Education Program Performance

19. *Target and achievement:* The following Table 3 provides a summary of target and achievements of education implemented during the last three years.

Table 3: Target and achievement of education program (2003-05)

Year	Sub-components	Target (centers or schools)	Achievement (center or schools)	Students or outreach
2003	Mainstream child education in Moktab	8	4	120
	Adolescent Girls Education (REFLECT method)	4	2	60
	NFPE	2	2	60
	Support to non-government Primary Schools	2	1	200
	Support to non-government Junior High Schools	2	1	145
2004	Mainstream child education in Moktab	15	15	450
	Adolescent Girls Education (REFLECT method)	10	10	300
	Support to non-government Primary Schools	4	4	625
	Support to non-government Junior High Schools	2	3	480
2005	Mainstream child education in Moktab	18	19	580
	Adolescent Girls Education (REFLECT method)	15	11	318
	Support to non-government Primary Schools	5	6	1085

Year	Sub-components	Target (centers or schools)	Achievement (center or schools)	Students or outreach
	Support to non-government Junior High Schools	3	3	450
	Early Child Development Center	4	4	122
	Mobile School for working children	4	4	122
	Rakhain Children School	2	2	65

20. Table 3 shows that COAST Trust has been able to achieve physical targets under various sub-components in 2005, the most recent year, except setting up of adolescent girls' education centers. The education program has expanded over the last three years in terms of activities (sub-components), seven in 2005 compared to four in 2004, and outreach. But none of the components except mainstream child education in Moktab has reached any significant outreach to make an impact. Although the number of students in primary schools and junior high schools is high the assistance to these schools are limited to teachers' salary for three years to assist them to get government's registration during this period.

21. *Mainstream child education in Moktab:* COAST is providing expenses for running one year child education program of Grade –I level, especially teaching Bangla and numeric in Maqtab. This program supports children in areas where there no school within a large geographical areas. Children find it difficult to attend distant schools. It has been found that the children learned to read and write Bangla and numeric of Class-I level. COAST uses GOB books for this purpose. Teachers and parents are enthusiastic about this program. This program has potential for further expansion to make strong impact in early child education. Last year majority of 'graduates' from Moktab has enrolled in higher grade. COAST encourages teachers to help students to enroll in higher grades in government and non-government schools. However, this was not formally a target of the project. It is recommended that one of the future objectives of this program should be to ensure continuation of education of these children in next higher class.

22. *Adolescent Girls Education (REFLECT method):* The target participants of this program is adolescent girls who never attended schools to provide them one year education so that they can read/write, learn social issues, learn about reproductive health issues and gain elementary skill in poultry/livestock rearing. The objective is to help these unfortunate girls who could not attend schools due to poverty to get some exposure to literacy and livelihood skills. It has been found that participants have done very well in acquiring literacy and some exposure to social issues. But the evaluation team feels one year program is too short to make substantial progress in all aspects, especially in literacy and livelihood skills. If the program is stopped after one year girls will most probably lose whatever they have learned. The orientation on poultry/livestock rearing is sketchy, which needs further strengthening. Although exposure on poultry/livestock rearing will be useful but one skill to all may not be advisable considering marketing issues. Participants should learn diverse technical and management skills. Participating girls have been found very intelligent and very eager to continue studies and learn good livelihood skills. This program has good potential for expansion and making strong impacts. On the management side COAST should try to recruit more mature facilitators to be able to discuss issues suitable for adolescent girls.

23. *Support to non-government Primary Schools:* COAST provides teachers' salary for six non-government primary schools for three years where there is no other school. The idea is that within this period the School Management Committee will be able to get the school registered under government regular program to get full finance from the government. During visit to such a school it was found that it would be very difficult to get such registration unless the school management committee (SMC) is active and get blessing from local politicians and bureaucracy, which is not always easy to come by. Although the objective is laudable it is not recommended to expand this program, which has uncertain outcome.

24. *Support to non-government Junior High Schools:* The objective also same here but it also not recommended to expand this program since the outcome is uncertain.

25. *Early Child Development Center:* This is a one-year pre-primary school program for 5-6 boys and girls to prepare them for grade I in formal school system. This is concept is now promoted by the government. COAST organizes this program in a room within a formal primary school. The evaluation team found that the participating children has become very 'smart' in their attitude, vocabulary, expression and have gained lot of interest in schools. They have learned alphabets, numerals, rhymes, songs etc. The important thing is that they have gathered enormous interest about schools, which will reduce school drop-out rate. Since the class is already attached with a formal school all children will automatically enroll in Grade I. This program has good potential for expansion and will have significant impact in the area.

26. *Mobile School for working children:* The schools are for working children and sit in the evening. We have found that the schools have been successful in giving basic literacy to them. The attendance is high and teachers are good communicators.

27. *Rakhain schools:* The two schools supported by COAST are for linguistic rakhain minority community living in Cox's Bazaar. Children are taught in their mother tongue. But the evaluators did not visit the schools during the evaluation.

Overall Observations

28. All sub-components of the Education Program have done very well in terms of reaching the target students, performance of students and teachers and achieving respective goals except getting registration for primary and junior high schools.

29. However, all sub-components suffer from the same problem, i.e. limited outreach. The sub-components are spread over a large geographical area (four sub-districts) with huge population without making significant impact in any area. The resources are thinly spread. It may appear that these are tiny pilots with good ideas and have achieved good results but are not making significant impacts. Three sub-components such as moktab program, ECDC (another version of moktab targeting the same age group) and adolescent girls' centers have tremendous prospects for expansion and making significant impact in the society. These are recommended for large-scale expansion subject to availability of resources.

30. The contents of ECDC and moktab program are just about right. Improvements can be made in facilitators' skills and delivery of messages and making the learning more interesting using audio visual materials.

31. But the duration of adolescent girls program is short, which should be extended to two years, if not three years, to reinforce and sustain the learning of first year and to add additional

topics and training in the following year. The contents need to be reviewed. The livelihood training is too scanty to be of any future use. The focus should be on substantial level of training to assist the girls to quickly move into income generating activities after the end of the course.

Future Direction of Education Program

32. The future strategy for education program is recommended as follows:
- a) Limit the sub-components to two: i) pre-primary child education both in moktab and formal primary schools, whatever is available in an area; ii) adolescent girls' centers for two years.
 - b) Expand the above activities to make impact in an area and discard the present small-scale pilot approach.
 - c) The girls program should broadly focus on the following: i) Year I- literacy, awareness on social issues and health issues; ii) Year II- advance education to attain the level of grade III; reproductive health issues; substantive livelihood training on two areas such as a) poultry/livestock for all participants and b) another skill of choice as per demand, for example, tailoring and design, embroidery, handicrafts, food processing, wood work etc. This should be demand driven and as diverse as possible. The emphasis should be on quality of training. All training courses must have two aspects: technical/technological aspects and management/financial aspects.
 - d) Continue support to schools already enlisted and do not expand the program.

4. FINDINGS OF INSTITUTION BUILDING AND GOVERNANCE PROGRAM

Jana Sanggathan

33. The evaluation team has held meeting with Unit Jana Sanggathan of Moheshkhali Unit to make assessment about the functioning of UJS. Note that COAST develops Jana Sanggathan (people's organization) to establish social and human rights. Every group has 5 members management committee, who form the electoral colleges for Union and Upazila JS. Their mandates are to resolve disputes, resist and protest any injustice or human rights violation issue, negotiate with government agencies about resources allocation in favor of the poor members. The discussions with JS leaders show that they have taken up steps to solve small local level problems such as resolving family disputes, collecting VGF cards for the poor etc. They are aware of the problem of illegal alcohol production/distribution could not make any progress regarding this issue.

34. But the functions of UJS are *ad-hoc* and reactive to the various incidences. It does not have any annual work plan to act as 'advocacy' group for chronic problems in the working areas. UJS should take up 2-3 issues each year for sustained activities to eradicate the problems. For example, all members do not have sanitary latrines yet. UJS of all Units should take this as a priority issue to attain 100% sanitation. It will be easier to do because group members now pay Taka 6 every year to cover operating expenses of UJS. Other issues such

as prevention of child marriage, illegal alcohol production/distribution etc. should be come a part of sustained campaign.

5.0 CONCLUSION AND RECOMMENDATION

Conclusions

35. The final evaluation brings up strengths and weaknesses of SF funded activities implemented by COAST Trust, which will be very useful for refining future strategy of SF and COAST Trust. The evaluation covered all three components such as microfinance, education, and institution building and governance related activities of COAST Trust.

36. The evaluation shows that COAST has been able to reach the poor women with financial services. The borrowers have been able to increase income and diversify income sources and save money with COAST. In addition, the 'development education' has made members aware of many issues although that has not been turned into tangible action. For example, the development education module deals sanitation but many members are yet to have sanitary latrines. This area needs immediate and robust action from COAST.

37. But the microfinance program is not yet financially viable because of low productivity of COAST staff members, poor planning, in efficient asset deployment, and erratic and unusual escalation of expenditure. COAST has to make its staff members as productive as other MFIs. It can expand within its current branches to increase client base and portfolio. A proper business plan should be prepared in collaboration with SF and appropriate resource mobilized from SF and other sources.

38. The seven sub-components under the education component have done well in terms of reaching the targets, imparting quality education and managing the program well. But all these initiatives have very small outreach to make any significant impacts. Instead of thinly spreading resources in too many activities in a large geographical area COAST should focus in two areas: pre-primary education in moktabs and schools, and adolescent girls' education. These two programs should be expanded to make strong and visible impacts. The duration of education should be extended and contents expanded to make substantive contribution in literacy, awareness building and enhancing sustainable livelihood skills.

39. The UJSs are functioning in limited scale as local advocacy and problem solving groups, especially in dispute resolution, local government support for the very poor etc. But the approach is *ad-hoc*, UJSs do not have any work plan for sustained initiatives against social ills.

Recommendations

40. *Microfinance*

- a) The priority for COAST should be to make the EXISTING (current branches) microfinance program financially viable. It should increase staff productivity by

increasing member per credit officer to at least 300 and member to borrower ratio to around 90%.

- b) COAST Trust should i) develop a business plan in collaboration with the Stromme Foundation keeping viability as a priority, ii) estimate resource needs and iii) develop resource mobilization plan.
- c) Unplanned expansion should be avoided by all means; plan should be as per the availability of resource. The mid-term evaluation recommendation of developing parameters for model branch still remains valid.
- d) Costs should be streamlined and strictly controlled. Both SF and COAST should agree, as a part of business plan, the type and amount of expenditure that can be charged to this part of the program.
- e) TF loan should be given to 'productive enterprises'. Traders and other businesses (for example, gold businesses) having history of money lending activities should be avoided.

41. *Development Education*

- a) Ensure 100% sanitary latrines in all member households. Develop action plan in collaboration with UJS to achieve this target within 2006.
- b) Identify other issues such as early marriage, alcoholism, equal rights to women and girls, family planning for discussion in groups with renewed vigor followed by action plan to resolve/eliminate identified problems.

42. *Education Program*

- a) Limit the sub-components to two areas: i) pre-primary education in Moktabs and primary schools; and ii) adolescent girls' education.
- b) Expand these two programs to significant numbers of students/learners to have significant and visible impacts.
- c) Extend the duration of the adolescent girls' education and skill development for each batch for two years. The focus of Year-1 will be on literacy, social and health issues and Year-2 will be on advance literacy (equivalent to Grade III), reproductive health and livelihood skills. Each participant will have two skills- i) poultry/livestock rearing for all, and ii) another demand driven skill from a pool skills such as tailoring, embroidery, handicrafts etc. The emphasis must be on quality and the training must be substantive to be useful in future so that each participant acquire skills to such degree that their products would have demand in the market.
- d) Selection of facilitators should be more carefully done. COAST should opt for more mature facilitators to be able to guide the girls and discuss issues such as social problems and reproductive health seriously and confidently. The TOT needs to be reviewed to enhance capacity of the facilitators to develop and implement action plan. Action plans should be of light intensity and subjects may include observation of national and international days, competition on learned subjects, cleanliness of neighborhood etc.

- e) Each training course must have two major aspects: i) technical/technological part and ii) management and financial skills part to help the trainees to initiate income generating activities of their own.
- f) Do not expand other activities such as support to formal schools. Continue support to schools which are presently receiving financial assistance.

43. ***Institution Building and Governance***

- a) Each UJS should develop an annual work plan in collaboration with the Unit office and management committees of the groups. Identify 2-3 issues for sustained campaign and actions throughout the year. Take 100% sanitation as a priority issue.

44. ***Overall Program Design***

- a) COAST Trust and SF may use Logical Framework structure for setting up goal, purpose, outputs and activities along with respective indicators in designing a program. The methodology for measuring the indicators may also be agreed at the time of program approval.

Annex 1

Comparative income statements of microfinance program of COAST funded by the Stromme Foundation

MF income statement	2001	2002	2003	2004	2005	Total
Income						
Interest received from Participants	590,325	2,436,269	4,476,530	4,407,842	6,618,793	18,529,759
Grant from donor	-	2,472,671	-	619,754	-	3,092,425
Bank interest	4,034	37,460	12,526	28,419	18,000	100,439
Application fee, Sale of Pass Book, Format, etc.	63,230	67,577	59,672	77,652	89,645	357,776
Others income	-	25,530	12,757	42,014	1,960	82,261
	657,589	5,039,507	4,561,485	5,175,681	6,728,398	22,162,660
Expenditure						
Staff salary & benefits	-	1,611,528	1,895,742	1,456,345	2,348,741	7,312,356
Administrative expenses	-	844,204	722,645	137,906	509,294	2,214,049
Office rent	-	-	376,100	157,400	316,300	849,800
Interest paid on SF Loan	84,750	238,410	309,576	1,032,466	2,565,632	4,230,834
Interest paid on PKSF Loan	-	-	32,401	-	-	32,401
Bank charge	9,758	21,086	-	29,768	-	60,612
Project overhead cost	-	-	-	1,450,000	985,374	2,435,374
Capital expenditure	-	-	-	178,020	-	178,020
Interest paid on Member Savings	83,996	264,643	360,994	335,499	490,211	1,535,343
Phone & Fax	-	-	47,211	8,360	36,532	92,103
Program cost	-	44,786	-	-	-	44,786
Research & Evaluation	-	15,070	-	-	-	15,070
Reserve expenses	209,275	589,425	-	375,353	571,466	1,745,519
Expenses for cyclone Rehabilitation Program	-	13,830	-	-	-	13,830
Emergency fund expenses	-	-	-	10,209	-	10,209
Training & sensitization	-	426,077	70,665	4,355	-	501,097
Depreciation	-	-	-	-	-	-

		50,012	88,504			138,516
Penal Interest	-	-	3,051	-	-	3,051
	<u>387,779</u>	<u>4,119,071</u>	<u>3,906,889</u>	<u>5,175,681</u>	<u>7,823,550</u>	<u>21,412,970</u>
Excess of Income over expenditure	269,810	920,436	654,596	-	(1,095,152)	749,690
	<u>657,589</u>	<u>5,039,507</u>	<u>4,561,485</u>	<u>5,175,681</u>	<u>6,728,398</u>	<u>22,162,660</u>