

# NARRATIVE REPORT

*1<sup>st</sup> January 2013 to 31<sup>st</sup> March 2014*

**Poverty Reduction of Vulnerable Households through Entrepreneurship Development (PROVED) project**







*This project is funded by DFID PPA Programme and  
Implemented by Livelihood and Community Development Program  
Islamic Relief, Bangladesh*

## Table of contents

Section 1: Background Information	04
Section 2: Organisational Information and Progress towards Results	06
Section 3: Outcome Reporting	12
Section 4: Output review and scoring	21
Section 5: Value for Money	31
Section 6: Beneficiary Feedback	34
Section 7: Gender	36
Section 8: Partnership Working	38
Section 9: Anti-corruption and Fraud	39
Section 10: Climate and Environment	40
Section 11: Further Information	41
Annex : Case Study	41



# Section 1

## Background Information

### 1.1 Organisation

Islamic Relief worldwide is an International Development Organization established in 1984 and registered with the UK government charity commission. Islamic Relief started its works in Bangladesh since 1991 to promote sustainable economic and social empowerment by working with local communities in times of disasters as well as through development programmes in the sectors of child rights, gender, water and sanitation, education, sustainable livelihoods and disaster risk reduction. One of the major focuses of IRB's Livelihood programme is Islamic Shariah based microfinance by self help group mode and strengthening, community-led savings for low cost self financial services among the communities.

Islamic Relief Worldwide, in Programme Partnership Agreement with DFID, has been implementing microfinance programme and as part of PPA, Islamic Relief Bangladesh has implemented a project - Poverty Reduction of Vulnerable Households through Entrepreneurship Development (PROVED) to sustainably increase incomes of 4500 poor households in Rangpur district of Bangladesh through self-help group approach to small scale enterprise financing using Islamic finance principles and strengthen Islamic Relief Bangladesh's capacity in line with IRW's global initiatives. The project expects to bring three results – (i) Formation and strengthened functions of 225 self-help groups to develop a model of enterprise financing based on Islamic finance principles and on a revolving fund basis; (ii) Enhanced potential livelihood options of targeted households for increasing income and assets; (iii) Strengthen Islamic Relief Bangladesh's microfinance programme in collaboration with IRW and influence national policies related to Islamic micro-finance.

### 1.2 Main Contact and contact details

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### 1.3 Finance

To be written by IRW



**1.4 Summarise your relationship with DFID and provide details of other DFID funding received. Has this changed since 2012/2013?**

To be written by IRW





## Section 2

### *Organisational Information and progress towards results*

#### **2.1 Progress against expected final results, key issues and challenges**

##### ***Summary of progress for reporting period***

Islamic Relief Bangladesh has started PPA PROVED project with the objective to contribute towards achieving MDG1 (reduction of poverty and hunger) through improving livelihoods of the rural poor people in northwest part of Bangladesh. PPA PROVED implemented with different activities for achieving the results set in the project.

191 self-help groups (SHGs) have been formed with 4509 poor women. Each SHG has their own management committee and they are operating SHG activities by themselves. All SHG members can put their signatures, writing meeting resolution, books of accounts for savings and revolving funds. Project team strives to increase capacity of the group leaders in a way that, the groups can be self managed. The SHGs have played very positive role in achieving project outcomes through SHG approach – using loan revolving fund, investment in appropriate profitable enterprises in Qard Al Hasana mode- all leading to achieve the project outcomes as well as ensure sustainable livelihoods of the selected beneficiaries. The self-help groups (SHGs) are adequately empowered to claim their social recognition, and able to prevent social discrimination and violence particularly against women and to achieve rights and justice.

The group members are engaged in Islamic microfinance product Qard Al Hasana (interest free loan), initially have received capital fund as livelihood means and received skill training from the project. A significant project outcome is the capacity development of the group members for most prudent utilization of the financial resources made available by the project. They have become knowledgeable and skilled on cattle rearing, homestead gardening, small trading etc. and implementing individual IGA schemes successfully. Motivation of the poor and marginalized women of the project towards savings and using this amount in productive investment has been a significant economic impact of the project. The self-help groups (SHGs) have opened bank account in the name of SHG and keeping accounts by themselves. This is a clear indication of capacity building and institutionalization of the SHGs. All 191 SHGs have their group savings accounts with local banks. The total savings of 4509 beneficiaries reach to BDT 6,279,983. Total Qardh Al Hasana disbursement among all SHG members is BDT 49,580,840

(January 2013 to March 2014) and these financial indicators show significant development in economic sustainability toward savings and capital management.

Islamic Relief Bangladesh initiated self-help model as an alternative strategy of Islamic microfinance. IRB creates a level of understanding; put together some strategies for the smooth functioning of self-help group operations. IR Bangladesh has taken Islamic microfinance issue as a policy level advocacy agenda. IRB team has been working on strengthening its microfinance programme internally by taking initiatives like staff capacity building, Islamic Microfinance Manual Development and Integrated I-MF to other Livelihood projects.

IRB initiated various activities in strengthening its Islamic-microfinance programme and influence national policies related to Islamic micro-finance. IRB organized a three days training session on Islamic Microfinance for – NGO Managers, Bank employees and microfinance practitioners. The training course introduced Islamic finance; the Shariah foundation and applications of Islamic microfinance. Participants were very much encouraged and motivated to work towards promoting I-MF in Bangladesh.

The most remarkable event to influence and sensitize policy makers for the necessity of advancing Islamic Microfinance as an alternative option of financial inclusion is, organized national seminar on Islamic microfinance, with the aim to contribute in strengthening the Islamic Microfinance system in Bangladesh, as a means toward widening financial access and equity and making available shariah compliant interest-free models of finance and investment for small-scale entrepreneurs and ultra-poor households. In the seminar, Bangladesh Bank Governor Professor Dr. Atiur Rahman emphasised on the essence of inclusion of Islamic Microfinance act along with conventional microfinance in Bangladesh.

Three research works on Islamic microfinance were commissioned as part of strengthening I-MF, the research topics are -Scope of Islamic Micro Finance in Bangladesh- potentials, challenges and present position; Prospect of Islamic Micro Finance in Bangladesh in the context of regulatory and funding issue; and the Impact of I-MF on the livelihoods of rural woman, an empirical study based on the 'PROVED PROJECT' at Mithapukur, Rangpur, Bangladesh. Research findings were disseminated in the national level seminar as well as widely circulated among stakeholders. IRB's Islamic Microfinance Manual upgrading will strengthening IRB's I-MF programme to comply fully with Islamic Shariah and online fund collection and distribution mechanism is a new dimension of funding channel and lending mechanism in I-MF development in Bangladesh.

**Highlighting top 3 achievements:**

- i. Fully functional of SHGs ( Self Help Group) - One of the top three achievements is fully functional of 191 SHGs- All these SHGs have their own bank accounts, management committee- who are actively participate in decision making process, maintain formal accounting system, issue loans, collect weekly savings and loan repayments, making decisions collectively in groups. Each SHG is considered as a standalone entity. In Bangladesh where Institutional led Microfinance is widely practised, this project takes SHG- community led institution approach as an alternative way for establishing low cost and sustainable Islamic Microfinance provision.



- ii. Performance of I-MF (Qard Al Hasana) through Self Help Group Approach: At the planning stage of this project, IRB decided to apply SHG approach as an alternative way to provide low operating cost- Islamic microfinance programme that is coherent, sustainable and replicable to other livelihood projects of IRB in Bangladesh. Through SHG approach I-MF performance indicators show high standard- such as port folio at risk is less than 1%, on time realization is 99.3% and 99% beneficiaries contribute their weekly savings in their respective SHG fund. All beneficiaries are women and engaged in different agro based IGAs, small trading and other service related IGAs.





National Islamic microfinance Seminar



**iii. Organize national Seminar on I-MF:** To contribute in strengthening the Islamic Microfinance system in Bangladesh, as a means toward widening financial access and equity and making available shariah compliant interest-free models of finance and investment for small-scale entrepreneurs and ultra-poor households, a national seminar titled “Expanding Financial Inclusion through Islamic Microfinance: Challenges and Opportunities in Bangladesh” was the first ever big event in Bangladesh on I-MF issues. A total of two hundred participants from across several Microfinance Institutions, NGOs, Islamic Banks, journalists, academicians took part in the programme including Central Bank Governor. Important recommendations have been come out and taken to way forward for the promotion of Islamic microfinance in Bangladesh.

### **3 biggest challenges:**

**i. IRB’s Institutional I-MF close down and motivate beneficiaries to transform into SHG approach**

Given the uncertainty of MRA licence, IRB decided to implement its I-MF programme in self-help group approach simultaneously with conventional microfinance. Managing dual approaches in same area were big challenges to get optimum loan repayments from CAP beneficiaries. Other than CAP project, all I-MF related projects- FISCAL, IICO funded I-MF project and PROVED were running in SHG model in the same location. IRB’s project team making a dynamic plan to motivate, orient and transformed CAP beneficiaries in to SHG groups. Huge time was spent for a smooth transition and phase out of CAP.

**ii. Find researchers to conduct Islamic Microfinance research:**

Islamic Relief Bangladesh has taken initiatives to help promoting Islamic Microfinance (I-MF) in Bangladesh with the aim to develop I-MF across Bangladesh through creating Islamic Microfinance network, mapping of Islamic Microfinance Institutions and conduct research work on Islamic Micro financing. Islamic Relief Bangladesh was looking for experienced person/consultant to engage to conduct research work on “Policy environment and regularity framework for Islamic microfinance in Bangladesh; prospect and challenges of I-MF in Bangladesh and study on PROVED project’s SHGs led Qard Hasana and its effectiveness. Finding academics/experts to conduct research on I-MF topics was not easy task as very few researchers or academics showed interest to do research works on I-MF, however by searching 3/4 months in various means ( advertise in newspaper, different job sites, personal communications etc.) finally research works were done and widely circulated in the national seminar on I-MF.

**iii. Political unrest over the year in 2013:**

The country was badly fall in political unrest throughout the year 2013- conflict among political parties, Hartal, strike, confrontation among rival political parties held back activities of the project- field movements were restricted, Project team made changes in work plan and timing of different activates to complete the project activities in time.

## 2.2. Logframe

- i. Has the logframe been updated since the last Annual Review? Y/N
- ii. How have these changes improved how you report against your results?
- iii. How have your results for the period 2011-2014 informed your milestones and targets for the 2014/16 logframe?

**To be filled by IRW**

## 2.3 Update on issues and challenges identified in year 2

- i. *What key issues or challenges, identified by your organisation in the Annual Report 2012/2013, were to be addressed during 2013/2014?***

In 2012/2013, Islamic Relief Bangladesh acknowledged MRA (Micro-credit Regulatory Authority of Bangladesh Bank) license to be a big challenge to operate and continue its institutional microfinance programme- that time license issue was pending and IRB applied to MRA Authority for reconsideration for issuance the license ( MRA rejected to issue IRB’s Application for its license).



Delay in fund clearance approval by the NGO Affairs Bureau of Bangladesh Government was regarded as one of the key challenges in 2012/2013 to implement the project on time.

Political situation of Bangladesh was deemed to be very risk and challenging in various respects when implementing the project. It was predicted that the situation would become more horrible in coming days. Strike and conflicting situation would be appearing frequently that would create negative effects in implementation of project intervention. This situation was entirely beyond IRB's control and could not do anything in this horrible situation.

**ii. How has this work progressed?**

In relation to the challenge to operate Institutional microfinance programme ( CAP project), IRB had arranged alternative option to operate SHG model that was piloting in two other projects in the same working area was applied among the beneficiaries who were members of IRB's Institutional MF project CAP (Community Action Project). IRB management team finally decided to avoid institutional approach as there was zero possibility of getting license and adopted SHG approach as a way to provide microfinance services to the beneficiaries which is more cost effective and the responsibilities of the activities goes to beneficiary's shoulders and for that, beneficiaries feel the ownership of SHG and are actively involved in SHG management. All the beneficiaries of CAP were approached to move to SHG model, with rigorous orientation and thorough motivation beneficiaries were transformed in to SHG groups. CAP beneficiaries were motivated and orientated with the positive aspect of SHG model and gradually beneficiaries organized new SHGs and effectively functioning SHG related activities.

In relation to the challenge of delay in fund clearance by the NGO Affairs Bureau of Bangladesh, project team completed a good number of preparatory works with the support from IRB's support units, such as- confirm office rent, ensure office equipments etc. On the other hand program team had done some preparatory activities like- village and community selection, identify beneficiaries, staff orientation, staff induction etc. In two months time the approval was in hand and then project team jumped in implementation process with very close supervision from IRB management team.

In the year 2013 the country was absolutely unstable for political confrontation among political parties. Situation was getting worse to waste between June 2013 and December 2013. Continuous Hartal, strikes, killings and other terrible incidents intimidated the whole nations. Project team was very much careful during this period. As field movement and vehicles movement were restricted, project team members sometimes worked in the holidays. A contingency plan was developed and updated weekly basis to get the project activities done in time.

- iii. What key issues or challenges were identified in your feedback letter in 2012/2013 for resolution in 2013/2014?  
To be filled by IRW*
- iv. How has this work progressed?  
To be filled by IRW*





## Section 3

### Outcome Reporting

#### 3.1 Progress against PPA Outcome(s)

##### Outcome 1:

With increased incomes 4509 households of the project have improved their livelihoods through SHG led Islamic Microfinance

Milestone: 4500 beneficiaries

Achieved: 4509 beneficiaries

Women beneficiaries: 100%

Woman headed HH: 10.67%

##### Narrative on progress in 2013/14

4509 group members are organized in 191 SHGs (self-help group). They are running group activities in self-help approach. Each group has their own management committee and well set activities in each SHG. Members meet together at least once a week in a certain place of their community. Contributing savings, decision making

on loans and repayments take place in the weekly meetings. Management committee is responsible for all SHG related activities.



*Demonstration session on vegetables gardening*

The SHGs have played very positive role in achieving project outcome through group approach – group fund, financial management, investment in appropriate profitable enterprises and financial management, all leading to sustainability of the project outcomes as well as achieve sustainable and better quality livelihoods. The members of the SHG were encouraged to set up their income generating activities. Dairy-cow rearing

(approximately 49%) and beef fattening enterprise ( Approximately 16%) were the major economic activities undertaken by the members. Islamic Relief arranged training on different IGAs (operation, technical aspect of management) for the member of every SHGs. The income of the borrowing members increased significantly. In terms of savings, savings is compulsory for the members and as a result the average amount of savings per SHG stood at BDT 31557 in March 2014.

Study reports show that there are substantial improvement of livelihoods of project beneficiaries-Average households incomes increase to BDT 6473 from 5790 which is 11% increases in incomes in 9 months ( source: From baseline data and *Research Report on PROVED- Islamic Microfinance-2014 page-29* ).Calorie intake from different types of food consumed of the households of this project is better than those of other MFIs borrowers and non borrower HHs. It is evident that calorie intake (per person/day) of project's borrowers registered highest (2180 K. calorie) followed by 2071 K.cal and 1911 K.cal of the borrowers household of other MFIs and NP (non participant) category, respectively. (Data Source *Research Report on PROVED- Islamic Microfinance-2014 page-29*)

The project participants invested their credit in various enterprises and observed that the gross margin was BDT12153 for the project borrower as against BDT 7,429 for the CMF ( conventional MF) borrower. It is noteworthy to state that "Pair mean test" revealed statistically significant outcome on gross margin. The BCR (benefit Cost Ratio) of PROVED I-MF borrower accounted for 1.56 and that of CMF (conventional microfinance) borrower accounted for 1.12. It revealed that PROVED I-MF borrowers earned Tk. 1.56 per taka investment and CMF borrowers earned Tk.1.12 per Tk. investment implying that PROVED I-MF borrower earned more profit from their enterprise than that of the CMF borrower The higher earnings of PROVED IMF borrowers may be justified by the contribution of SHG and project personnel who provided training, monitoring and supervision for successful operation of the enterprises.( (Data Source: *Research Report on PROVED- Islamic Microfinance-2014 page-26*). Increased average value of productive asset of targeted HH compare to baseline report. (Baseline Tk.12,863 and MTR Tk.27150)

**i. Assessment of overall progress towards 2011/2014 targets.**

The project has developed monitoring system to generate periodic quantitative data from the field to analyse and assess the progress towards its goal and objectives set at the proposal development period in 2012/2013. The project conducted baseline survey (June 2013), midterm review (October 2013) and an empirical study on PROVED Islamic microfinance and Self Help Group (Feb/March 2014) by engaging external consultant to know the progress/ effectiveness of the project, although final evaluation has not been conducted yet, however midterm review report as well as the empirical study report showed clear progress towards its overall targets.

The project interventions able to bring about positive changes in socio economic conditions of the project participants. The participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. Most of the women were able to increase their income level manifold of their family. Many of the women reported that they were participating in many decision making matters of their family.



## Outcome- 2.1

Changes in knowledge and awareness of different IGAs and SHG management for project beneficiaries and Islamic perspectives on key development issues (microfinance, conflict, climate change, gender and child protection) within beneficiaries and selected community.

### Milestone:

4500 beneficiaries received training, engaged in IGAs and increase incomes, managing SHGs activities efficiently. Well aware of social issues, social rights, child protections and practicing I-MF as a whole.

### Achieved:

4509 beneficiaries develop livelihood with received different IGAs training and managing SHGs activities efficiently. Well aware of social issues, social rights, child protections and practicing I-MF as a whole

#### **i. Narrative on progress in 2013/14.**

A significant project outcome is the capacity development of Beneficiaries. They have become knowledgeable and skilled on different IGAs such as cattle rearing, homestead gardening, small trading and implementing individual IGA schemes successfully. They have initiated their start-up capital, invested in productive asset successfully which contributed enhancing their per capita income and status of food intake. The participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. Most of the women were able to increase their incomes. SHG members are participating in many decision making matters of their family which earlier they were not allowed to do.

A big output was increasing knowledge in Shariah based Islamic Microfinance among SHG members and wider community of project areas. Community people and the beneficiaries used to practise conventional MF until the project was launched. With the training, orientation and different IEC materials, beneficiaries as well as community peoples are aware of I-MF and understand the benefit of using shariah based microfinance services.

All the members were getting support from their husbands and family that were not available before they joined the group. It has been an accepted premise that women were not given enough opportunities to involve themselves in the decision making process of the family as well as in the society. The SHG members realized their self worth, communication skills and interaction with the officials had improved vastly after they became members of the SHGs. Also they felt that they could now protest against social evils and could fight for rights, for better access to amenities. Consequently, SHG members had felt that their status in the family and society had improved considerably after becoming members of SHGs.

IRB through SHG provides adequate scope for the rural households, especially women, to help in developing self worth, awareness of health and sanitation and social behaviour through a series of training and group meetings that have brought clearly the social impact of the SHG.

Enhanced leadership quality and conflict mitigation: After becoming the member of SHG, the beneficiaries gained leadership quality that demonstrated in different activities in the societies. They built a strong confidence because of their ability to contribute to not only their family but also to their society in many ways. They are now well regarded by the local leaders in their locality. Presently UP ( local gov. body at grass root level) Members, *Chairman pay them (SHGs member) due honour.* They have been able to know how to conduct a meeting, how to talk in a meeting, how a decision is taken. In many conflicting issues, group activities were very helpful to cope with the adversities. After becoming SHG members, the participants were able to interact and communicate with others confidently and they were also able to face and solve their financial and social problems independently. All these positive aspects in their social behaviour mainly because of economic strength conferred on them by the availability of microcredit from IRB through SHG. Again, through receiving training on social issues, they have been able to show their potential in many social and family affairs and able to solve the problem of SHG members and the neighbours.

## ii. Assessment of overall progress towards 2011/2014 targets

The project demonstrates substantial progress towards its outcomes within the project period. Midterm evaluation and Research Report on PROVED- Islamic Microfinance-2014 revealed the achievement of overall targets of the project. Since extreme poverty and food insecurity of the ultra-poor households' were the main problems addressed by this project. The project components are implemented in a more cohesive way. Qurd al Hasana financing, capacity building training and orientation on asset management; awareness raising on WATSAN; disaster preparedness and mitigation; local resources mobilization and establish linkages with local level service providers are all integrated in a timely fashion those increased awareness on IGA management, increase incomes. 1501 (100%) beneficiaries have received Qurd Al hasana.

Almost 100 % SHG members are saving money in the group and they are continuing saving regularly. Group member took loans as a Qurd Al hasana and they are repaying loan regularly. More than 99 % group members repaid loan regularly and all the repaid money deposited in the bank account which has joint signatories of group members and IR staff.

The project improved food security of ultra poor households. Almost 91% of the beneficiaries are taking at least 3 meals a day against the baseline of 82% before the interventions. ( Data source: midterm review report page# 8)



## Outcome-2.2

Changes in the strategies and programmes of Islamic Relief as a result of increased knowledge and awareness of Islamic perspectives on microfinance, conflict, climate change, gender and child protection.

### Milestone:

Islamic Relief strategy produced or improved as a result of better understanding of Islamic perspectives

### Achieved:

Islamic Relief Bangladesh has taken the strategy of Self Help Group – community led low cost approach as a way of provisioning Islamic MF for livelihood development of ultra poor households.

#### ***i. Narrative on progress in 2013/14.***

Islamic Relief Bangladesh initiated self-help model as alternative strategy of Islamic micro financing to its beneficiaries. IRB creates a level of understanding; put together some strategies for the smooth function of self-help group operations.

IRB took initiatives, training and development initiatives; 603 SHG leaders/members received group dynamics, leadership and financial management trainings. SHG leaders are developing their skills and competencies in a way that they would be self-managed and self-reliant.

Formation of an Apex Body to institutionalize SHG model as well as to ensure legal coverage for community led approach to provide I-MF. Apex body will play overall coordination and management responsibility to support SHGs. Representation from each SHGs will be ensured for equal participation and maintain fairness of the apex body. Each SHGs is contributing a small fund for well functions of the Apex body.

IR Bangladesh has taken Islamic microfinance issue as a policy level advocacy agenda. IRB team has already started activities and ground works- communication with stakeholders, creating microfinance network, working for policy dialogue for IMF to bring this agenda up.

#### **ii. Assessment of overall progress towards 2011/2014 targets**

- Institutional capacity of the SHGs to run revolving funds among the participants

- The SHG members have their own savings which also financing to IGA schemes of the project participants.
- The income level of the project participants increased through undertaking suitable and alternative livelihood options;
- The entrepreneurship skills developed among the project participants;
- The SHGs have been linked with the NGO, MFIs, LGI and service providers.
- The key element of sustainability is the strengthening of the SHGs and the capacity of efficient management of the activities of these organizations and how successfully the project's linkages lead to permanent networks to attain long lasting behavioural and attitude changes.

### Outcome 2.3

Changes in strategies and programmes of other development actors as a result of Islamic Relief's influence and increased knowledge and awareness of Islamic perspectives on microfinance, conflict, climate change, gender and child protection.

#### Milestone:

MFIs, I-MFIs, NGOs and development partners are well aware of Islamic Microfinance and are being encouraged in promoting I-MF through increasing knowledge, awareness and promotional activities.

Policy makers are influenced in creating I-MF act/policy with the conventional microfinance act/policy for widening microfinance inclusion though Islamic shariah based financial system.

#### Achieved:

Different stakeholders are encouraged in Islamic Microfinance - participating in training events on I-MF, meetings together in IMF issue based meetings, actively participated in seminar, discussions, making recommendation for the promotion and establish I-MF in Bangladesh.

Policy makers and realized the need for the inclusion of I-MF act/policy along with conventional microfinance for widening financial inclusion.

#### **i. Narrative on progress in 2013/14.**

*Developed human resources with training and orientation on Islamic microfinance to contribute in advancing Islamic Microfinance in Bangladesh.* IRB organized a three days long training on "Islamic Micro-finance" which was appropriate for different level of stakeholders e.g. Islamic Banks personnel, National & International NGO's managers and other relevant professionals for widening knowledge and skills on

Islamic Micro-finance. With this training 39 practitioners/ managers from different organizations were able to apply knowledge, new ideas and experiences which would help in formulating strategies, policies in their organizations in promoting I-MF.

Islamic microfinance as a sub-sector of microfinance industry in Bangladesh is not very commonly practised although Bangladesh is worldwide popular for its microfinance industry. Islamic Relief Bangladesh sponsored for commissioning and publishing three research papers on Islamic microfinance. These papers have given a clear scenario on present I-MF position in Bangladesh. Research works conducted on present Policy environment and regularity framework for Islamic microfinance in Bangladesh and this research findings sensitized stakeholders for the further development of policy environment to create a favourable environment for Islamic Microfinance in Bangladesh. This research paper was presented along with other research reports in the national seminar and widely discussed by participants as well as discussant panels.

A good platform is going to be established to promote I-MF across Bangladesh. Institutions like Central Shariah Board for Islamic Banks of Bangladesh (Apex body for Shariah advisory committee of Islamic Banks), Credit and Development forum (Coordination body of MFIs in Bangladesh), Islamic banks have been playing supportive role in promoting this platform along with Islamic Relief Bangladesh.

A wide range of recommendations and way forward suggestions have been come out from the seminar, organized to contribute in strengthening the Islamic Microfinance system in Bangladesh, as a means toward widening financial access and equity and making available shariah compliant interest-free models of finance and investment for small-scale entrepreneurs and ultra-poor households.

One of the prime policy makers- Governor of Bangladesh Bank made a remarkable remarks and assured that Bangladesh Bank would be just as supportive with its good offices for promotion of Shariah compliant Islamic Micro finance through I-MFIs, on their own or in collaboration with banks.

## ***ii. Assessment of overall progress towards 2011/2014 targets.***

Although the progress towards this outcome is not very much significant however substantial progresses have so far been made. To bring absolute outcome in terms of policy related and changes in strategies and programmes of other development actors as a result of Islamic Relief's influence and increased knowledge and awareness of Islamic perspectives on microfinance will take at least 4-5 years. However this project made considerable progresses in capacity development of managers/practitioners, develop networking with same minded



organizations, commissioned research works and disseminated with wider participants, organized national Seminar on Islamic Microfinance.

### 3.2 Discuss:

#### i. Key new challenges to the achievement of outcome(s);

The project recognized few new challenges towards the achievement of its outcomes, which are- **short project period**- develop sustainable livelihoods of ultra poor needs a long time interventions to see the real changes of livelihood of ultra poor however the project was only for 15 months which is not sufficient for its outcome achievement. Low price of seasonal agro product, seasonal unemployment in the project area and beneficiaries educational level to operate SHG activities by the beneficiaries also challenges to the achievement of project outcomes.

As Islamic microfinance is not commonly exercised in Bangladesh, Community as well as stakeholders perception towards Shariah based Islamic Microfinance is not reasonable, very few I-MFIs are involved in I-MF programme, these I-MFIs effort cannot makes enough influence in promotion of Islamic microfinance in Bangladesh.

In Bangladesh, absence of Islamic microfinance policy/act to support shariah based microfinance and in some way ignoring attitude of high level stakeholders toward I-MF obstructing to achieve the outcome of I-MF programs.

ii. **Key positive/negative influences that impacted on progress.**

Positive influence: PPA-PROVED project is a combination of FISCAL, SAFOLLO, IICO funded I-MF and PROVED projects. IRB long presence in the project area as well as well developed microfinance procedures and practices in the above mentioned projects helped largely to achieve its outcomes. Institutional supports from Islamic Banks and central Shariah board for Islamic Banks of Bangladesh and commitment of Bangladesh Bank Governor in promoting I-MF in Bangladesh have influenced the progress towards the achievement of project outcomes.

Negative influence: The project area is highly poverty prone zone and one of the poorest regions among other areas of Bangladesh. Unemployment creates seasonal food insecurity. Low price agricultural production produced by project beneficiaries, lack of access to market and low amount of financial support as Qard Al Hasana deemed to be the negative influence towards achieving it outcomes.

**3.3 Have your assumptions about the external factors that affect your outcome(s) changed and if so, what are the implications?**

N/A



## Section 4

### Output review and scoring

#### 4.1 Output 1

Poor and marginalised households have access and benefitting from Islamic microfinance interventions.

**Milestone:** *Islamic Microfinance services- Qard al Hasan to 4500 ultra poor household for their livelihood development*

**Achieved:** *4509 ultra poor household are served with Islamic micro-finance Qard-Al Hasana.*

A total of 4509 beneficiaries are engaged in different IGAs with Islamic Microfinance services- Qard Al hasana and 100% are women beneficiaries.

#### *i. Narrative on progress in 2013/2014*

Selection of project participants: A total of 4509 group members are under PROVED project. 3008 members have been taken from other microfinance projects ( FISCAL, IICO funded microfinance project, SAFOLLO) and rest 1501 group members have been selected for PROVED project from poor households who were engaged in IRB's social mobilization, community empowerment and or institutional I-MF interventions. These 1501 households are living bottom-line in poverty context. The households have been selected through PRA process during previous phase.

Formation and strengthening of Self-Help Groups (SHGs): Islamic Relief Bangladesh is operating its micro-financing interventions in self-help group (SHG) model. The SHGs are oriented on importance of their unity and functions. Each of the group are formed and functions with 20-30 women members while there is an Executive Committee consist of Chairman, Secretary, and Cashier. The Executive Committee formed through selection process. Every group has separate bank account which using for their financial transactions. The SHG members meet weekly basis and conduct awareness session including savings loan collections. They write meeting resolution by themselves. 1501 poor women ( direct beneficiaries) for the project are organized in 68 self-help groups while total 4509 group members are organized in 191 groups. The self-help groups (SHGs) developed by-laws to run group intervention independently.



Identify locally available and feasible farm, nonfarm livelihood options: To generate potential incomes for targeted households and achieve the results of the project, staffs of the project have analysed possible livelihood option(s) for targeted households. Basis on household needs, availability of the assets in the local markets, potentiality and suitability of particular trade/IGA for individual beneficiaries are encouraged to decide best suit trades/IGAs for them. 4509 group member's livelihoods options have been confirmed through this process. Commonly identified IGAs (income generating activities) are cow rearing, beef fattening, small trading, goat rearing, agricultural cultivations, van/rickshaw and tailoring etc.

Skills and capacity development training: To assist and facilitate the beneficiary for appropriate IGA selection and skills development, training need assessments (TNA) conducted to ensure appropriate training for their IGAs, develop management skills and capacity building of SHG members. A variety of training programs organized under this project. All 4509 beneficiaries have received training on their preferred IGAs, in addition, 603 SHG leaders received leadership and financial management training.



Training session on small trading

Develop household business plan: After identification of the IGA options, group members were selected for specific businesses/IGAs, considering their experience, willingness and suitability of the particular trades/businesses or projects. A simple business plan developed for each beneficiary to know the financial needs, timing for finance, market facilities and profit generating possibilities with this business/IGA.

Livelihood assets support on revolving basis (Qard Al Hasana) for SHG members and provide microfinance support: Qard al Hasana loans have been distributed among newly enrolled self-help group members. Borrowers are repaying Qard Al Hasana loan by instalments in their respective SHG fund. Subsequently this fund is considered as SHG loan revolving fund. PROVED project directly support among 1501 beneficiaries Qard amount BDT 14,551,000 for different IGAs i.e. cow rearing, beef fattening, goat rearing, agriculture, small trading, tailoring, rickshaw/van etc. Regular revolving microfinance disbursements were continuing. A total of BDT 49,709,840 amount disbursed (including direct PROVED disbursement) as Qard Al Hasana loan to 4509 beneficiaries for different IGAs.

Institutionalization of SHG: SHG Apex body formation and registration with Gov. Co-operative Dept: IRB helped forming an Apex Body to institutionalize SHG model as well as to confirm legal coverage for community led approach to provide I-MF. This apex body is registered with Gov. local co-operative department and will play overall coordination and management responsibility to support SHGs. Representation from each SHGs will be ensured for equal participation and maintain fairness of the apex body. Each SHGs contributing a small fund regular basis to support Apex body's operational expenses.

**ii. Assessment of overall progress towards 2011/14 indicator(s)**

Project achieved its targets fully towards indicators of above mentioned output. Overall progress of output is significant. All activities to achieve output done almost as per operational plan. Due to some justified reasons (delay approval of fund clearance of Bangladesh Government, political unrest) delayed in implementation of few activities. However, the project team was much meticulous in all aspect of project implementation process although political situation of the country was impeded in this period.

## Output 2

**Conduct research works and publish working paper on Islamic micro-finance**

***Milestone: Three research works on Islamic Microfinance are to be conducted and relevant research reports are disseminated among wider stakeholders***

***Achieved: Three research works on Islamic microfinance commissioned and widely disseminated with wider stakeholders.***

**i. Narrative on progress in 2013/2014**

IR Bangladesh through this project commissioned three separate research works. Islamic Relief Bangladesh has undertaken initiatives to help promoting Islamic Micro Finance (I-MF) in Bangladesh. Three research works are –

- a. Islamic Micro Finance in Bangladesh; Challenges and Opportunities.
- b. Policy environment and regularity framework for I-MF in Bangladesh, Present position and prospect of further improvement for an enabling environment to develop I-MF in Bangladesh. Scope of funding- donor fund and wholesale financing.

c. Islamic micro-finance and Self-Help Group: An Empirical study based on the “PROVED” project of Bangladesh

The key objective of conduct research works was to get a clear picture of current interventions of Islamic Micro Finance in Bangladesh, operational challenges and intuitional motivation to operate I-MF programme, to explore current funding flow and its sources, Policy environment and regularity framework for I-MF in Bangladesh, present position and prospect of further improvement for an enabling environment to develop I-MF in Bangladesh, Assess the impact of IRB’s Islamic Micro Finance in socio-economic upliftment of the families of PROVED project and sustainability of Islamic microfinance products among PROVED beneficiaries. These research papers were presented in a national seminar titled “Expanding Financial Inclusion through Islamic Microfinance: Challenges and Opportunities in Bangladesh and also extensively discussed by participants as well as discussant panels.

**ii. Assessment of overall progress towards 2011/14 indicator(s)**

These three distinctive research papers are so significant - sensitizing audience, stakeholders, policy makers and related peoples and create scope to think the need for Islamic microfinance, essence of I-MF act and the MFIs to practice shariah based MF programme for the unbanked ultra poor for poverty reduction through provision of I-MF.

### Output 3

Number and description of new or improved IRW strategies, programmes and approaches on Islamic perspectives on microfinance, conflict, climate change, gender and child protection

**Milestone:** *piloting self-help group model as strategy of Islamic microfinance.*

**Achieved:** *IR Bangladesh adopted Self Help Group approach as low cost alternative approach for providing Islamic Microfinance services to ultra poor beneficiaries.*



***i. Narrative on progress in 2013/2014***

Islamic Relief Bangladesh has been developed Self Help Group strategy as a strategy of providing Islamic microfinance to its beneficiaries. Guidelines of self-help group have already been developed and practicing to make the groups sustainable. Self-Help Group led micro-finance including Qard al Hasana financing started within SHG members. The functions of self-help groups are being managed by group members with their collective efforts. Sustainability of self-help groups should be new considering driver of progress in future. IRB already replicated this model in other IRB's livelihood projects. As of March 2014 five separate projects are in operational through this community led SHG approach. The concept of Self Help Groups is based on the idea of community participation, as sustainable and low operational cost programming for the beneficiaries. Focus of self-help groups is to develop the capacity of the disadvantaged, particularly women, and to organize them, so that they can deal with socio-political and socio-economic issues that affect their lives. The groups are instrumental in tackling their issues such as social issues, violence against women, family crisis and negotiating with the local leaders for getting their rights within the village. Through their participation, members help themselves and others by gaining knowledge and information, and by obtaining and providing emotional and practical support. 191 SHGs are fully operational – have their own bank account, have bi-laws and each of the SHG has active management committee. Qard al Hasana loans and savings activities are the key activities for the SHGs. All SHG leaders received training on leadership, SHG management and financial management training. Close supervision and mentoring are the key to success of SHG led approach.

***ii. Assessment of overall progress towards 2011/14 indicator(s)***

IRB considers SHG approach to be the ideal alternative to implement any livelihood programme. This is the new strategy that IRB implements Islamic Microfinance program. PROVED project has been implementing through this approach. Strong foundation and solid management of SHG is the key to success of this approach. All SHGs are developing in a way so that SHGs can sustain and keep continued without external support. All 191 SHGs has their own bi-laws. Leaders of each SHGs received training on leadership development, SHG management and financial management. An apex body was formed and got registration to provide support these SHG. Apex body leaders are the members of SHGs and all those are the substantial progress towards its output achievements.

## Output 4

Degree and extent of Islamic Relief's engagement with key external policy audiences through advocacy publications, events and policy feedback, and the extent of incorporation of Islamic perspectives in their approaches

**Milestone:** *Conduct Research on I-MF policy in Bangladesh, Organize national Seminar on I-MF and Organize policy dialogue on I-MF policy and regulation.*

**Achieved:** Conduct research on Islamic Microfinance in Bangladesh- Prospect and challenges and Micro Finance in Bangladesh in the Context of policy/ Regulatory and Funding Perspectives, Organized national seminar on Islamic Microfinance.

### ***i. Narrative on progress in 2013/2014***

Achieving one of the important results -Strengthen IRB's microfinance program in collaboration with Islamic Relief Worldwide and influence national policies relating to Islamic micro-finance" Islamic Relief Bangladesh has taken different initiatives to promote favourable environment for Islamic Microfinance in Bangladesh. Create awareness of the stakeholders and large number of persons on I-MF. IRB commissioned three separate researches on Islamic Microfinance in Bangladesh.

The project organized a three days training session on Islamic Microfinance with the aim to developing human resources on Islamic Microfinance. The training course introduced Islamic finance with different products; the Shariah foundation and applications of Islamic microfinance. 39 participants from NGOs, Banks, MFIs professionals and experts have gained knowledge and skills in this training. Renowned Islamic Banking experts, Shariah Scholars and other Islamic Economists facilitated the training.

To contribute in strengthening the Islamic Microfinance system in Bangladesh, as a means toward widening financial access and equity and making available shariah compliant interest-free models of finance and investment for small-scale entrepreneurs and ultra-poor households, Islamic Relief Bangladesh and Central Shariah Board for Islamic Banks of Bangladesh (CSBIB), an apex body of Islamic banks and Islamic banking institutions operating in Bangladesh, jointly organised a national seminar titled "Expanding Financial Inclusion through Islamic Microfinance: Challenges and Opportunities in Bangladesh." Bangladesh Bank Governor Professor Dr. Atiur Rahman was present as chief guest and assured that Bangladesh Bank would supportive with its good offices for promotion of Shariah compliant Islamic Micro finance through I-MFIs, on their own or in collaboration with banks. Inclusive financing promotion is one of the main thrust areas of Bangladesh Bank's agenda of mainstreaming socially responsible financing in our financial sector and the objectives of the seminar are thus totally in sync with Bangladesh Bank's objectives for our financial sector.

### ***ii. Assessment of overall progress towards 2011/14 indicator(s)***

IR Bangladesh has able to attract stakeholders and policy audiences on policy and regularity issue of I-MF in Bangladesh through dissemination of research report. This research report presented towards policy makers including Bangladesh Bank Governor, expert Islamic Bankers, academicians and other participants in the seminar. Hundreds of peoples from across several Microfinance Institutions, NGOs, Islamic Banks, journalists, academicians, and policy makers received and learned about the development of I-MF concerning policy and regularity issues in Bangladesh. Important recommendations for I-MF policy and development came out from the audiences.

## **4.2 Discuss**

### ***i. Key new challenges to the achievement of output(s)***

Short time project period: 15 months project is too short to achieve the results from few activities. A microfinance based livelihood project needs reasonable time to bring about a positive change with its achieved outputs. IRB initiated a variety of components in this project and on the other hand beneficiaries need more trainings, follow up and orientation for keeping them in good track with the inputs received. Although the project have substantial progress to achieve the output set in the proposal, however a few number of components could not be achieved in the specific time of the project- such as organize policy dialogue on I-MF issues, could not make ready online lending platform- no-riba website.

Political instability in 2013: Political situation of Bangladesh in 2013 was very volatile. Project activities are delayed and delayed due to destructive political programmes like Hartal and strikes carried out by leading political parties. Field movements were restricted; banking transactions could not be done timely basis. Beneficiaries who are daily labourer could not get out from home in quest of work and became unemployed, market access was very limited for the beneficiaries who produced agricultural products. Beneficiaries Income became very low and beneficiaries had problems in repaying loans.

Finding researchers to conduct I-MF research was a big challenge: IRB commissioned three research works engaging external researchers however finding research experts to conduct Islamic micro-finance research was very difficult. IRB management team searched in different ways and finally ensured research works done.

### ***ii. Key positive/negative influences that impacted on progress*** **Positive influences**



IRB's long presence and positive reputation in project location: IRB has been working in Bangladesh since 1991 and the project location is in the northwest district- Rangpur where IRB has been working since long and IRB's projects/programmes are well accepted by the communities. This positive reputation helped project team to access freely to select project beneficiaries and implement activities without any community interruptions. As PROVED project is implemented in the same area and beneficiaries are combined with other projects- some of whom had previous experience in I-MF activities and direct beneficiaries of this project were somehow involved in IRB's community and skills development project therefore it was easy to implement activities in the project period.

Support from CSBIB, Islamic Banks and CDF :

Central Shariah Board for Islamic Banks of Bangladesh (Apex body of Shariah Advisory of Islamic Banks of Bangladesh), Islamic Banks- Exim Bank and Islamic Bank and CDF (Credit and development forum) played positive role in organizing National Seminar as well as I-MF training. Influences from the mentioned organizations on the way to achieve project output is encouraging.

Negative Influences

N/A

### 4.3 Impact weighting

**Current impact weighting in Logframe %:**

*To be written by IRW*

### 4.4 Output Risk

The project considered unyielding output risk throughout the project cycle and after the project. This output risks are mainly external, which might hamper project success. Below table indicates the output risk and its intensity.

**i. Output risk rating:**

Output risk	Likelihood	Rating
Fully operational of SHGs is a key risk of this project. Although it seems that SHGs are in good shape but keep continue a strategy of IB Bangladesh to provide I-MF through this approach	likely	Medium risk
Political instability to have the optimum output of this project is deem to be a high risk	Most Likely	High risk

Internal conflict among SHG members to the stability of SHG and its future.	Likely	Medium risk
Beneficiaries' mindset toward receiving conventional microfinance from MFIs may hamper objective of establishing I-MF product and services and may chance of overlapping of group members with other conventional microfinance programmes resulting default in loan repayment.	Likely	Medium risk
Difficult to organize policy dialogue and other advocacy events to promote I-MF across Bangladesh in short project period	Likely	medium

**ii. Please provide a narrative on the reasons for applying a risk rating**

IR Bangladesh has prepared risk rating and applying it to have a clear understanding and common observations among IRB management as well a project implementation team. This risk table will alert the project team to be prepared with contingency plan if risk occurs to cope up with mitigation plan as well as work to avoid any possible risk which might hamper the output of the project. This risk rating makes the project staff to work more efficiently to get optimum output of the project.

**4.5 Actual achievement of expected results for output 1**

Project achieved all targets of expected results for output 1 as per plan. However, as project period is very short -January 2013 to March 2013 therefore numbers of project activities have done have simultaneously and the project team was much meticulous in all aspect of project implementation process although political situation of the country was not favourable during this period. Following table gives the scenario of achievement towards its target of output indicators in this reporting period:

Output indicator	Target	Achievement	%	Rating
Number of clients benefitting from Islamic microfinance interventions, disbursed for productive purposes	4500 persons	4509 person	100	A++

Formation and strengthening Self-Help Group (SHG).	225 groups	191 groups	85%	A+
Conduct livelihood assessment to identify locally available- feasible farm, nonfarm IGAs and develop household level business plan	1500	1501	100%	A+
Conduct skill transfer training based on TNA.	1500	1501	100%	A+
Livelihood assets support on revolving basis for SHG members.	1500	1501	100%	A+
Capacity building of SHG members/leaders.	225 SHG leaders	450	100%	A
Institutionalization of SHG.	1 apex body of SHGs formation registration	1 apex body registration confirmed		



## Section 5 Value for Money

### 5.1 Cost Drivers and Commercial Improvement

- i. ***How does your organisation define value for money and how does this feed into your decision making?***

Value for Money (Economy, Efficiency, Effectiveness and cost-effectiveness): IRB designs and implements projects considering value for money at all stages. IRB's lessons learnt from previous projects, what works and what not, how to perform better to address similar issues in this project etc have been considered. The project effort will create an enabling environment for the targeted households and communities to significantly diversify and multiply their assets building process through using of project initiated skill, technology and financial support.

IRB always targets ultra-poor households to be the project beneficiaries who really need support. IRB's one of the core values as a custodian of Donor fund- best use of money for the optimum outputs and avoiding misuses a single penny.

Social and skill development of households and communities will play an important role in sustainable and long term development of the targeted communities and households. Project initiated approaches, skills and technologies will be shared widely and contribute to replication by wider communities as part of the scaling-up and scaling-out strategy of the project.

While proposing/ developing new project or program IRB management team has thorough planning process. Participation from different units and IRB's country office management team meeting together and generate options - implementation approach, logistics and procurement process and other management issues of project. IR Bangladesh always tries to leverage wider result by minimum cost. Decision of Implementation I-MF of PROVED project through SHG- led community approach is best example how IR Bangladesh emphasized the value for money, as this approach delivers I-MF without any operating cost for long sustain development of project beneficiaries and also contributing policy influence involving likeminded organizations.



**ii. What are the key cost drivers for your organisation and how have you used their measurement to improve the cost-effectiveness of your activities?**

IRB determined key cost drivers in two ways- a) input costs- can be grouped under Procurement & logistic and Financial and b) deliverables to its clients/ beneficiaries which is project human resources. IRB practices standard procedures to procure any goods or services. Market survey and competitive bidding processes make easy to select suppliers with effective costing and quality goods supply. IR Bangladesh reviewed and updated its procurement policy to make it more standard and cost-effective. IRB's financial policy and procedures are well developed and deal all financial transaction in transparent manner. IR Bangladesh engages skills and experiences personnel to implement its projects. No additional staffs are deployed in any project unnecessarily.

**iii. Describe how competition and effective commercial improvement is undertaken to drive improved value for money by your organisation.**

Islamic Relief Bangladesh estimated for each expenditure of PPA funded PROVED project in very cost-effective manner. IRB practices standard procedures to procure any goods or services. Market survey and competitive bidding processes make easy to select suppliers with effective costing and quality goods supply. IR reviewed and updated its procurement policy to make it more standard and cost-effective. Finance manual also updated periodically to keep it better standard.

**iv. What VfM measures do you track in your programmes?**

Relating to PPA PROVED project IR Bangladesh calculated values of money of key deliverable items such as-

- a. What extent beneficiaries benefited from the project supports
- b. Calculate deliverables Vs operating expenses.
- c. Overall output of the project.

**a. Explain how you track these VfM measures.**

The project provided cash support (*Qard al Hasana*) for productive asset purchase. Value of each beneficiaries cash support cost averaging BDT 9700. The clients invested the amount in their income generation purposes. Project had baseline survey and will have end line survey. The project provided skill training support for clients. Effectiveness of contribution of skill training can be measured through counting increase of productivity and income. With outcome survey, overall effectiveness of the value per project participants can

be measured. The project initiated different activities which will be evaluated at the final evaluation to measure how effectively the project is implemented.

***b. How have these measures helped you to achieve results at a reasonable cost?***

IRB implemented a large number of Livelihood projects which can be compared to PPA PROVED project in terms of cost effectiveness and output results, by which, management can measure the reasonable costs. These measures help IRB as well as project management to be well prepared on the project components to be more focused in implementation process

## 5.2 Embedding VfM in day to day operations

***i. Describe the steps taken to improve the effectiveness of your organisation and the results these steps achieved. If PPA funding has directly resulted in organisational improvement please describe how, and to what extent.***

IRB has taken many steps to improve the effectiveness and efficiency in some ways such as-new Vendors enlistment and screening selected vendors to be competitive in goods and service procurement, conducts periodic market survey for well acquainted to the market price of goods and services. IRB recruited experiences and experts for receiving any kind of services with competitive analysis.

PPA funded PROVED project has the contribution to take decision to implement projects in community led Self Help Group approach, without less staff's involvement in the project resulting low operational costs of a project.

***ii. Have you experienced any significant VfM achievements in the last reporting year not already outlined in this section?(y/n)***

*To be written by IRW*



## Section 6

### Beneficiary Feedback

#### 6.1 How have you collected and used beneficiary feedback to inform your programming?

Islamic Relief Bangladesh has a well developed feedback and complaint mechanism to receive feedbacks, suggestions and complaints from beneficiaries, partners, stakeholders and from wider communities where projects and programs are implemented. IRB always values project participant's (beneficiary's) feedbacks, complaints and ideas to keep the project transparent, accountable and beneficiaries friendly. IR Bangladesh has several ways to collect feedback/complaints and new ideas from project participants.

Following systems are inbuilt in IRB's project delivery procedures to receive feedbacks, complaints and recommendation from project participants:

- At the initial stage of project development, community consultation and need assessment exercises have been conducted within the project areas. Community's perceptions and recommendations have been taken into account in project planning and implementation.
- All project participants are informed about complaint and feedback process.
- Stickers with phone number, email address and focal person's address are attached to all SHGs resolution's register, passbooks and other books.
- IR Bangladesh uses complaint/ feedback box at its unit office level to drop complaint/feedbacks.
- Meetings with project participants also the way of receiving feedbacks and ideas.
- Internal evaluation structure of IRB has feedback system.

Apart from the above measures of collecting feedbacks and complaints, project management had workshops with leaders of the SHGs to develop bi-laws for SHG operations. During these workshops feedbacks, recommendations and new ideas were collected from beneficiaries.

Periodic evaluation has been conducted by IRB's internal evaluator for measuring progress of this progress.

Focus Group Discussions (FGD) and Key Informants Interview (KII) have been conducted under the internal evaluation process.

All feedbacks, complaints, suggestions and ideas from beneficiaries are acknowledged and documented at IRB's country office by PQLR (Programme Quality, Learning and Research) department. The feedbacks are taken and reviewed and valuable feedbacks are taking into consideration for future project development.



## Section 7

### Gender

#### 7.1 How is your PPA designed, implemented and monitored in a way to deliver and track improvements in the lives and well-being of girls and women and contribute to gender equality?

The PPA-PROVED project designed and implemented to improve livelihoods of 4500 families in the northwest part of Bangladesh. PPA PROVED project has been designed with particular emphasis on women beneficiaries. 100% women beneficiaries are selected and organized in 191 self-help groups to develop a model of enterprise financing based on Islamic finance principles and on a revolving fund basis. Training and orientation are provided for SHG leadership, management and financial competency development for the women beneficiaries. Different sessions and issue based meetings are organized in the SHGs with special focus on women and girls such as- early marriage, dowry, child right, adolescent girl's reproductive health etc. All activities have been done to improve women empowerment as well as women engagement in income generating activities to contribute to their family, side by side their male members of the family.

IRB using both qualitative and quantitative monitoring and evaluation tools to track the improvements of the project participants. In PPA PROVED project IRB has taken base line survey data, mid-term review, conducted a study on this project and final evaluation will be conducted to determine the project impact where improvement of girls and women well-being are in built as the project participants are 100% women.

Improvement of women well-being was revealed in a ***Research Report on PROVED- Islamic Microfinance done by external researchers- part of research report described below***

“The participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. Most of the women were able to increase their income level manifold of their family. Many of the women reported that they were participating in many decision making matters of their family which earlier they were not allowed to do. All the members were getting support from their husbands and family that were not available before they joined the group. It has been an accepted premise that women were not given enough opportunities to

involve themselves in the decision making process of the family as well as in the society”.

The respondents in the SHGs realized their self worth, communication skills and interaction with the officials had improved vastly after they became members of the SHGs. Also they felt that they could now protest against social evils and could fight for rights, for better access to amenities. Consequently, the respondents had felt that their status in the family and society had improved considerably after becoming members of SHGs.

The IRB through SHG provides adequate scope for the rural household, especially women, to help in developing self worth, awareness of health and sanitation and social behaviour through a series of training and group meetings that have brought clearly the social impact of the SHG on the member respondent.





## Section 8

### Partnership working

#### **8.1 Detail the role of your project partners and the partnerships you have, including their role in improving accountability between partners and sustaining your work.**

In PPA funding PROVED project, IR Bangladesh does not have any formal partner. IRB has been implementing this project directly without creating any partnership. However numbers of activities are undertaken- advocacy and networking, national seminar and I-MF research by building informal partnership with academics, research professionals, networking organizations, Islamic Banks and other INGOs to create collective efforts for strengthening issue at national level. We expect that collaborative actions should put into effect in policy change or formulation on I-MF.

## Section 9

### Anti-corruption and Fraud

#### 9.1 Anti-corruption and Fraud reporting period 2013/14

- i. During reporting period 01 April 2013 – 31 March 2014, has there been any loss or misappropriation from unrestricted funds which could involve PPA funds? (Y/N)**

No

- ii. In accordance with paragraph 16 of the PPA funding agreement, can you confirm if you have notified DFID of any unrestricted losses?**

N/A

- iii. If not, please provide details and the action taken to recover/resolve this issue (as a separate confidential Annex E which is not included in the word count). How are you taking anti-corruption and counter-fraud measures forward?**

IRB has separate anti-corruption and anti-bribery policy. IRB follows this policy strictly in all steps of its activities. Stickers, posters and other materials are in place at all IRBs offices to make this issue more visible and for sensitizing staff members as well as stakeholders. IRB ensured orientation for all staff on anti-bribery and corruption policy. IRB's financial and procurement policies are developed in the way to make transparent for all transactions and payments. All payments are made through banking channels other than very small payments.

Ensured periodic internal audit, regular finance staff visit and management oversight (micro-management) is done regularly. Existing controlling and complaint and response mechanism are in place. Adopt international standards in record keeping and accounting management, Complaint cell number, email number and complaint box/register have been disseminated with wider people of the project area. Zero tolerance policy applied for any corruption occurred.

## Section 10

### Climate and Environment

#### 10.1 Addressing Climate and Environment issues as an Organisation

***i. Does your organisation have an institutional strategy to address climate and environment issues?***

IRB has a Resilience Strategy which is in line with Global Resilience Strategy

***ii. Describe your organisation's efforts to mainstream climate and/or environment issues into its operations or those of your intervention partners.***

Climate and Disaster Resilience is highlighted as a Strategic Priority for Islamic Relief Bangladesh and accordingly is included in the Global Strategy Document. As part of mainstreaming initiatives, the country offices work in integrated manner and support cross-programs in undertaking risk informed program and staff development. Risk Reduction and Adaptation to climate change is an integral component where respective programs consider the issues as and where appropriate.

***iii. Are you investing PPA resources from DFID to improve your organisation's operational effectiveness in relation to climate and/or environment issues?***

To be filled by IRW

## Section 11

### Further Information

#### 11.1 Organisations are invited to tell us more about their work with excluded groups including, but not limited to; faith, disability, youth, inclusive schools etc.

##### ***Annex F: Changing Lives-***

##### ***Case study***

This is a story of an enthusiastic woman entrepreneur who has changed her life progressively- she is Arjuman Khatun, a 30 years old woman from Shalmara village in Rangpur district. Her husband Rofiqul Islam, a poor day labourer who struggled a lot to maintain his family. Rofiqul used to sale manual labour and lived on hand to mouth. Labour selling in northwest district-Rangpur, is not a good source of income and the seasonal unemployment makes the situation more critical. Arjuman and her husband were the victims of extreme poverty in the early age of their



married life.

Arjuman said, "Almighty Allah blessed us with our only son, we could not have even two meals a day." The family passed the days with very minimum food, daily needs of life had never been fulfilled in that time. Arjuman always tried to find a source to earn something to help her husband, at the same time she helped her neighbours





with her indigenous knowledge of cow rearing. She dreamed to have her own livestock but did not find opportunity to materialize her dream.

The only way she discovered that time, was get credit from local lenders but she was much afraid of interest of loans, local lender charged high interest rate which would not be a good option for her. She heard about Islamic Relief's Islamic microfinance project from one of her friends and became a member of Shalmara Latifpur samity (Women group) in 2006.



Like other members she started her small savings to the samity and received loans, with that loan, she bought a cow (IRB confirmed the cow purchase as maintaining Shariah based lending) and started her first IGA after a long year of dreaming. She made a good profit from her cow, after repaying her first loan she chose another IGA of vegetable gardening and received second loan. She used to sell vegetables in nearby market. In her journey of engaging in different IGAs she got training on cow rearing. Her intelligence and success increased her confidence day by day. She received several loans one after one from IRB's I-MF project. This year Arjuman cultivates maize. Both husband and wife work hard to get better yield from the crop field and they have bullock for fattening at home.

Arjuman became the secretary of their SHG and very active in SHG management. She received group dynamics, financial management and leadership development training from the project and helping other SHG members with gained knowledge.

She is very happy with her economic position. Her husband is not selling manual labour anymore, working in their own enterprises. She is very happy with her

economic position. Her husband is not selling manual labor anymore, working in their own enterprises. Arjuman's son is now in IX grade of schooling and she hopes her son will do better in his study life and will be successful in his life.

## Annex A

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### Acronyms

<b>IGA</b>	: Income Generating Activities
<b>CAP</b>	: Community Action Project
<b>FISCAL</b>	: Financial Services to the poorest Community for Advancing Livelihoods Project
<b>IICO</b>	: International Islamic Charitable Organization
<b>SAFOLLO</b>	: Strengthening Peoples' Actions for Food and Livelihood Security
<b>SHG</b>	: Self Help Group
<b>FD-6</b>	: Foreign Donation Form-6 of Bangladesh Government
<b>NGO</b>	: Non Government Organization
<b>MFI</b>	: Micro Finance Institution
<b>LGI</b>	: Local Government Institutions
<b>MRA</b>	: Micro-credit Regulatory Authority
<b>I-MFI</b>	: Islamic Micro Finance Institutions
<b>I-MF</b>	: Islamic Micro Finance
<b>PRA</b>	: Participatory Rural Appraisal
<b>IRB</b>	: Islamic Relief Bangladesh
<b>IRW</b>	: Islamic Relief worldwide
<b>MIS</b>	: Management Information System
<b>BDT</b>	: Bangladeshi Taka (currency)