

Masters in International and Development Economics (MIDE)

Project Planning and Evaluation

Project Proposal

Rural Microfinance Scheme for Timor-Leste

Submitted By

Muhammad Jami Husain

(Matrikel Nr. 76900513414)

Nishtha Khurana

(Matrikel Nr. 76900513415)

Ainur Talbayeva

(Matrikel Nr. 76900513427)

**FACHHOCHSCHULE FÜR TECHNIK UND WIRTSCHAFT (FHTW) BERLIN
UNIVERSITY OF APPLIED SCIENCES**

September 2005

Rural Microfinance Scheme for Timor-Leste

Contents

- 1. CONTEXT: FOOD INSECURITY AND UNDERDEVELOPED FINANCIAL SECTOR..... 1**
 - 1.1. FOOD SECURITY – THE CORE OBJECTIVE OF THE NATIONAL POLICY 1
 - 1.2. FOOD SECURITY – A CROSS-SECTORAL AND MULTILEVELLED ISSUE..... 1
 - 1.3. FOOD SECURITY AND MILLENNIUM DEVELOPMENT GOALS 1
 - 1.4. FOOD SECURITY AND UNDERDEVELOPED FINANCIAL SECTOR 2
- 2. MOTIVATION FOR THE PROPOSAL 3**
 - 2.1. APPRECIATION OF MICROFINANCE CONCEPT BY THE UN AND OTHER INTERNATIONAL BODIES..... 3
 - 2.2. THE ‘GRAMEEN’ MODEL OF MICROFINANCE SCHEME..... 4
- 3. RATIONALE OF A MICROFINANCE SCHEME IN TIMOR LESTE..... 5**
 - 3.1. POVERTY AND FOOD INSECURITY IN TIMOR LESTE 5
 - 3.2. APPLICABILITY OF MICROFINANCE SCHEME..... 5
 - 3.3. UNDERDEVELOPED FINANCIAL SECTOR AND LACK OF FARM AND OFF-FARM INITIATIVES 6
 - 3.4. GENDER EMPOWERMENT 6
- 4. DESCRIPTION OF THE MICROFINANCE SCHEME FOR TIMOR LESTE..... 7**
 - 4.1. DEFINING MICROFINANCE/MICROCREDIT..... 7
 - 4.2. REVIEW OF ALTERNATIVE MICROFINANCE-CREDIT LENDING MODELS..... 7
 - 4.3. PROJECT DESIGN..... 10
- 5. PROBLEM ANALYSIS 13**
- 6. STAKEHOLDER ANALYSIS..... 15**
- 7. OBJECTIVE ANALYSIS 20**
- 8. LOGFRAME MATRIX 22**
- 9. THE WORK PLAN FOR THE PROJECT ACTIVITIES..... 25**
- 10. PRE-APPRAISALS OF THE PROJECT 27**
 - 10.1. RELEVANCE 27
 - 10.2. EFFECTIVENESS 27
 - 10.3. EFFICIENCIES 28
 - 10.4. SUSTAINABILITY 28
 - 10.5. IMPACT 29
- 11. ELEMENTS OF MONITORING AND EVALUATION (M&E)..... 30**
 - 11.1. THE EIGHT STEPS OF MPI 30
 - 11.2. DEVELOPMENT OF IMPACT MODEL..... 31
 - 11.3. SELECTION OF IMPACT INDICATORS..... 33
 - 11.4. DATA COLLECTION AND SURVEY DESIGN 35
- 12. REFERENCES..... 38**

List of Tables and Charts

- TABLE 1: REVIEW OF VARIOUS MICROFINANCE LENDING MODELS 8
- TABLE 2: STAKEHOLDER ANALYSIS 17
- TABLE 3: BASIC LOGFRAME MATRIX FOR MICROFINANCE SCHEME 23
- TABLE 4: THE EIGHT STEPS OF MONITORING POLICY IMPACT (MPI) 30
- TABLE 5: MONITORING INDICATORS FOR THE MICROFINANCE IMPACT MODEL 33
- TABLE 6: DATA SOURCES FOR THE SELECTED INDICATORS 36

- CHART 1: PROBLEM HIERARCHY: TRACKING DOWN THE CAUSES 14
- CHART 2: OBJECTIVE HIERARCHY 21
- CHART 3: IMPACT MODEL OF RURAL MICROFINANCE SCHEME POLICY INTERVENTION..... 32

1. Context: Food Insecurity and Underdeveloped Financial Sector

1.1. Food Security – The Core Objective of the National Policy

Attaining food security is the overarching goal of the national policy in Timor Leste. The existence of widespread poverty and food insecurity makes it imperative to accord high priority to these critical issues. It is correctly asserted that insufficient access, insufficient availability, instability and ineffective utilization are the root causes of food insecurity. Low production and productivity in agriculture lead to insufficient availability. With the existence of widespread poverty with more than 40% population living below the poverty line, a large part of the population lacks sufficient economic access to food. Access is further constrained by poor infrastructure for people living in remote areas. Also, large proportion of the rural households suffers from seasonal shortages. Such temporary shortfalls are further and severely aggravated in the wake of droughts and other natural disasters, leading to extreme vulnerability and acute nutritional deprivation. On top of that, lack of conscience about balanced diet, and lack of skills and means to prepare safe and nutritious food inhibit effective food utilisation, compounding the effects of insufficient and volatile access and supply.

1.2. Food Security – A Cross-sectoral and Multilevelled Issue

It is emphasized that design and implementation of National Food Security Policy warrants due considerations to all relevant factors which have bearings on access to food, availability, stability and/or utilisation. Therefore, food security is treated as a cross-sectoral and multi-levelled issue. It involves stakeholders at micro, meso and macro level, i.e. from various fields - household to national level. The cross sectoral nature of the food security issue warrants multi-focused policy initiatives that embraces all aspects within a coherent and consistent policy framework. Involvement of all relevant stakeholders (Government ministries and institutions, UN Agencies, donors, NGOs, CSOs, communities, private sector) is critical in this regard. All relevant policies, strategies and programmes are to be considered and brought into an integrated and coherent framework of policy matrix.

1.3. Food Security and Millennium Development Goals

The signatory countries of the Millennium Development Goals (MDGs) strive for compliance of their national policies with all the goals of the MDGs. Given the multi-dimensional aspects of food insecurity and the cross-sectoral approaches required to attain it, achievement of goal 1 (i.e. eradication of poverty and hunger) depends on success in the pursuit of the other MDGs.

On equal terms, it is also argued that attainment of goal 1 would indirectly contribute to the realization of other goals. Attainment of universal primary education, promotion of gender equity, reduction of child mortality, improvement of maternal health, halting the spread of aids and ensuring environmental sustainability – all the MDGs are in one way or other interlinked and particularly relate to the issue of food insecurity.

1.4. Food Security and Underdeveloped Financial Sector

The food security context for the population has changed markedly since the end of Indonesian occupation and the emerging independent state of Timor-Leste. Disruptive political situation of the past also impeded development of an appropriate financial system in the economy. Previously existing institutions and administrative and service infrastructures ceased to exist, the physical infrastructure had been largely destroyed in the events of 1999, and the majority of the people who had been displaced and lost their assets had to get re-established.

A well designed financial scheme that serves the deprived and backward section of the population groups by providing credit and subsequently enabling them to be economically active would contribute enormously to the food security issue. This project proposal establishes the obvious links between the food security issues and the need for a developed financial sector. Non-monetization of the economy is an implicit characteristic of the Timor-Leste economy in general and rural economy in particular. Lack of access to credit has been identified as a major constraint to development. Credit facilities were disrupted with independence and there is currently no rural credit system serving the needs of farmers and rural enterprises.

Rural residents in many countries could benefit from the expansion of formal and semi-formal microfinance if financial institutions can serve clients with more useful and less-expensive financial products than those available from moneylenders. In Timor Leste a number of local credit schemes have been established by different organizations, serving specific purposes and localities only, and with little chance of becoming a sustainable solution. The current situation prevents farmers and business people from making necessary investments to develop their farm into a viable and commercial enterprise. This proposal presents a rural micro-credit scheme; the core objective being the enhancement of the production and income earning capacities of rural deprived households in general and women in particular, through providing access to an appropriate and efficient system of micro finance.

2. Motivation for the Proposal

2.1. Appreciation of Microfinance Concept by the UN and Other International Bodies

- The General Assembly Resolution (52/194) of the United Nations explicitly recognizes that people living in poverty are innately capable of working their way out of poverty with dignity, and can demonstrate creative potentials to improve their situation when an enabling environment and the right opportunities exist. It notes that in many countries of the world, microcredit programmes, by providing access to small loans to people living in poverty, have succeeded in generating productive self-employment. The UN asserts that microcredit programmes have especially benefited women and have resulted in the achievement of their empowerment in a world where more women than men live in absolute poverty and that the imbalance continues to grow.
- The UN resolution also recognizes that microcredit programmes, in addition to their role in the eradication of poverty, have also been a contributing factor to the social and human development process. It notes that the qualitative and quantitative development of microcredit institutions and their capacity to reach the marginalized groups requires the provision of an enabling environment, including a policy framework for the financial sector, as well as linkages to the formal financial sector. It appreciates the importance of microfinance instruments such as credit, savings and related business services in providing access to capital for people living in poverty, and states that the provision of finance to microcredit institutions should be commensurate with their absorptive capacity and that efforts should be made to strengthen and enhance that capacity.
- There are positive references in support of the role of microcredit contained in the final documents of the Twelfth Ministerial Conference of the Non-Aligned Movement (New Delhi, 4-8 April 1997), the Ninth South Asian Association for Regional Cooperation Summit (Male, 12-14 May 1997), the Organization of African Unity Summit (Harare, 2-3 June 1997), the substantive session of 1997 of the Economic and Social Council (Geneva, 30 June-25 July 1997) and the Commonwealth Heads of Government Meeting (Edinburgh, 24-27 October 1997) as well as the Group of Seven statement on economic and financial issues (Denver, Colorado, 21 June 1997). All of them welcome the launching of different microcredit

initiatives in recent years and acknowledges their important contribution to the eradication of poverty, empowerment of women and social upliftment; encourage all involved in poverty eradication programmes to consider incorporating microcredit schemes in their strategies. They also encourage to adopt policies that support the development of microcredit institutions and their capacities so that credit and related services may be made available to increasing numbers of people living in poverty and call upon the international donor community to support the strengthening of existing and emerging microcredit institutions in the developing countries.

2.2. The 'Grameen' Model of Microfinance Scheme

- Over the last three decades, the Grameen Bank of Bangladesh has been extending small loans to poor borrowers, primarily to women to promote self-employment and income generation. The apparent success of the Grameen Bank (e.g., recruitment of clients, investment of loans, recovery rates on invested loans and profit margins) has made micro-credit a new model for eradicating poverty and promoting sustainable and equitable development.
- Grameen brought credit to the poor, women, the illiterate - the people who pleaded that they did not know how to invest money and earn an income. Grameen created a methodology and an institution around the financial needs of the poor, and created access to credit on reasonable term enabling the poor to build on their existing skill to earn a better income in each cycle of loans. By using the joint liability model of lending, the Bank workers and borrowing peers impose intense pressure on clients for timely repayment.
- Grameen credit is based on the premise that the poor have skills which remain unutilised or under-utilised. It is definitely not the lack of skills which make poor people poor. Grameen believes that the poverty is not created by the poor; it is created by the institutions and policies which surround them. In order to eliminate poverty all we need to do is to make appropriate changes in the institutions and policies, and/or create new ones. Grameen believes that charity is not an answer to poverty. It only helps poverty to continue. It creates dependency and takes away individual's initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty.

3. Rationale of a Microfinance Scheme in Timor Leste

3.1. Poverty and Food Insecurity in Timor Leste

- Almost 40 % of the population of Timor-Leste are living below the poverty line. They are unable to afford the amount of food needed to reach the average minimum requirements of 2100 kilocalories per day and other essential consumptions needs such as clothing and housing. Spending on food constitute about three-fourth of the total income for the Poor households. Household food production, the main source of access and livelihood for the majority of the population of Timor-Leste, is low and insufficient to cater for the household needs. Thus, the poor and vulnerable population groups are exposed to food insecurity.
- Poverty and food insecurity is primarily a rural phenomenon. It particularly affects households who: depend on farming as primary source of livelihood, with small size of holding, little livestock and no access to irrigated land as aggravating conditions; live in the highlands, including conditions of difficult road access and poor infrastructure; are headed by women and older persons, also due to implications of education levels and constraints in terms of family labour.
- There exists acute deprivation in the wake of droughts or other natural disasters, because the poor farm households have been unable to accumulate assets in the past which would help them to bridge such critical times and overcome acute shortfalls of production;

3.2. Applicability of Microfinance Scheme

- Policy makers around the developing world have long acknowledged the importance of rural households' access to credit. Credit allows households to start or expand business activities, and/or increase profit margins through the purchase of inputs at wholesale prices. This can augment individual households' incomes and promote rural development.
- The importance of financial services for low-income households together with the private sector's reluctance to enter this market and the perceived inability of low-income populations to pay market interest rates led governments to launch highly subsidized rural credit programs. The successful experience of a number of low-subsidy or no-subsidy microcredit programs demonstrated that these programs could achieve self-sustainability, were affordable for borrowers, and were much less likely to be appropriated by the wealthier strata of society. In recent years, microfinance experts also

have begun to recognize the importance of rural financial institutions providing savings services. Access to savings can help households achieve consumption smoothing goals and permits them to accumulate resources for investment purposes. Savings allows households to reduce risks, thereby contributing to their ability to make higher risk/return investments. Savings mobilization helps institutions to grow by increasing the funds they have available for lending purposes.

3.3. Underdeveloped Financial Sector and Lack of Farm and Off-farm Initiatives

- A sound financial system is considered to be the backbone of economic growth and development. The critical consideration in policy formulation in Timor Leste, therefore, is to develop financial institutions with well designed financial schemes. With the lack of farm and off-farm and non-farm initiatives, the resources in Timor Leste are largely underutilized. This can mainly be attributed to the lack of finance and absence of appropriate financial schemes. Credit allows households to start or expand business activities, and/or increase profit margins through the purchase of inputs at wholesale prices. This can augment individual households' incomes and promote rural development. Exploring the investment opportunities from the part of the poor and enabling them to integrate into the production system by credit facilities would generate immense stimulus in the economy in general and rural economy in particular.
- The private sector has generally been reluctant to enter financial market to cater credit. Low population densities, poor infrastructure, and the small value of individual savings and loan transactions raise the costs of providing services to this population. Also, remote, low-income populations are frequently perceived as being poor credit risks because they often lack access to collateral, their incomes may be dependent on highly weather-sensitive agricultural production, and their ethnicity and culture is frequently different from that of the urban-based financial community.

3.4. Gender Empowerment

- Gender empowerment is considered to be an important factor with regards to intra-household distribution and conscience about a balanced dietary intake for the family as a whole. With a targeted credit scheme to serve the poor women in the rural areas would, at the one hand, integrate them in the production activities; on the other hand, empower them sufficiently in household decision making.

4. Description of the Microfinance Scheme for Timor Leste

4.1. Defining Microfinance/Microcredit

Introduced during the early seventies, the word "microcredit" now has become a buzz-word among the development practitioners. It has become common to overdo with the usage of this word creating a lot of misunderstanding and confusion; and no one now gets shocked if somebody uses the term to mean agricultural credit, or rural credit, or cooperative credit, or consumer credit, credit from the savings and loan associations, or from credit unions, or from money lenders. Defining the term *Microcredit* is very important for arriving at clear conclusions, formulating right policies, designing appropriate institutions and methodologies.

Much of the current interest in microcredit stems from the Microcredit Summit (2-4 February 1997), and the activities that went into organizing the event. The definition of microcredit that was adopted there was: Microcredit programmes extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families. Definitions differ, of course, from country to country. Some of the defining criteria used include- size - loans are micro, or very small in size target users - micro entrepreneurs and low-income households utilization - the use of funds - for income generation, and enterprise development, but also for community use (health/education) etc. terms and conditions - most terms and conditions for microcredit loans are flexible and easy to understand, and suited to the local conditions of the community.

4.2. Review of Alternative Microfinance-Credit lending models

With the evolution of microfinance concept, a number of microfinance lending models has evolved over time. A review of these alternative models is worthwhile in order to select country specific apposite model. The following table reviews briefly various existing or practised microfinance models in different regions of the world. The objectives and operational principles are often overlapping; however there exist differences in terms of implementation process and other aspects.

This project proposal complies with the microfinance model as described under the category of 'Grameen' model, with provisions for the adjusting elements with respect to design, implementation and stakeholder's involvement given the country context.

Table 1: Review of Various Microfinance Lending Models

Sl.	Models	Description of Microfinance Credit Lending Models
1.	Associations	This is where the target community forms an 'association' through which various microfinance (and other) activities are initiated. Such activities may include savings. Associations or groups can be composed of youth, or women; they can form around political/religious/cultural issues; can create support structures for micro enterprises and other work-based issues.
2.	Bank Guarantees	As the name suggests, a bank guarantee is used to obtain a loan from a commercial bank. This guarantee may be arranged externally (through a donor/donation, government agency etc.) or internally (using member savings). Loans obtained may be given directly to an individual, or they may be given to a self-formed group. Bank Guarantee is a form of capital guarantee scheme. Guaranteed funds may be used for various purposes, including loan recovery and insurance claims. Several international and UN organizations have been creating international guarantee funds that banks and NGOs can subscribe to, to onlend or start microcredit programmes.
3.	Community Banking	The Community Banking model essentially treats the whole community as one unit, and establishes semi-formal or formal institutions through which microfinance is dispensed. Such institutions are usually formed by extensive help from NGOs and other organizations, who also train the community members in various financial activities of the community bank. These institutions may have savings components and other income-generating projects included in their structure. In many cases, community banks are also part of larger community development programmes which use finance as an inducement for action.
4.	Cooperatives	A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Some cooperatives include member-financing and savings activities in their mandate.
5.	Credit Unions	A credit union is a unique member-driven, self-help financial institution. It is organized by and comprised of members of a particular group or organization, who agree to save their money together and to make loans to each other at reasonable rates of interest. The members are people of some common bond: working for the same employer; belonging to the same church, labour union, social fraternity, etc.; or living/working in the same community. A credit union's membership is open to all who belong to the group, regardless of race, religion, colour or creed. A credit union is a democratic, not-for-profit financial cooperative. Each is owned and governed by its members, with members having a vote in the election of directors and committee representatives.
6.	Grameen Model	The Grameen model emerged from the poor-focussed grassroots institution, Grameen Bank, started by Prof. Mohammed Yunus in Bangladesh. It essentially adopts the following methodology: A bank unit is set up with a Field Manager and a number of bank workers, covering an area of about 15 to 22 villages. The manager and workers start by visiting villages to familiarise themselves with the local milieu in which they will be operating and identify prospective clientele, as well as explain the purpose, functions, and mode of operation of the bank to the local population. Groups of five prospective borrowers are formed; in the first stage, only two of them are eligible for, and receive, a loan. The group is observed for a month to see if the members are conforming to rules of the bank. Only if the first two borrowers repay the principal plus interest over a period of fifty weeks do other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the group serves as collateral on the loan.
7.	Group	The Group Model's basic philosophy lies in the fact that shortcomings and weaknesses at the individual level are overcome by the collective responsibility and security afforded by the formation of a group of such individuals. The collective coming together of individual members is used for a number of purposes: educating and awareness building, collective bargaining power, peer pressure etc.

Sl.	Models	Description of Microfinance Credit Lending Models
8.	Individual	This is a straight forward credit lending model where micro loans are given directly to the borrower. It does not include the formation of groups, or generating peer pressures to ensure repayment. The individual model is, in many cases, a part of a larger 'credit plus' programme, where other socio-economic services such as skill development, education, and other outreach services are provided.
9.	Intermediaries	Intermediary model of credit lending position is a 'go-between' organization between the lenders and borrowers. The intermediary plays a critical role of generating credit awareness and education among the borrowers (including, in some cases, starting savings programmes. These activities are geared towards raising the 'credit worthiness' of the borrowers to a level sufficient enough to make them attractive to the lenders. The links developed by the intermediaries could cover funding, programme links, training and education, and research. Such activities can take place at various levels from international and national to regional, local and individual levels. Intermediaries could be individual lenders, NGOs, microenterprise/microcredit programmes, and commercial banks (for government financed programmes). Lenders could be government agencies, commercial banks, international donors, etc.
10.	Non-Governmental Organizations	NGOs have emerged as a key player in the field of microcredit. They have played the role of intermediary in various dimensions. NGOs have been active in starting and participating in microcredit programmes. This includes creating awareness of the importance of microcredit within the community, as well as various national and international donor agencies. They have developed resources and tools for communities and microcredit organizations to monitor progress and identify good practices. They have also created opportunities to learn about the principles and practice of microcredit. This includes publications, workshops and seminars, and training programmes.
11.	Peer Pressure	Peer pressure uses moral and other linkages between borrowers and project participants to ensure participation and repayment in microcredit programmes. Peers could be other members in a borrowers group (where, unless the initial borrowers in a group repay, the other members do not receive loans. Hence pressure is put on the initial members to repay); community leaders (usually identified, nurtured and trained by external NGOs); NGOs themselves and their field officers; banks etc. The 'pressure' applied can be in the form of frequent visits to the defaulter, community meetings where they are identified and requested to comply etc.
12.	Rotating Savings and Credit Associations	Rotating Savings and Credit Associations (ROSCAs) are essentially a group of individuals who come together and make regular cyclical contributions to a common fund, which is then given as a lump sum to one member in each cycle. For example, a group of 12 persons may contribute Rs. 100 (US\$33) per month for 12 months. The Rs. 1,200 collected each month is given to one member. Thus, a member will 'lend' money to other members through his regular monthly contributions. After having received the lump sum amount when it is his turn (i.e. 'borrow' from the group), he then pays back the amount in regular/further monthly contributions. Deciding who receives the lump sum is done by consensus, by lottery, by bidding or other agreed methods.
13	Small Business	The prevailing vision of the 'informal sector' is one of survival, low productivity and very little value added. But this has been changing, as more and more importance is placed on small and medium enterprises (SMEs) - for generating employment, for increasing income and providing services which are lacking. Policies have generally focussed on direct interventions in the form of supporting systems such as training, technical advice, management principles etc.; and indirect interventions in the form of an enabling policy and market environment.
14	Village Banking	Village banks are community-based credit and savings associations. They typically consist of 25 to 50 low-income individuals who are seeking to improve their lives through self-employment activities. Initial loan capital for the village bank may come from an external source, but the members themselves run the bank: they choose their members, elect their own officers, establish their own by-laws, distribute loans to individuals, collect payments and savings. Their loans are backed, not by goods or property, but by moral collateral: the promise that the group stands behind each individual loan.

Source: Compiled in tabular form with information obtained in the Grameen Bank website.

4.3. Project Design

Implementation Agencies:

The project would be implemented with the involvement of three main agencies;

- The Government of Timor Leste as the client of the overall project and facilitating financial, legislative and administrative assistance.
- An International Donor Organization to provide funds and technical assistance.
- A non-government organization as the implementation agency.

Duration of the Project

This will be a pilot type project with the duration of three years. The first year (first 9 months) will be the inception phase and the second and third year will constitute the full fledged implementation and monitoring phase. *The success of the overall project would lay the foundation to institutionalize the project activities within the government agencies or scaling up of the project strengthening the existing implementation agency.*

Source of fund

The first phase of the project is envisaged to start with a grant fund obtained from the international donor agency/agencies. In the later phase, the project would finance its activities with funds obtained at concessional rates from external and domestic sources. These sources of inexpensive funds would form the key instruments to the potential expansion of the microfinance scheme.

Baseline Survey

Before going to the actual operation of the project it is necessary to conduct a baseline survey of the area where the project would be implemented.¹ The survey will reveal the socio-economic characteristics of the households and various features with respect to the prospect, advantages and problems of the local production activities. Also, the survey would expose three characteristic features related to credit (*the three Cs of credit*):²

- **Character:** means how a person has handled past debt obligations: From credit history and personal background, honesty and reliability of the borrower to pay credit debts is determined.
- **Capacity:** means how much debt a borrower can comfortably handle. Income streams are analyzed and any legal obligations looked into, which could interfere in repayment.
- **Capital:** means current available assets of the borrower, such as real estate, savings or investment that could be used to repay debt if income should be unavailable.

¹ The project workplan incorporates several other survey plans during the monitoring and evaluation process.

² Source: Website of Grameen Bank.

Organisation of the Credit scheme

When the report, based on the socio-economic baseline survey, is approved in the head office, the project management will arrange a general public information meeting inviting all classes of people. At the meeting the Project's purpose, rules, and eligibility criteria are explained. Interested persons among the poor will be asked to form groups of five-minded people of similar economic status. Experiences show that a group comprised of more than five persons would be too large for developing mutual trust and confidence. Only one person from a household could become a member. There are separate groups for men and women. Each group will select a chairperson and a secretary; these positions will then rotate among members. Members will conduct business with a project worker at the weekly meeting. A number of groups from the same village will be federated into a centre where weekly meetings will be held. The project worker will attend meetings at the centres where all project businesses are conducted openly in the meeting.

Characteristic Features of the Credit Scheme

The following characteristic features of the credit scheme are to be taken into account:³

- The overhead costs must be kept low;
- Lending procedures should be simple enough for rural borrowers to understand, expeditious enough to enable timely disbursements, and transparent to avoid corruption;
- Provision should be made not only for the requirements for agricultural change, but also for the subsistence and social needs of borrowers. Such a credit system should operate on a self-sustaining basis. To facilitate this,
 - Interest charges on loans should cover operating costs.
 - Provisions must be made to ensure a high rate of loan recovery, particularly through training and supervision;
- A mechanism for self accountability should be built into the credit system.

Implementation and Operating Principles of the Credit Scheme

After a group is formed, it will be kept under close observation for a month by the bank worker to see if members are abiding by the rules and observing discipline. The prospective borrower is required to participate in a group meeting for a minimum of seven days. The group would be given formal recognition when all members become well conversant with the rules and procedures. Two members of the group will then receive loans and their loan repayment behaviour is observed for a month or two. If the weekly payments are regularly paid by them, then the next two members become eligible for loans. The group chairperson is the last to

³ Source: National Food Security Policy for Timor-Leste, Food Security policy Statement and Policy and Strategic Framework, Draft version, July 2005.

receive the loan. One of the group's functions is to provide collective guarantee. When an entire group defaults, the responsibility of repayment is on the centre.

Investment proposals with bank loans will be discussed in the weekly meetings of the groups. When the group members and the project workers are convinced of the viability of the investment proposal, the centre chief will approve the loan proposals and hand them over to the branch manager after checking the proposals, discussing them with his colleagues and, if necessary, after field visits. The branch manager will give the final approval to the loan proposals which will then be disbursed by the project worker in the centre meeting. It will be a two week's and the borrower will not have to go to the project.

Savings Scheme

There will be an obligatory savings scheme. Each member will have to save a minimum amount (say, 50 cents) every week. Besides, 5 % of the loan amount will be set aside at the time of disbursement which will be accumulated in the group fund. The amount collected from fines imposed on members for breach of discipline will also be added to the group fund. A member can borrow from the group fund for consumption at times of sickness or social ceremony. The group fund can also be used for investment if all members agree. Each borrower will also be obliged to a sum equivalent to 25 % of the amount charged by the project as interest. This will also be accumulated in the emergency fund created for insurance coverage in case of default, death, disability, and other unforeseen accidents.

Training and Workshops

The project's success will much depend on the field-oriented training of the project staff. One training course for branch managers would last for about three months out of which only three weeks would be spent in class rooms. Branch offices will take substantial responsibility for training newly recruited staff. Such intensive training would help to build a committed cadre of project employees. The project will also organise numerous workshops and exchange visits for borrowers, centre chiefs and project staff to discuss new ideas and to exchange information.

Monitoring and Supervision

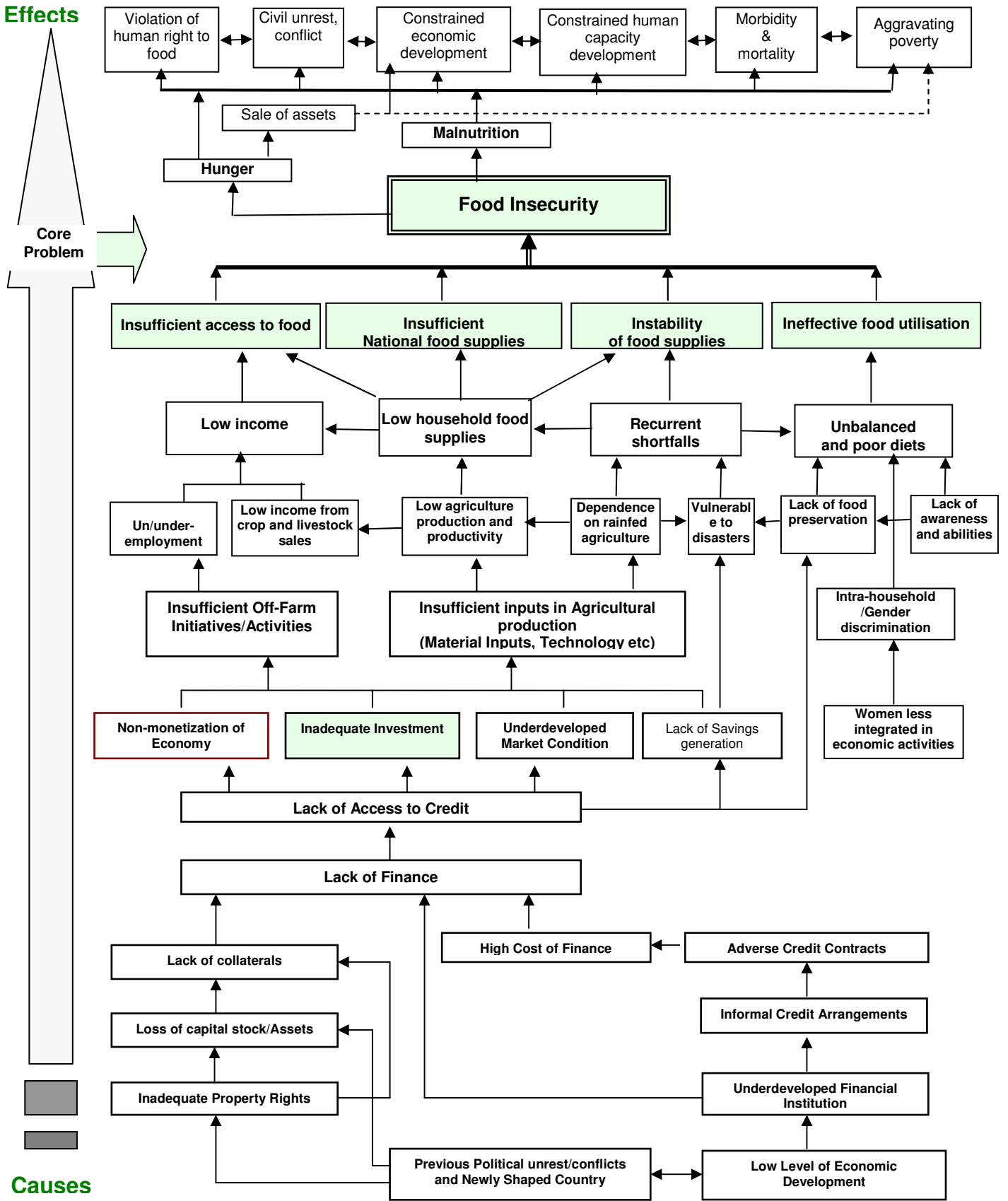
The procedure for monitoring loan utilization will start with the group chairperson (i.e. one of the borrowers) who will forward report on loan utilization to the centre chief. The centre chief will process the report to the project worker who in his turn will send it to the project manager along with his comments. The branch manager will be responsible for checking 50 % of the cases at random. The branch manager will approve the prescribed form with signature and send it to the programme officer in the area office, who would ultimately be responsible for supervision.

5. Problem Analysis

Problem analysis involves identifying what the main problems are related to the project objectives and establishing the cause and effect relationships between these problems. The key purpose of this analysis is to try and ensure that ‘root causes’ are identified and subsequently addressed in the project design, not just the symptoms of the problem(s). A clear and comprehensive problem analysis provides a sound foundation on which to develop a set of relevant and focused project objectives.

- In order to be able to solve the core problem of food insecurity, it is necessary to assess and to address its causes, i.e. the factors and conditions which are contributing to and are aggravating food insecurity. There are a few of such factors, many of them superimposed and interlinked. Distinction can be made between immediate, intermediate and underlying causes of food insecurity.
- The nexus between the core problem of food insecurity and the underdeveloped financial sector with lack of access to credit is analyzed with a cause-effect (i.e. bottom to top) method of the so called ‘Problem Analysis’. While the consequences of food insecurity are listed in the top of the tree, the problems, factors and conditions causing food insecurity are compiled in the root system of the tree.
- The following chart presents the results of an analysis of the problems of food security in the form of a “Problem Tree”, with the root problems, namely, poverty, gender constraints, and environmental hazards to name a few, set out at the bottom (“Root of the tree”). There are further underlying causes for food insecurity in Timor-Leste, like the colonial history, Indonesian occupation, the events of 1999, gender inequality and high population growth. These have to be understood and considered, in order to be able to design realistic and appropriate strategies.
- The consequences of food insecurity are listed at the top of the tree. They vary from serious ones like hunger, malnutrition and constrained economic development to outright violation of the human right to food.

Chart 1: Problem Hierarchy: Tracking Down the Causes



Underlying / root causes: Colonial history; occupation; violence / destruction / displacement in 1999; gender constraints; fragile environment; weather hazards: drought, floods, storms; high population growth; poverty

6. Stakeholder Analysis

Having identified the main problems and the cause and effect relationship between them, it is then important to give further consideration to *who* these problems actually impact on most, and what the roles and interests of different stakeholders might be in addressing the problems and reaching solutions.⁴

The project of microfinance involves stakeholders at various levels and cooperation and collaboration with different stakeholders is highly solicited. To ensure the same a detailed stakeholder's analysis is undertaken to reflect upon the Strengths, Weaknesses, Opportunities and Threats (*SWOT*) with respect to each stakeholder. This goes a long way in devising strategy, coordination mechanisms and an effective institutional framework with regard to the project. The different stakeholders involved in this project are:

- **Rural Population:** The Rural Population in Timor Leste comprises the target group of the project, with special emphasis on small & marginal farmers, poor non-farm labourers & women headed households.
- **Non Government Organizations (NGOs):** The project seeks to work in tandem with an NGO working in Timor Leste.
- **Ministry of Finance:** The nature of the project makes it imperative to seek support from the Ministry of Finance not only in the initial phase but also in case the project is institutionalized at large scale.
- **Ministry of Agriculture, Forestry & Fishing:** The Project can prove as a major milestone for the Ministry of Agriculture, Forestry & Fishing as it seeks to go a long way in increasing the agricultural production and hence, solving the food insecurity problem of Timor Leste.
- **State Secretary for labour & solidarity:** The major concern for the State Secretary for labour & solidarity is to increase the employment opportunities and thereby earning capacity of the people in Timor Leste. By making finance available to the poor and especially women, the project seeks to do the same.

⁴ AusGuidelines, The logical Framework Approach, Australia, June 2003.

- **Donor:** This Project relies heavily on Donor Funds. Hence, Donor is one of the most important stakeholders.
- **Suppliers:** Suppliers have to be considered since they are bound to be faced with an increased supply once the Project is implemented.
- **Traders:** With increased production in both agricultural and off-farm activities, traders role are deemed important in terms of input supply and output marketing at fair price.
- **Private Lenders:** Since, a concrete system of credit and finance is virtually absent at present in Timor Leste, the poor depend on private lenders for their credit. Therefore, with the implementation of this Project the private money lenders are envisaged to be affected.
- **Civil Society Organizations (CSOs):** The CSOs have an important role to play in motivating target group to participate in the project. The CSOs exists in various forms, such as, Farmers' associations, associations of fishermen, women's and youth organizations etc.

Table 2: STAKEHOLDER ANALYSIS*(Applying elements of SWOT⁵ Analysis)***(Related to planned intervention/project: Rural Finance Scheme for East Timor)**

Stakeholder	Characteristics	Interests/Mandate	Strengths	Weaknesses	Opportunities / threats for the project
Rural Population (with emphasis on Small & marginal farmers, Poor non-farm labourers & Women headed households)	Vulnerability & deprivation, Unreliable sources of Income, Lack of collateral, Size of land, Subsistence/Market Production.	Increase Income, Increase food Security.	Farming Experience, Knowledge, Commitment.	Lack of funds for farming and off-farm activities, No full understanding of complexities in credit system, Illiteracy, Technological backwardness	Opportunities: Increased employment opportunities, Increased access to inputs, Increased access to markets, Development of group spirit. Threats: Inability to service debt, High interest rates, May create discord in harmonious relations
Non Government Organizations (NGOs)	International NGO, Experience in Timor Leste.	Contribution to development.	Experience, Technical Capabilities, Access to funds, Links to local Government, Transparency, Community based, Innovative approach.	Limited capacity, non-transparency.	Opportunities: More efficient distribution of funds, Efficient in reaching target group, Cover technical aspects government cannot cover, Develop community spirit, Threats: Unsustainability, Isolated/Uncoordinated Approach, Donor dependent, unreliability
Ministry of Finance	Body in charge of finance	Ensure access to finance, ensure sound financial transaction in the economy.	Power of Ideas, Support of local population and organisations, Coordinating Functions, Coverage of relevant aspects, Constitutional Commitment,	Limited capacity in terms of manpower & technology, Lack of institutional network, Lack of experience, No field presence.	Opportunities: No major corruption, Effective coordination (in capacity building), Establish Financial Institutions, Threats: Failures due to Lack of experience, Isolated/Independent approaches, Piling up of debts due to low debt service rate,

⁵ SWOT: Strengths, Weaknesses, Opportunities, Threats

Stakeholder	Characteristics	Interests/Mandate	Strengths	Weaknesses	Opportunities / threats for the project
Ministry of Agriculture, Forestry & Fishing	Body in charge of Agriculture	Promote increased earning capacity by increasing agricultural production.	Power of Ideas, Support of local population and organisations, Coordinating Functions, Coverage of relevant aspects, Commitment.	Limited capacity in terms of manpower & technology, Lack of institutional network, No experience, No field presence,	Opportunities: No major corruption, Effective coordination (in capacity building), Threats: Failures due to Lack of experience, Isolated/Independent approaches,
State Secretary for labour & solidarity	Body in charge of employment	Promote increased earning capacity by increasing employment.	Power of Ideas, Support of local population and organisations, Coordinating Functions, Coverage of relevant aspects, Commitment,	Limited capacity in terms of manpower & technology, Lack of institutional network, No experience, No field presence,	Opportunities: No major corruption, Effective coordination (in capacity building), Establish Employment generation programmes, Threats: Failures due to Lack of experience, Isolated/Independent approaches,
Donor	Provision of funds, Links to local NGOs,	Welfare objectives, Contribution to development.	Provision of funds, Experience in Rural Credit Finance Schemes, Policy support Financial and material assistance Technical assistance	No direct access to local communities (due to no field presence)	Opportunities: Replicability in other projects, Development of a network of financial institutions, Threats: Unreliability of continued finance, Increase in political dominance.
Suppliers	Supply of inputs,	Increased sale & concomitant incomes,	Ties with local population,	Low efficiency in provision of inputs due to low demand, Inability to provide inputs on time and in required quantities,	Opportunities: Increased production of inputs, Increased production from farm and off-farm activities (due to increased supply of inputs), Threats: Shortage of inputs (in case of failure to increase supply),

Stakeholder	Characteristics	Interests/Mandate	Strengths	Weaknesses	Opportunities / threats for the project
Traders	Markets for outputs,	Increased supply due to increased outputs,	Ties with local population,	Low purchasing power for increased output,	<u>Opportunities:</u> Increased earnings with increased sale due to increased supply, <u>Threats:</u> Shortage of funds for purchase of increased output,
Private Lenders	Providers of private (costly) credit,	Will be hurt the most due to farmers opting for cheaper credit,	Low popularity amongst the local population,	Inclined to exploit the poor illiterate local population,	<u>Opportunities:</u> Will be forced to extend credit on the conditions of the concerned scheme, Can be integrated into the scheme in the long run, <u>Threats:</u> May pose strong opposition to the scheme (especially in the case of existing loans),
Civil Society Organizations (CSOs)	Farmers' associations, associations of fishermen, women's and youth organizations	Advocacy, articulating the interests and needs of their members, Sensitisation of their members and launching public awareness campaigns on relevant issues	Making proposals for projects and programmes to address the needs and interests of their members, Setting priorities, Mobilising and organising their members for action,	Conflicting interest among CSOs, Unsustainable and unreliable characteristics exists often.	<u>Opportunities:</u> Act as a Counter part, Monitoring the implementation and impacts of Microfinance, Exchange of ideas. <u>Threats:</u> Resistance as counterpart, Create pressure on the project activities to pursue biased loan advances.

7. Objective Analysis

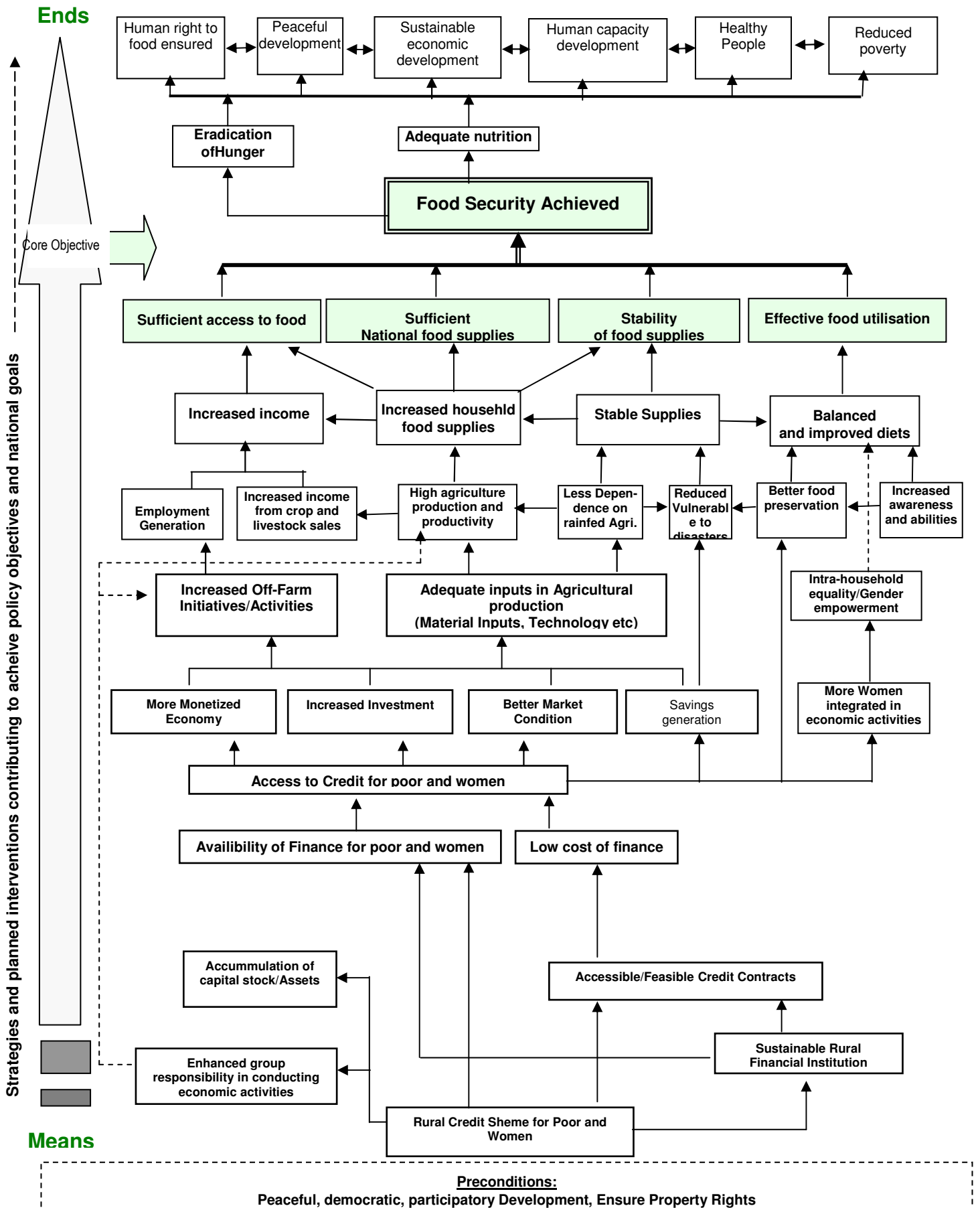
With an in-depth understanding of the problems in terms of the cause-effect problem tree and the SWOT analysis of all the stakeholders, one could now articulate the project objectives with relative ease in terms of an objective hierarchy. Just as, in order to be able to solve the core problem of food insecurity, it is necessary to assess and to address its causes; it is equally necessary to identify the objectives which the project seeks to achieve in order to define or chart the process of the project.

In its simplest form, the objective tree uses exactly the same structure as the problem tree, but with the problem statements (negatives) turned into objective statements (positives). However, the results of the stakeholder analysis may have helped to give better focus to priority problems and not all of the original problem statements may therefore need to be translated into objective statements. While the problem tree shows the cause and effect relationship between problems, the objective tree shows the means - end relationship between objectives.⁶

In terms of a microcredit project aiding in solving the core problem of food insecurity, the major objective to be achieved is to develop a system of credit that makes finance available to the target group, namely, poor with a special focus on women, so as to further achieve an increased agricultural and off-farm production and incomes, which in turn leads to achievement of food security. Detailed bottom-to-top objectives analysis can be seen in the following chart presented in the form of an Objective Tree. The final transmission effect of ensured food security is depicted at the top of the objective Tree.

⁶ AusGuidelines, The logical Framework Approach, Australia, June 2003.

Chart 2: Objective Hierarchy



8. Logframe Matrix

- The Logframe matrix has four columns and four rows, depicting the levels of project objectives used to explain the means-ends relationship of the project. The *vertical logic* identifies what the project intends to do, clarifies the causal relationships, and specifies the important assumptions and uncertainties beyond the project manager's control (columns 1 and 4). The *horizontal logic* defines how project objectives specified in the project description will be measured, and the means by which the measurement will be verified (columns 2 and 3). This provides the framework for project monitoring and evaluation.
- The following chart represents the logframe matrix of this project. The bottom row (level 4) starts with noting the types of intervention and policy measures that the project intends to implement. Level 3 tracks the logical impact implications of the planned intervention. The upper two rows, similarly, describe how the ultimate objective of attaining food security would be achieved with the logical impact implication emanating out of the bottom rows.
- Corresponding to each level of strategic intervention and concomitant implications, column 2 and column 3 describe corresponding indicators that can be objectively verified, the potential data sources to track the indicators. The assumptions and risks associated with each level are pointed in the last column.
- The data sources range from the national statistics to different surveys conducted by different other stakeholders and the project itself. With regards to the data sources to track the indicators, it would often require to resort to special surveys to gather the data in an appropriate way.

Table 3: Basic LogFrame Matrix for Microfinance Scheme

	Strategy	Objectively Verifiable Indicators	Data Source / Means of Verification	Assumptions / Risks
Level1: Overall Goal	<ul style="list-style-type: none"> ▪ Food security achieved ▪ Increased and sustained economic growth ▪ Poverty eradication ▪ Reduced inequality ▪ Eradication of malnutrition and hunger 	<ul style="list-style-type: none"> ▪ Nutritional status of children and adults; ▪ Infant, child and maternal mortality ratios, ▪ No. of households below (food) poverty line; ▪ Sectoral output, GDP, import-export, investment, savings and growth statistics. ▪ Head count ratio, Poverty gap index, Poverty severity Index, Gini coefficient ▪ Wasting, Stunting, Underweight and Body Mass Index (BMI) statistics. 	<ul style="list-style-type: none"> ▪ National and international statistics, ▪ Nutrition survey ▪ Household Income-Expenditure Statistics ▪ National Health and Demographic statistics 	<ul style="list-style-type: none"> ▪ Good governance, ▪ Conducive macro-economic environment and decent economic growth; ▪ Peaceful development; ▪ Good law and order situation, secured investment climate ▪ Adequate property rights ▪ Developed financial institutions
Level2: Specific Objectives	<p>1) Ensured access to food</p> <p>2) Sufficient food supplies</p> <p>3) Stable and reliable food supplies</p> <p>4) Effective food utilisation</p>	<p><u>As to 1) e.g.:</u></p> <ul style="list-style-type: none"> ▪ Number of meals per day ▪ Income of small farmers (subsistence production and sales), ▪ Employment and income generated by different socio-economic groups, ▪ Economic and nutritional status of vulnerable groups. <p><u>As to 2) e.g.:</u></p> <ul style="list-style-type: none"> ▪ Caloric supplies per capita, ▪ Agricultural and food production indices, <p><u>As to 3) e.g.:</u></p> <ul style="list-style-type: none"> ▪ Market prices (seasonal / geographical price variation) ▪ Food stocks at producer/traders/hh levels. <p><u>As to 4) e.g.:</u></p> <ul style="list-style-type: none"> ▪ Health and nutritional status of children and mothers. ▪ Intra-household food distribution ▪ Women participation in activities 	<ul style="list-style-type: none"> ▪ National statistics, ▪ Nutrition survey ▪ Household Income expenditure survey ▪ Labour Force Survey ▪ Poverty Monitoring Survey ▪ International Statistics (e.g. FAO, UNDP, World Bank etc) ▪ Special surveys 	<ul style="list-style-type: none"> ▪ Donor support for food security Programs ▪ World market prices of imported grains ▪ Gender discrimination and lack of empowerment of women ▪ Success/Failure of various social conscience programs with regards to health, education and population programs ▪ Enforcement of supporting legislation

	Strategy	Objectively Verifiable Indicators	Data Source / Means of Verification	Assumptions / Risks
Level 3: Planned Results of Policy Interventions	<ul style="list-style-type: none"> ▪ Increased income ▪ Increased household food supplies ▪ Stable Supplies ▪ Employment Generation ▪ Increased Off-Farm Initiatives/Activities ▪ Adequate inputs in Agricultural production (Material Inputs, Technology etc) ▪ Increased income from crop and livestock sales ▪ High agricultural production and productivity ▪ Less Dependence on rainfed agriculture ▪ Reduced Vulnerability to disasters ▪ Better food preservation ▪ Increased awareness and abilities ▪ Intra-household equality/Gender empowerment ▪ More Monetized Economy ▪ Adequate Investment ▪ Accumulation of capital stocks ▪ Developed/ Better Market Condition 	<ul style="list-style-type: none"> ▪ Per capita income ▪ Per earner income ▪ Number of earners by male and female ▪ Percentage share of income of households by decile groups ▪ Sources of income (share of households by sources of income) ▪ Consumption statistics by basic needs (food and various non-food categories) ▪ Share of expenditure on major food items ▪ Access indicators to basic services, i.e. health, education, food. ▪ Access to development program ▪ Statistics on disaster management by households ▪ Sectoral credit and investment profiles ▪ Marketing statistics ▪ Growth centres created ▪ Gender participation in activities ▪ Production, acreage and productivity statistics. 	<ul style="list-style-type: none"> ▪ Project and programme records and M & E ▪ Household Income Expenditure Surveys ▪ Labour Force Surveys ▪ Financial Statistics ▪ NGO statistics ▪ Special surveys. 	<ul style="list-style-type: none"> ▪ Stable political and economic conditions ▪ Ensured Rule of law ▪ Ensured Law and order ▪ Positive attitude of the target groups, commitment ▪ Better education and conscience ▪ Sound marketing facilities ▪ Fair input and output prices ▪ Enforcement of supporting legislation ▪ Environmental condition and implications ▪ Further, to be defined in project and programme planning
Level 4: Types of Interventions, Policy measures	<ul style="list-style-type: none"> ▪ Setting up a microfinance institution ▪ Implement efficient, effective, comprehensive and collateral free credit schemes ▪ Provide credit to the target group consisting of poor, vulnerable and the women. ▪ Mobilizing like minded people to set up and run economic activities with credit. ▪ Saving generation by households ▪ Training, awareness and raising social spirit towards economic activities. 	<ul style="list-style-type: none"> ▪ Total number of beneficiaries (male and female) ▪ Cumulative credit disbursement ▪ Total outstanding ▪ Credit recovery rate ▪ Savings by borrowers ▪ Sectoral and sub-sectoral credit disbursement ▪ Sector and sub-sector wise beneficiaries ▪ Sector and sub-sector wise credit recovery rate and outstanding ▪ Inflow of funds ▪ Sources of revolving funds ▪ Interest charged on loans 	<ul style="list-style-type: none"> ▪ Programme and project records and M & E. ▪ Weekly meeting of the project ▪ Panel survey 	<ul style="list-style-type: none"> ▪ Continued Government support ▪ Continued donor support ▪ Stakeholders' influences ▪ Organizational efficiency (transparency, training and supervision) ▪ Positive attitude of the target groups, commitment ▪ Further To be defined in project and programme planning

9. The Work Plan for the Project Activities

Project phase A: Inception Phase (Activity List)	Main stakeholders involved	Main role/tasks to be performed by stakeholders	Main inputs to be provided (human, material, financial)	Quarterly Work Plan											
				Year 1				Year 2				Year 3			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A: Preparation / inception phase															
A1. Finalize Initial Project Documentation	Project Management, Expert Group	Detailed project document to be placed for approval	Inputs from expert groups, management, printing costs												
A2. Approval of Project	Project Management, Government, Donor	Tripartite approval for the project	Meeting costs, sundry expenses, printing costs												
A3: Ensure Legislative Procedure	Project Management, Government,	Compliance with gov't rules & regulations (incl. Financial rules)	Meeting costs, sundry expenses, printing costs												
A4: Approval of Inflow of donor funds for inception phase	Project Management, donor,	Release First instalment of fund for inception phase	Release money required at inception phase												
A5: Cite Selection and Renting/Office Set-up	Project Management /NGO administrative unit	Determine coverage, renting/setting office with functional set up	Rent contracts, advances, cost for office set up (furniture etc.)												
A6. Finalize Institutional Organogram	Government, Donor, Proj. Management	Determine required staff strength, management hierarchy	Expertise from experts/ management, meeting costs												
A7. Recruiting Top Level Management	Government/Donor	Recruitment and filling the managerial posts	Recruitment advertisement, interview & recruitment costs.												
A8. Recruiting Other employees, survey team	NGO top management	Recruiting of other staffs	Recruitment advertisement, interview & recruitment costs.												
A9. Training of staffs/Survey team	Expert Group, Top level Staffs	Training on microfinance and survey process	Training related costs, inputs from experts and top management												
A10. Survey of the project site	Experts, Survey team, Target Population	Baseline survey of the project area	Survey expenses, survey unit costs, questionnaire preparation and oth costs												
A11. Finalize implementation workplan	Project Management, Donor, Government, Expert group	Implementation plan based on survey results	Survey analysis, expert's input, in-house meeting costs												
A12. Fund Collection (for credit disbursement)	Donor, Government and Project Management	Fund collection for second phase (operating cost, credit)	Funds for starting implementation phase and credit disbursement												

Project phase B: Implementation Phase (Activity List)	Main stakeholders involved	Main role/tasks to be performed by stakeholders	Main inputs to be provided (human, material, financial)	Quarterly Work Plan											
				Year 1				Year 2				Year 3			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
B. Implementation Phase															
B1. Full fledge operationalization of branch offices	NGO Project Management, staffs, survey unit	Regular office activities, comply with work plan	Operating cost of the project office, salaries and others.												
B2: Consultation with various stakeholders	Project Administrative unit, donor, stakeholders	Exchange of ideas, recommendations from stakeholders	Meetings, workshops, related costs												
B3: Campaign of the project mission	Project Admin. unit, donor, local administration	Disseminate project objectives, mission to the project/stakeholder	Usage of media, field visits, meetings and related costs												
B4. Mobilizing the target groups	Project staffs, target population	Mobilizing, organizing the target groups to form the groups	Field operations, dissemination of objectives to be addressed by the project												
B5. Training on the micro-credit schemes	Project personnel, expert group	Intensive training on the project schemes to the borrowers	Training costs, allowances etc.												
B6: Formation of Groups	Project staffs, Target population	Formation of groups with the eligible borrowers	Staffs' report on the prospective borrowers.												
B7. Selection of production activities	Project staffs, credit groups	Select activities (farm/non-farm) for which the credits are given	Field visits, evaluation of repayment feasibility												
B8. Loan Disbursement to Target groups	Project staffs, credit groups, donor	Disburse loans to the members of the group as per schedule	Loanable fund												
B9: Conducting weekly meeting with target groups	Project staffs, credit groups	Part of regular activities, monitoring production activities	Regular office activities												
B10. Monitoring and evaluation, panel survey	Project staffs, credit groups, project area population, experts	Implement components of monitoring and evaluation process	Special/panel survey, review of progress, data analysis, expert report, survey costs												
B11. Recovery of loans	Project staffs, credit groups	Recovery of loans in the weekly meetings.	Regular office activities												
B12. Report Writing (monthly)	Project mangment, Project staffs, credit groups	Report progress and performance of project activities, borrowers etc	Regular office activities, administrative costs												
B13: Recycling of credits	Project staffs, credit groups, donor	Appraisal of further credit needs and recycling of credit	Revolving funds												
B14. Recommendation for expansion/ Institutionalization of the Project	Project management, Govt. Donor	Expansion/continuation of the project, assign evaluation mission	Costs related to Evaluation by experts, administrative costs												

10. Pre-Appraisals of the Project

10.1. Relevance

The relevance of this project may be justified under the following context:

- Underdeveloped financial institution and lack of access to credit has been identified as a major constraint to development in Timor Leste.
- Credit facilities were disrupted with independence and there is currently no rural credit system serving the needs of farmers and rural enterprises.
- Experiences in many developing countries show that rural residents could benefit from the expansion of formal and semi-formal microfinance if financial institutions can serve clients with more useful and less-expensive financial products than those available from moneylenders.
- Poverty and food insecurity is predominantly a rural phenomenon in Timor Leste and it is observed even more with women headed households. Designing a microcredit scheme for targeted groups (i.e. the hard core poor and the women) would enable them to secure their access to food.
- The project objectives comply with the attainment of Millennium Development Goals.

10.2. Effectiveness

The effectiveness of this project depends whether its intervention scheme complies with the best practices with regards to addressing its objectives. The following points would justify its effectiveness.

- The microfinance scheme would integrate the poor and the unemployed into various types of production activities and thereby effectively contribute to a sustainable solution to the food insecurity issue.
- The design the microcredit program ensures the group liabilities among the group members and therefore makes them more socially and economically responsible.
- Its mission is to help the poor families to help themselves to overcome poverty. It is targeted to the poor, particularly poor women.
- Most distinctive feature of the credit is that it is not based on any collateral or legally enforceable contracts. It is based on "trust", not on legal procedures and system.

10.3. Efficiencies

Given the effectiveness of the approach of this project, the next appraisal would be to check whether the scheme will be implemented in a right and efficient ways.

- The project will provide service at the door-step of the poor based on the principle that the people should not go to the bank, bank should go to the people.
- All loans are to be paid back in instalments (weekly, or bi-weekly).
- In order to obtain loans a borrower must join a group of borrowers.
- Loans can be received in a continuous sequence. New loan becomes available to a borrower if her previous loan is repaid.
- Group responsibility ensures best effort and stimulates one to work hard.
- Frequent field visits and weekly meetings ensure proper monitoring and attention to actual needs of the borrowers.

➤ *Is there a need for a cost benefit analysis for this project?*

This project is basically financial in nature and envisaged to generate stimulus to the production activities without posing any social cost. The project, which would be run by the donor fund, intends to address the credit needs of the deprived part of the society. This will ultimately stimulate the domestic economy through the logical transmission effects of fresh investments or injections in the economy. In principle, one could go ahead with a full-fledge cost benefit analysis with such project in terms of the present value of the future return. The profitability or sustainability of this project depends on how the borrowers will perform their debts vis-à-vis the real interest rates they will be charged. In this case, the project will regularly conduct its financial analysis in regular intervals under its standard monitoring schemes, which could substitute the need for a cost benefit analysis.

10.4. Sustainability

The challenge for microfinance institutions around the world remains achieving financial sustainability. This project starts with the donor fund (i.e. grant) in the inception phase, and advances credit with either grant money or funds obtained at a concessional rate from the international funding agencies. However, the sustainability of the project ultimately depends how the borrowers perform in conducting their production activities, repaying their debt instalments and generating the savings scheme. The real interest rate should be kept as close as possible to the market rate so as to encourage the borrowers to employ the resources with best

efficiencies. The profit earned from the scheme would be used as revolving fund to cater the needs of others borrowers and expand the coverage of the scheme.

The project would take into account the following points.

- Reaching sustainability is a directional goal. It must reach sustainability as soon as possible, so that it can expand its outreach without fund constraints.
- It should come with both obligatory and voluntary savings programmes for the borrowers, which will enable them to cope with unforeseen crises and help them to maintain sustained repayment of the loan.
- It is offered for creating self-employment for income-generating activities for the poor, as opposed to consumption.

A caution is often warranted with respect to the link between the success of such scheme and debt cycling of borrowers. Experience show that, the priority of earning profits to insure institutional economic viability often cause project employees at the grassroots level to emphasise increasing the number of loans disbursed and loan recovery. Many borrowers maintain their regular repayment schedules, but do so through a process of loan recycling (i.e., pay off previous loans with new ones) that considerably increases borrower debt liability. The debt burdens on individual households in turn can increase tension and anxiety among household members and produce unintended consequences for many clients.

10.5. Impact

This impact of this financial scheme is envisaged to be far reaching, ranging from economic to social impacts. Economic impacts are easy to comprehend in terms of stimulus that would be emanated out of the fresh investments in the rural economy. This project, however, also gives high priority on building social capital. It is promoted through formation of groups and centres, developing leadership quality through annual election of group and centre leaders, electing board members when the institution is owned by the borrowers. To develop a social agenda owned by the borrowers, it would undertake a process of intensive discussion among the borrowers, and encourage them to take these decisions seriously and implement them. It would give special emphasis on the formation of human capital and concern for protecting environment. Also, effort to integrate the women in particular into the production process would contribute to the issue of gender empowerment. Empowerment of women has its own far reaching positive social implications in many respects.

11. Elements of Monitoring and Evaluation (M&E)

11.1. The Eight Steps of MPI

This version of the project proposal does not contain a full-fledged description of the entire monitoring and evaluation process. There exist eight standard steps of Monitoring Policy Impact (MPI) which should be taken into account while designing a comprehensive project proposal. The Eight Steps of MPI illustrates the application of the concept of and approaches to policy impact monitoring. It presents the eight methodo-"logical" steps of monitoring policy impacts, starting from the initiation and preparation of MPI up to the feed back of monitoring results to policy makers and other stakeholders.⁷ These are mentioned in a very brief way indicating the major tasks involved in each step.

Table 4: The Eight Steps of Monitoring Policy Impact (MPI)

Steps	Caption/Label of the step	Major components
Step 1	Initiation and preparation of MPI	<ul style="list-style-type: none"> ▪ Clarification of objectives of MPI ▪ Assignment of responsibility for MPI ▪ Definition of tasks of MPI
Step 2	Policy review and analysis	<ul style="list-style-type: none"> ▪ Policy framework: objectives and measures ▪ Stakeholders and role of institutions involved ▪ Performance and state of implementation
Step 3	Development of impact model	<ul style="list-style-type: none"> ▪ Identification of impact areas • Identification of impact path(s) • Formulation of impact hypotheses
Step 4	Selection of impact indicators	<ul style="list-style-type: none"> ▪ Intermediate/ proxy / final indicators • Quantitative / qualitative indicators • Applying criteria for 'good' indicators
Step 5	Research design	<ul style="list-style-type: none"> ▪ Determination of research approaches & methods ▪ Determination of data/information requirements ▪ Planning of specific quantitative/qualitative surveys
Step 6	Data collection / survey execution	<ul style="list-style-type: none"> ▪ Tapping existing information and data sources ▪ Upgrading of existing data collection system ▪ Execution of specific quantitative/qualitative surveys
Step 7	Data compilation, processing and analysis	<ul style="list-style-type: none"> ▪ Compilation of primary/secondary data ▪ Data processing and analysis ▪ Assessment and conclusions
Step 8	Communication and presentation of results of MPI	<ul style="list-style-type: none"> ▪ to policy makers, clients, public

Source: Manfred Metz Andreas Groetschel, Training Manual on Monitoring Policy Impacts (Draft Version, 16-10-02), for FAO-TCAS & GTZ, Unit 4555 Rome & Eschborn October 2002, p.21.

The steps do not necessarily always follow one after another. In course of time (and when required), there is often a need to loop back to the previous step (or steps) to do necessary adjustments in the entire process. The following section deals with the steps 3, 4 and 6 in brief.

⁷ Manfred Metz Andreas Groetschel, Training Manual on Monitoring Policy Impacts (Draft Version, 16-10-02), for FAO-TCAS & GTZ, Unit 4555 Rome & Eschborn October 2002, p.

11.2. Development of Impact Model

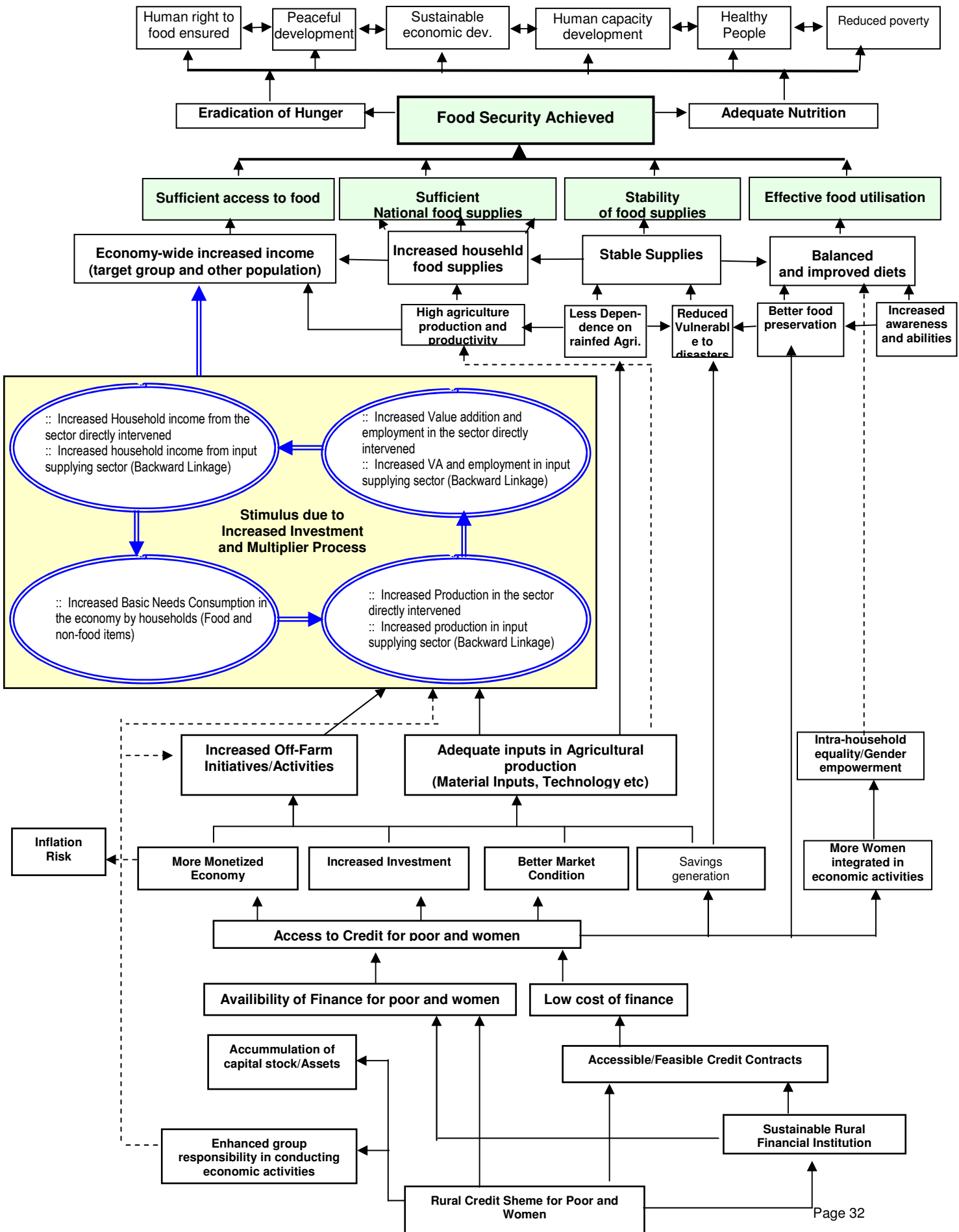
The task of developing an *Impact Model* is an important step of the monitoring process. It involves developing an impact model that would serve as a theory on the expected or likely changes induced by the project interventions. The chart in the following page tracks the likely impacts of the microfinance scheme, and therefore serves as an impact model. The chart helps in identifying the impact areas, i.e. the sectors/spheres which are likely to be affected by the policy interventions. One could also assess the impact paths, i.e. the ways and sequence of expected changes induced by the policy interventions.

Again, one could also formulate *impact hypothesis* on type and significance of expected impacts. One example of an impact hypothesis for microfinance scheme could be: *facilitating the poor and women with accessible credits would not only enable them to integrate in the income generating production process and increase the production and productivity, but also generate an economy-wide stimulus due to linkage effects, all of which would ensure economy-wide increased income, increased household food supplies, stable food supplies, and effective food utilization; thereby solving the problem of food insecurity, hunger and malnutrition to a greater extend.*

The LogFrame format and the objective tree analysis provide a clear pattern of the policy makers' model with the underlying conception of cause-effects-linkages, and therefore have been used as the basis for developing the impact model. A policy LogFrame also gives hints on relevant impact indicators to be considered in the following step. An examination of these issues will help to prioritise possible impact chains according to their assumed relevance for reaching the policy objectives of this project. This, in turn, will guide the decision whether or not specific impact chains shall become subject of research during the current round of the MPI exercise.⁸

⁸ Manfred Metz Andreas Groetschel, Training Manual on Monitoring Policy Impacts (Draft Version, 16-10-02), for FAO-TCAS & GTZ, Unit 4555 Rome & Eschborn October 2002, p 57.

Chart 3: Impact Model of Rural Microfinance Scheme Policy Intervention



11.3. Selection of Impact Indicators

In order to be able to examine whether the impact model reflects reality, whether the changes induced by the policy go into the right direction and to what extent the objectives / planned impacts are actually achieved, suitable indicators for assessing the impacts are to be selected. Impact indicators are measurements of change which serve as sign posts, milestones and benchmarks, to measure progress and achievements towards the objectives. Through the use of suitable impact indicators it is possible to find out whether one is on the "right track", and to measure how far one has already got on the way towards reaching the policy objectives.⁹ According to their properties and use, the indicators could be Intermediate and final; direct and/or proxy, quantitative and qualitative in nature. In any case, selection of appropriate indicators warrants that those should be SMART (i.e. specific and sensitive, measurable, attainable and applicable, relevant, time-bound and trackable).

Table 5: Monitoring Indicators for the Microfinance Impact Model

SI	Intervention and Impact	Indicators
1.	Rural Credit Schemes for the poor and women	<ul style="list-style-type: none"> ▪ Total number of beneficiaries (male and female) ▪ Cumulative credit disbursement ▪ Sector and sub-sector wise beneficiaries ▪ Inflow of funds
2.	Developed Financial Institution	<ul style="list-style-type: none"> ▪ Cumulative credit disbursement ▪ Sources of revolving funds
3.	Feasible/Rational Credit Contracts for poor	<ul style="list-style-type: none"> ▪ Sector and sub-sector wise credit recovery rate and outstanding
4.	Low Cost of Finance	<ul style="list-style-type: none"> ▪ Total outstanding ▪ Interest charged on loans ▪ Credit recovery rate
5.	Availability of Finance	<ul style="list-style-type: none"> ▪ Cumulative credit disbursement
6.	Availability of Credit and Increased Savings by target group	<ul style="list-style-type: none"> ▪ Savings by borrowers
7.	Accumulation of capital stock/Assets	<ul style="list-style-type: none"> ▪ Increase of assets in borrowers' households
8.	More Monetized Economy	<ul style="list-style-type: none"> ▪ Inflow and outflow of funds
9.	Risk of inflation	<ul style="list-style-type: none"> ▪ Inflation statistics ▪ Consumer price index
10.	Increased Investment	<ul style="list-style-type: none"> ▪ Sectoral and sub-sectoral credit disbursement ▪ Sectoral credit and investment profiles
11.	developed/ Better Market Condition	<ul style="list-style-type: none"> ▪ Increase in number of trade centres, shops and intermediation spots, transport and Marketing statistics
12.	Integration of women in Economic Activities	<ul style="list-style-type: none"> ▪ Gender participation in activities ▪ Credit disbursed to women
13.	Intra-household equality/Gender empowerment	<ul style="list-style-type: none"> ▪ Intra household food consumption statistics ▪ Participation of women in decision making

⁹ Manfred Metz Andreas Groetschel, Training Manual on Monitoring Policy Impacts (Draft Version, 16-10-02), for FAO-TCAS & GTZ, Unit 4555 Rome & Eschborn October 2002, p 64.

SI	Intervention and Impact	Indicators
14.	High agricultural production and productivity	<ul style="list-style-type: none"> Production, acreage and productivity statistics.
15.	Less Dependence on rainfed agriculture	<ul style="list-style-type: none"> Production, acreage and productivity during lean season,
16.	Reduced Vulnerability to disasters	<ul style="list-style-type: none"> Statistics on disaster management by households
17.	Better food preservation	<ul style="list-style-type: none"> Stock of food by households
18.	Increased awareness and abilities	<ul style="list-style-type: none"> Knowledge about food diet, health and education
19.	Increased Production in the sector directly intervened	<ul style="list-style-type: none"> Sub-sector wise production statistics
20.	Increased production in input supplying sector (Backward Linkage)	<ul style="list-style-type: none"> Sub-sector wise production statistics
21.	Increased Value addition and employment in the sector directly intervened	<ul style="list-style-type: none"> Sub-sector wise value addition and employment statistics
22.	Increased VA and employment in input supplying sector (Backward Linkage)	<ul style="list-style-type: none"> Sub-sector wise value addition and employment statistics
23.	Increased Household income from the sector directly intervened	<ul style="list-style-type: none"> Per capita income Per earner income Number of earners by male and female Percentage share of income of households by decile groups
24.	Increased household income from input supplying sector (Backward Linkage)	<ul style="list-style-type: none"> Per capita income Per earner income Number of earners by male and female Percentage share of income of households by decile groups
25.	Increased Basic Needs Consumption in the economy by households (Food and non-food)	<ul style="list-style-type: none"> Consumption statistics by basic needs (food and various non-food categories) Share of expenditure on major food items Access indicators to basic services, i.e. health, education, food.
26.	Economy-wide increased income	<ul style="list-style-type: none"> Sources of income (share of households by sources of income) Income of small farmers (subsistence production and sales),
27.	Increased household food supplies	<ul style="list-style-type: none"> Number of meals per household per member
28.	Stable Supplies	<ul style="list-style-type: none"> Market prices (seasonal / geographical price variation) Food stocks at producer/traders/hh levels.
29.	Balanced and improved diets	<ul style="list-style-type: none"> Health and nutritional status of children and mothers. Intra-household food distribution Women participation in activities
30.	Sufficient access to food	<ul style="list-style-type: none"> Caloric supplies per capita, Agricultural and food production statistics Health and nutritional status of children and mothers. Intra-household food distribution Women participation in activities
31.	Sufficient National food supplies	<ul style="list-style-type: none"> Agricultural and food production indices
32.	Stability of food supplies	<ul style="list-style-type: none"> Market prices (seasonal / geographical price variation) Food stocks at producer/traders/hh levels.
33.	Effective food utilisation	<ul style="list-style-type: none"> Intra household food distribution statistics
34.	Balanced and improved diets	<ul style="list-style-type: none"> Number of meals per household per member
35.	Food Security Achieved	<ul style="list-style-type: none"> Number of meals per day Economic and nutritional status of vulnerable groups.

SI	Intervention and Impact	Indicators
36.	Eradication of Hunger	<ul style="list-style-type: none"> ▪ Number of meals per day ▪ Nutritional status of children and adults; ▪ No. of households below (food) poverty line;
37.	Adequate Nutrition	<ul style="list-style-type: none"> ▪ Nutritional status of children and adults; ▪ Wasting, Stunting, Underweight and Body Mass Index (BMI) statistics.
38.	Reduced poverty	<ul style="list-style-type: none"> ▪ Head count ratio, Poverty gap index, Poverty severity Index, Gini coefficient
39.	Healthy People	<ul style="list-style-type: none"> ▪ Infant, child and maternal mortality ratios, ▪ Wasting, Stunting, Underweight and Body Mass Index (BMI) statistics.
40.	Sustainable economic dev.	<ul style="list-style-type: none"> ▪ Sectoral output, GDP, import-export, investment, savings and growth statistics. ▪ Head count ratio, Poverty gap index, Poverty severity Index, Gini coefficient

11.4.Data Collection and Survey design

The robustness of the results of impact assessment largely depends on the data quality; therefore the collection of high quality data is absolutely essential for the validity of the results of impact assessment. Identifying reliable data sources and cross checking their relevance and appropriateness in representing the indicators is a critical issue. Actual collection of data is often effected through tapping existing information and data sources, upgrading of existing data collection systems, and execution of specific quantitative/qualitative surveys.

The table in the following page indicates potential sources of data corresponding to different indicators as listed in the previous exercise. The list of data sources includes:

- **Programme and project records and M & E:** Refers to the regular project accounting activities, and data collection at the field level
- **Baseline survey:** The socio-economic survey to be conducted at the start of the project
- **Special Survey:** Survey in the project area to be conducted as required.
- **Panel Survey:** Conduction of the baseline survey at regular intervals as per workplan
- **Weekly meetings (perception):** Quantitative and qualitative (perceptions) data to be gathered in the weekly meeting with the borrowers
- **National Accounts:** Generated each year by the National Statistical Agency.
- **Market survey in project area:** To be incorporated within the scope of panel survey.
- **Trade Statistics:** National statistics generated each year.
- **Agricultural census:** National census conducted at regular intervals.
- **Household Income Expenditure Survey:** Nationally representative survey conducted at regular intervals.

- **Labour Force Survey:** Nationally representative survey conducted at regular intervals.
- **National Nutrition Survey:** Nationally representative survey conducted at regular intervals
- **National Food Statistics:** National statistics generated each year.
- **Demographic Survey:** Nationally representative survey conducted at regular intervals

The main data collection instruments for impact assessment would also include cCase studies, focus group discussions, interviews, observation, questionnaires, and written document analysis. Additional institutional capacity and other resources demanded by the data collection tasks will be a critical issue whenever new data are collected.

Table 6: Data Sources for the Selected Indicators

Indicators	Data Sources
<ul style="list-style-type: none"> ▪ Total number of beneficiaries (male and female) ▪ Cumulative credit disbursement ▪ Sector and sub-sector wise beneficiaries ▪ Inflow of funds 	<ul style="list-style-type: none"> ▪ Programme and project records and M & E.
<ul style="list-style-type: none"> ▪ Sources of revolving funds 	<ul style="list-style-type: none"> ▪ Programme and project records and M & E.
<ul style="list-style-type: none"> ▪ Sector and sub-sector wise credit recovery rate and outstanding 	<ul style="list-style-type: none"> ○ Project and programme records and M & E
<ul style="list-style-type: none"> ▪ Total outstanding ▪ Interest charged on loans ▪ Credit recovery rate 	<ul style="list-style-type: none"> ○ Project and programme records and M & E
<ul style="list-style-type: none"> ▪ Savings by borrowers 	<ul style="list-style-type: none"> ▪ Project and programme records
<ul style="list-style-type: none"> ▪ Increase of assets in borrowers' households 	<ul style="list-style-type: none"> ▪ Special survey/panel survey ▪ Household income expenditure survey
<ul style="list-style-type: none"> ▪ Inflow and outflow of funds 	<ul style="list-style-type: none"> ▪ Project and programme records and M & E
<ul style="list-style-type: none"> ▪ Inflation statistics ▪ Consumer price index 	<ul style="list-style-type: none"> ▪ National Accounts, CPI ▪ Market survey in project area
<ul style="list-style-type: none"> ▪ Sectoral and sub-sectoral credit disbursement ▪ Sectoral credit and investment profiles 	<ul style="list-style-type: none"> ▪ Project and programme records and M & E ▪ National Accounts
<ul style="list-style-type: none"> ▪ Increase in number of trade centres, shops and intermediation spots, transport and Marketing statistics 	<ul style="list-style-type: none"> ▪ Market survey in project area, trade statistics
<ul style="list-style-type: none"> ▪ Gender participation in activities ▪ Credit disbursed to women 	<ul style="list-style-type: none"> ▪ Project and programme records and M & E ▪ Baseline survey/panel survey
<ul style="list-style-type: none"> ▪ Intra household food consumption statistics ▪ Participation of women in decision making 	<ul style="list-style-type: none"> ▪ Baseline survey/panel survey ▪ Weekly meetings (perception)
<ul style="list-style-type: none"> ▪ Production, acreage and productivity statistics. 	<ul style="list-style-type: none"> ▪ Agricultural census ▪ National accounts
<ul style="list-style-type: none"> ▪ Production, acreage and productivity during lean season, 	<ul style="list-style-type: none"> ▪ Agricultural census ▪ National accounts
<ul style="list-style-type: none"> ▪ Statistics on disaster management by households 	<ul style="list-style-type: none"> ▪ Special survey/panel survey ▪ National Statistics on disaster management

Indicators	Data Sources
<ul style="list-style-type: none"> ▪ Stock of food by households 	<ul style="list-style-type: none"> ▪ Special survey/panel survey ▪ National Food Statistics
<ul style="list-style-type: none"> ▪ Knowledge about food diet, health and education 	<ul style="list-style-type: none"> ▪ Nutrition survey ▪ Weekly meeting ▪ Special survey
<ul style="list-style-type: none"> ▪ Sub-sector wise production statistics 	<ul style="list-style-type: none"> ▪ National Accounts ▪ Labour force survey ▪ Special Survey ▪ Household income expenditure survey
<ul style="list-style-type: none"> ▪ Sub-sector wise value addition and employment statistics 	<ul style="list-style-type: none"> ▪ National Accounts ▪ Labour force survey ▪ Special Survey ▪ Household income expenditure survey
<ul style="list-style-type: none"> ▪ Per capita income ▪ Per earner income ▪ Number of earners by male and female ▪ Percentage share of income by decile groups 	<ul style="list-style-type: none"> ▪ National Accounts ▪ Labour force survey ▪ Special Survey ▪ Household income expenditure survey
<ul style="list-style-type: none"> ▪ Consumption statistics by basic needs (food and various non-food categories) ▪ Share of expenditure on major food items ▪ Access indicators to basic services, i.e. health, education, food. 	<ul style="list-style-type: none"> ▪ Household income expenditure survey ▪ Special Survey ▪ Demographic survey
<ul style="list-style-type: none"> ▪ Sources of income ▪ Income of small farmer (subsistence production and sales) 	<ul style="list-style-type: none"> ▪ Household income expenditure survey ▪ Special Survey
<ul style="list-style-type: none"> ▪ Number of meals per household per member 	<ul style="list-style-type: none"> ▪ Household income expenditure survey ▪ Special Survey ▪ Nutrition survey
<ul style="list-style-type: none"> ▪ Market prices (seasonal / geographical price variation) ▪ Food stocks at producer/traders/hh levels. 	<ul style="list-style-type: none"> ▪ Marketing statistics ▪ Baseline survey
<ul style="list-style-type: none"> ▪ Health and nutritional status of children and mothers. ▪ Intra-household food distribution ▪ Women participation in activities 	<ul style="list-style-type: none"> ▪ Nutrition survey ▪ Household income expenditure survey ▪ Weekly meeting (perception)
<ul style="list-style-type: none"> ▪ Caloric supplies per capita ▪ Agricultural and food production statistics ▪ Health and nutritional status of children and mothers. ▪ Intra-household food distribution ▪ Women participation in activities 	<ul style="list-style-type: none"> ▪ Nutrition survey ▪ Household income expenditure survey ▪ Weekly meeting (perception)
<ul style="list-style-type: none"> ▪ Agricultural and food production indices 	<ul style="list-style-type: none"> ▪ Agricultural census ▪ National accounts
<ul style="list-style-type: none"> ▪ Market prices (seasonal / geographical price variation) ▪ Food stocks at producer/traders/hh levels. 	<ul style="list-style-type: none"> ▪ Marketing statistics ▪ Special survey
<ul style="list-style-type: none"> ▪ Wasting, Stunting, Underweight and Body Mass Index (BMI) statistics. 	<ul style="list-style-type: none"> ▪ National Nutrition survey ▪ Special survey
<ul style="list-style-type: none"> ▪ Head count ratio, Poverty gap index, Poverty severity Index, Gini coefficient 	<ul style="list-style-type: none"> ▪ Household Income expenditure survey ▪ National Accounts, National Statistics
<ul style="list-style-type: none"> ▪ Infant, child and maternal mortality ratios, 	<ul style="list-style-type: none"> ▪
<ul style="list-style-type: none"> ▪ Sectoral output, GDP, import-export, investment, savings and growth statistics. 	<ul style="list-style-type: none"> ▪ National Accounts, National Statistics, ▪ Household Income expenditure survey ▪ Labour Force Survey

12. References

1. AusGuide: The Logical Framework Approach, Australian Government, Commonwealth of Australia 2000
2. BOND: Logical Framework Analysis, Guidance Notes No. 4.
3. Dearden, P.N: Programme and Project Cycle Management (PPCM): Lessons from DFID and other organisations, 2001.
4. European Commission: Manual Project Cycle Management, March 2001.
5. European Commission: Aid Delivery Methods, Vol. 1: Project Cycle Management Guidelines, March 2004.
6. European Commission: Guide to Cost-Benefit Analysis of Investment Projects, 2003.
7. FAO-SEAGA: Project Cycle Management – Technical Guide, 2001.
8. Hye, Hasnat Abul, Below the Line, Rural Poverty in Bangladesh, UPL, 1996.
9. Jacobs, Brian: Results focused Project Cycle Management using the Logical Framework, Staffordshire University 2002.
10. Metz, Manfred & Andreas Groetschel: Training Manual on Monitoring Policy Impacts, FAO-TCAS & GTZ, October 2002 (draft version).
11. Rietbergen-McCracken, Jennifer & Deepa Narayan: Participation and Social Assessment: Tools and Techniques, World Bank 1998.
12. Slovak Aid / UNDP: Introductory Notes about Project Cycle Management.
13. Watkins, Thayer: Introduction to Cost Benefit Analysis, San José State University, Economics Department.
14. The World Bank Participation Sourcebook, Annex 1: Methods and Tools: Objectives-Oriented Project Planning (ZOPP), Collaborative Decision making: Workshop-Based Method
15. Food Security Strategy for Sierra Leone, Freetown, September 2004.
16. Examples of Donor Strategies: EC Country Strategy Papers for Bangladesh, Burkina Faso, Ethiopia, Malawi, Mozambique, Nicaragua, Peru
17. Lesotho Food Security Policy, 2nd draft, Maseru, 11 April 2005
18. Food Security Policy for Timor Leste, draft, Dili, 7 July 2005

Various Websites Consulted:

<http://www.grameen-info.org>
<http://www.gdrc.org/icm/grameen-info.html>
http://en.wikipedia.org/wiki/Grameen_Bank
<http://www.microcreditsummit.org/press/grameen.htm>
<http://www.gdrc.org/icm/what-is-ms.html>
<http://www.yearofmicrocredit.org/>
<http://www.microcredith.org/>