Ex-Post Evaluation of Wholesale Loans to SRGs Project
Evaluation Report (Revised Version)

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Cover Page Photos

Top: Daw Kyin Maing from the Bawa Pan Tain SRG in Pindaya Township in front of her substantially improved home

Bottom: A member of the Parame SRG in Kalaw Township with her younger daughter whom she was able to send to school due to expansion of her grocery business (background)

Photos Taken by Consultant

List of Acronyms Used in this Report

ADB	-	Asian Development Bank
ASEAN	-	Association of Southeast Asian Nations
CBOs	-	Community-Based Organizations
CDRT	-	Community Development for Remote Townships
CF	-	Common Fund
DANIDA	-	Danish International Development Agency
FGD	-	Focus Group Discussion
GAA	-	German Agro Action
GDP	-	Gross Domestic Product
HDI	-	Human Development Initiative
HH	-	Households
IAM	-	Independent Assessment Mission
ICDP	-	Integrated Community Development Programme
IHLC	-	Integrated Household Living Conditions
INGO	-	International Non-Government Organization
IP	-	Implementing Partner
LFM	-	Logical Framework Matrix
LIFT	-	Livelihoods and Food Security Trust Fund
M&E	-	Monitoring and Evaluation
MFI	-	Micro-Finance Institution
MFP	-	Micro-Finance Programme
MIS	-	Management Information System
RF	-	Results Framework
RRF	-	Results and Resources Framework
SRGs	-	Self-Reliance Groups
SSID	-	Small-Scale Industries Department
UNCT	-	United Nations Country Team
UNDP	-	United Nations Development Programme
USAID	-	United States Agency for International Development
USD	-	United States Dollar
WL	-	Wholesale Loan

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Executive Summary

Starting in 1993, UNDP operated in Myanmar through direct grassroots projects under the Human Development Initiative (HDI) Programme. As part of this programme, the Integrated Community Development Project (ICDP) and the Community Development for Remote Townships (CDRT) Project were implemented. A key feature of these projects was the organization of the project beneficiaries into Self-Reliance Groups (SRGs) and Community-Based Organizations (CBOs), which were provided with financial grants that eventually developed into revolving common funds. By 2012, it was estimated that there could be some USD 27 million of these common funds that were revolving in 8,438 SRGs and CBOs in Myanmar.

UNDP also implemented a Micro-Finance Programme (MFP) in 1997 as part of the HDI, which enabled the poor to access micro-credit for income-generating activities. Based on the recommendation of an Independent Assessment Mission (IAM) in 2009 to also enable the SRG members to have access to micro-credit, a linkage project between the ICDP and the MFP (i.e. the Wholesale Loans to SRGs Project) was piloted in the Shan Zone where both projects had converged. This project was implemented from 2010 until 2012 by Pact, an INGO which had undertaken micro-finance and other projects in Myanmar since 1997. Until project-end (i.e. August 2012), 292 SRGs in the Southern Shan area were provided with wholesale loans in the amount of USD 646,056.

By July 2013, UNDP initiated the process of an external evaluation primarily to determine the effects and sustainability of the intervention. An ex-post evaluation of the project was carried out in August until September of 2013.

The study found that the wholesale loan product is a going-concern in Pact and is continuously being used by the borrowers for agricultural purposes. Around 77% of the disbursed loans have consistently been used for the procurement of farm inputs and assets, 18% are being used for retail and wholesale trade, and 5% are for other purposes. This utility pattern is relevant to the development of the agricultural sector of the country, and in line with the national development plan. The project is also benefiting women and continues to be implemented in the Shan Zone, which is one of four areas in Myanmar where the magnitude of poverty is high. The evaluation also noted that the project is complementing the previous ICDP, as the wholesale loan product is being coursed to the end-users through their SRGs. There is also a link between the intervention and the market-oriented approach that was recently adopted in Myanmar, and with the current (2013-2015) Country Programme of UNDP.

The task also determined that the implied project outputs have been achieved, in terms of the capacity-building of the SRGs and the provision of the wholesale loan funds to these target groups. The social preparation and previous capacity development of the beneficiary groups, the parallel support provided by the ICDP, the prior presence of Pact in the Shan Zone, and the expertise of Pact in loan fund management and micro-finance, were identified as the factors that contributed to the achievement of the project outputs.

The loan methodology adopted for the project was also assessed to be effective. Being a group loan, the product reinforced the organizational development of the SRGs that were previously organized under the ICDP. Implementing the project through Pact was also an effective modality, because it allowed Pact to apply business practice in the disbursement of the loan funds, while shielding UNDP/ICDP from possible moral hazards. The wholesale loan product is also more appropriate for the SRGs, compared to Pact's other loan products. Although loan sizes were set at the group level, the end-users are generally satisfied with the amount of loans that they received from the project. The beneficiaries also reported that they received their loans in time, and are satisfied with the interest rate charged on their loans.

The loan distribution criteria had been appropriate. Spatial distribution depended on the results of the capacity assessments, the actual demand from the SRGs, and also partly from the population of the SRGs across the five townships where the project was piloted. Internally, the criteria for loan distribution were decided by the SRG members in their regular meetings.

The execution modality applied for the project is effective because it allowed the use of business practice, flexibility in allocating the funds across the project areas, and delivery of parallel non-business support to the SRGs. The management system adopted for the project was also effective in achieving the project purposes and in attaining sustainability.

The execution of the project was also determined to be efficient. There were no reported delays at start up because Pact made use of its existing management system and had already established its operating structure in the Shan Zone before the project started. The MIS of Pact also aided in tracking progress on the achievement of deliverables. Pact utilized its business knowledge and micro-finance expertise which contributed to the efficient implementation of project activities.

The Operating Efficiency Ratio of the project showed that considerable costs were incurred in 2011, coinciding with the disbursement of the bulk (75%) of the wholesale loan funds. In 2012, there was an improvement in the financial efficiency of operations as most of the capacity-building costs have already been expended in the prior year.

The evaluation noted that there are testimonials from the SRG members which serve as evidence that positive outcomes were being created by the project. At the same time, the effects are not unique to the beneficiary group, as the SRGs under the comparison group reported the same outcomes. Nonetheless, it was clarified that the positive effects are greater when the beneficiaries used the wholesale loan product. The study also pointed out the wholesale loan product is being utilized by the entrepreneurs among the SRG members, who have potential to move out (or stay out) of poverty.

There are indications that the intervention is being sustained by Pact through its integration into the business portfolio of the MFI, the continuity of project activities even after the project has officially ended in 2012, and the preparation of a Business Plan (Loan Disbursement Plan) for 2013-2015. Current repayment rates were also reported by the Pact staff at 100% and there are operating surpluses from operations. The Operational Self-Sufficiency Ratio of the project showed that there are more costs involved in this type of operation, compared to Pact's regular micro-finance programme.

The report also elaborated the opportunities and challenges that will affect the sustainability of the intervention. Among these is the Micro-Finance Law which is believed to lead towards the entry of more MFIs in Myanmar, although it is uncertain if these will be able to cover the remote villages where most of the SRGs and CBOs are located. There is also a challenge on how these MFIs will take on similar work for the SRGs and CBOs given the cost disadvantages. A bigger challenge is on the sustainability of the SRGs, as these groups are found to be at an uncertain stage in their transformation towards formal co-operative societies.

In view of the findings stated in the report, the following conclusions were forwarded:

(a) The project has been relevant to the socio-economic context of Myanmar, particularly in providing supplemental rural credit which contributes to the development of the agricultural sector;

(b) The project is aligned with the official national development track, which is also focused on the strengthening of the agricultural sector;

(c) The project is also relevant to the changing development context in Myanmar, through the introduction of a banking approach in lieu of the past grant-giving modality, and the direct linkages of the intervention with the current UNDP Country Programme;

(d) On the whole, the project has been effective although improvements can be made on the planning and reporting of development results;

(e) With the exit of the ICDP in 2012 and its transition phase soon, there is still uncertainty on the sustainability of the SRGs and the continuity of its development purposes;

(f) While the operational efficiency of the project was established, the financial efficiency of the intervention could be the subject of further experimentation and study, in order to establish appropriate benchmarks;

(g) While there are positive outcomes being created by the project, there are challenges on attribution and the outreach of the intervention; and

(h) There are clear indications that the intervention has become sustainable from the supply side, but there are still challenges on the sustainability of the intervention from the demand side, due to the general uncertainty over the transitioning of the SRGs into co-operative societies.

On the bases of these conclusions, the study advanced the following recommendations and options:

For Pact -

- To consider elaborating the Loan Disbursement Plan for 2013-2015 into a full Business Plan;
- To consider opening up the loan fund to those SRGs which were previously disqualified for delinquencies that were caused by fortuitous events;
- To consider adjusting the loan size of the wholesale loan product with reference to its regular micro-enterprise loans; and
- To look at possibly working with the SRG Cluster Leading Groups.

For UNDP –

- To provide follow-up actions to the SRGs in their transitioning towards co-operative societies through advocacy work to the Department of Co-operatives;
- To take into account possible interventions related to the institutional development of the SRG Cluster Leading Groups; and
- To promote the wholesale lending model to other financial service providers in Myanmar, so that these providers can consider a replication of the intervention to other areas, particularly the 3 other poorest zones in the country (i.e. Chin, Rakhine, and Tanintharyi).

I. CONTEXT OF THE EVALUATION

A. Development Context

1. Socio-Economic Situation

Latest survey results indicate positive trends in the well-being of the people of Myanmar. In 2010, national poverty incidence was estimated to have declined to around one-fourth of the total population of households (i.e. 26%) from roughly one-third (i.e. 32%) in 2005. The incidence of food poverty was also reported to have been reduced by half, from 10% of surveyed households in 2005, to 5% in 2010 [Table 1]. The adoption of a market-oriented system and overall economic growth supported by a large net income factor from abroad, were identified as the possible drivers for overall welfare improvement.[1]

TABLE 1. Poverty and Related Data, 2005 (2004) and 2010 (2009)

	2005 (2004)	2010 (2009)
Poverty Incidence	32%	26%
Food Poverty Incidence	10%	5%
Unemployment Rate	2.0%	1.7%
Underemployment Rate	34%	38%
Average Farm Size	6.1 acres	6.7 acres
% of Poor Agricultural HH Which Do Not Own Land	32%	34%

Source: IHLC Survey in Myanmar (2009-2010) Poverty Profile

Still, some challenges have been noted in the pursuit of sustained human development in the country. Myanmar was ranked 132nd out of 169 countries in the 2010 Human Development Report, behind Thailand (92), Vietnam (113), Lao PDR (122), and Cambodia (124). A study attributed the lag primarily to low public spending on health and education [Naing, 2012]. Sub-national disparities on the poverty trends were also observed, as 8 out of the 14 states in the country were estimated to have poverty incidences that were above the national average. In particular, four states (i.e. Chin, Rakhine, Tanintharyi, and Shan) had poverty incidences that remained at or went beyond the 2005 national level.[2]

Transient poverty further appeared to be a significant phenomenon in Myanmar, as around 28% of panel households were reported to have either moved into or out of poverty in 2010. Poverty also remained more prevalent in the rural areas (i.e. 29% in 2010) compared to the urban communities (i.e. 16% in 2010).[3] Two of the reasons for this trend could be limited farm sizes and landlessness. The average farm size in the country is around 6 acres and one-third of poor households do not own land [Table 1]. These constrain the productivity

[1] The estimation of GDP Growth Rates in Myanmar varies from 3% - 5% [ADB, UNCT] to 10% [Government] annually (since 2000). Nevertheless, the lower end 3% - 5% growth rate still appears significant relative to the 1.5% population growth rate in Myanmar. Increased overseas remittances have also been cited as a plausible factor for economic growth.

[2] The 2010 IHLC Survey reported poverty incidence for the following states: Chin – 73%; Rakhine – 44%; Tanintharyi – 33%; Shan – 33%; Ayeyarwady – 32%; Kachin – 29%; Magwe – 27%; and Mandalay – 27%.

[3] In 2005, rural poverty was estimated at 36% and urban poverty was 22%.

and incomes of rural households in a dominantly agricultural economy.[4] Employment patterns are also affected by the seasonal nature of agricultural activities. While the unemployment rate has been kept at 1.7% to 2.0%, the underemployment rate has hovered at the 34% to 38% level [Table 1].

Access to rural credit thus appears to be a key coping option in Myanmar, especially among transient and chronically poor rural households. However, the financial sector in the country still has to develop and become accessible to the poor. A recent scoping review described the current financial sector as small and incipient, led mainly by 4 state-owned banks and 19 private banks. As such, bank outreach is limited and unable to provide micro-finance services to the poor. While several International NGOs (INGOs) and local institutions have been providing micro-credit since the 1990s, unmet demand was estimated to be as high as USD 1 billion [Duflos, et.al., 2013]. The Government of Myanmar nevertheless passed a Micro-Finance Law in late-2011, which is believed to have encouraged the entry of more Micro-Finance Institutions (MFIs) in the country. There are also around 2,000 primary credit co-operatives in the country, which are however made up mostly by urban-based and institutional societies whose members are government employees, factory workers, and school personnel.[5]

2. Development Interventions

From 2006 to 2011, the Government of the Union of Myanmar implemented its Fourth Five-Year Development Plan which aimed to achieve rapid economic growth (at 12% annually), reduce poverty, and attain the Millennium Development Goals (MDGs) through the development of rural and border areas, as well as special development zones. It was the culmination of a strategic twenty-year plan adopted in 1992/1993 which generally sought to develop the agricultural sector as the base of the economy, while pursuing a market-oriented economic system, drawing investments and technology, and maintaining national sovereignty on the development of its economy. For the agricultural sector, the plan, among other objectives, sought to increase production outputs (on crops, livestock, and fisheries) and expand production areas.

The current government under President U Thein Sein is moving forward with a 2011-2015 National Plan which aims to increase per capita GDP within the period. The prioritization of the development of the agricultural sector has been carried over in the present plan. Aside from this, balanced development of the states and regions, inclusive growth, and improvement of the country's statistical system were also identified as the main economic policies.

Due to complexities in the evolution of governance in the country and mandate restrictions set by its Executive Board, the United Nations Development Programme (UNDP) starting in 1993 had operated in Myanmar through direct grassroots projects under the Human Development Initiative (HDI) programme. The projects under HDI covered 8,000 villages in 60 townships all over the country. As part of the HDI programme, UNDP implemented the Integrated Community Development Project (ICDP) and the Community Development for Remote Townships (CDRT) Project in Myanmar. These efforts sought to improve the social and economic status of the poor in selected zones through their organization into Self-Reliance Groups (SRGs) and Community-Based Organizations (CBOs).

[4] The agricultural sector is believed to be employing around two-thirds of the total labour force in Myanmar and is contributing some 40% of GDP.

[5] In 2007, it was estimated that out of 2,058 primary credit co-operatives in Myanmar, 1,840 (or 89%) were "department credit co-operatives" which were organized in the 1970s for government employees.

A key approach taken towards the development of these village organizations was the building of capacities and the provision of financial grants, which revolved at the level of the recipient-groups. These were augmented by members' savings and retained earnings. The combined total of the UNDP grants, members' savings deposits, and retentions were eventually recognized as the Common Fund of the group. By 2012, a study reported that there could be around USD 27 million worth of common funds that were revolving in 8,438 SRGs and CBOs in 75 townships in Myanmar [Table 2].

TABLE 2. Data on SRGs and CBOs, as of November 2012

	Total Common Fund (USD)	**No. of Groups**	**No. of Townships**
ICDP SRGs	12,891,745	3,241	23
CDRT SRGs	5,112,836	2,301	26
CDRT CBOs	8,944,074	2,896	26
Total	*26,948,655*	*8,438*	*75*

Source: McCarty and Robertson, 2012

Capacity-building of these SRGs and CBOs were likewise extensively undertaken through training activities, linkage-building with support groups and networks, and training of local providers. The ICDP, which was implemented from 2003 to 2012, reported that over 5,000 SRG capacity-building training activities were conducted in the Delta, Dry and Shan Zones over the ten-year period. More than 13,000 community volunteers were also trained as local resource persons and liaison agents with government departments. 100 SRG Cluster Leading Groups (composed by 15-20 SRGs in each township) were also formed.

The ICDP also focused on building the capacities of the SRGs on organizational and financial management. This was viewed to be a priority in enabling the SRGs to manage their common funds and to sustain their use of these funds after the end of the project. SRG Technical Specialists from the ICDP ensured the conduct of these basic capacity-building activities, as well as provided monitoring support to the SRGs. The ICDP also linked the SRGs in the Shan Zone with the pilot wholesale lending project, and provided parallel services to UNDP's implementing partner for this project (i.e. Pact).

Progress in the governance system and policies in Myanmar, especially after the adoption of a new Constitution in 2008 and the elections of 2010/2012, prompted UNDP to review and revise its development approach in the country. A regular Country Programme for Myanmar for the period of 2013-2015 was thereafter adopted, which is focused on the institutional strengthening of local governments and civil society for poverty reduction, the building of capacities on climate change adaptation and disaster risk reduction, and the provision of policy support for democratic governance and development effectiveness. A Results and Resources Framework (RRF) incorporating these three outcomes was also formulated.

Plans are in place to reform the financial sector in Myanmar, in preparation for the foreseen integration of the local economy with the ASEAN Community in 2015. The Financial Institutions Law is likely to be amended to allow the entry of foreign banks into the country. The recently-passed Micro-Finance Law is also believed to be part of the government plan to open the local market to International MFIs. On this point, UNDP noted that there are now 153 Licensed MFIs in the country. There is also a reported effort to amend the Co-operative Society Law of Myanmar, which was adopted in 1992.

B. Description of the Project

1. Key Features

As part of the HDI, UNDP also implemented a Micro-Finance Programme (MFP*)* (i.e. Sustainable Microfinance to Improve the Livelihoods of the Poor) starting in 1997 which enabled the poor to access micro-credit for income-generating activities. The MFP eventually became the largest loan provider for the poor in Myanmar: by 2010, it was reported that the programme had expanded to some 1,000 new villages and covered an additional 150,000 new clients.

Building on the gains from the MFP and the ICDP, UNDP then executed the Wholesale Loans to SRGs Project in 2010. This project aimed to provide wholesale loans (or group loans) to 250 pilot SRGs in the Shan Zone which were organized under the ICDP. It was implemented by Pact, an INGO which had undertaken micro-finance and other projects in Myanmar since 1997. With a grant of USD 563,720 from DANIDA, the wholesale lending project was implemented from 2010 until 2012.

2. Objectives and Expected Results

Based on the Project Proposal, the objectives of the Wholesale Loans to SRGs Project are to:

Objective 1 - Build the capacity of viable SRGs in loan fund management and financial record-keeping; and
Objective 2 - Provide wholesale lending to SRGs to support their micro-enterprises.

With reference to these objectives, the following expected results were likewise stated in the Project Proposal:

Objective 1 - Build the capacity of viable SRGs in loan fund management and financial record-keeping
Expected Result 1.1: Viable SRGs are selected for capacity-building
Expected Result 1.2: SRGs are trained in loan fund management and accounting systems
Expected Result 1.3: SRGs developed business plans for wholesale lending and fund management

Objective 2 - Provide wholesale lending to SRGs to support their micro-enterprises
Expected Result 2.1: Wholesale loans are disbursed

3. Key Accomplishments Reported by the Project

By the end of the project period (August 2012), a total of 292 ICDP SRGs were reported to have benefited from the wholesale lending project. These SRGs are based in five townships (i.e. Kalaw, Pin Laung, Nyaung Shwe, Pindaya and Ywar Ngan) located in the Shan Zone.

Based on the Project End Report, most of the loans were used by the borrowers for agricultural purposes. Around 77% were utilized for agricultural activities and 23% for other purposes.[6] Given the utility of the loans, the report noted that the "farming and trading businesses of the SRG members expanded" and that there were positive effects in terms of "improving (the) financial management capacity of SRG members", "promoting women's empowerment and leadership capacity", and "exercising democratic practices within the community".

[6] The end-of-project report stated that 62% of the loans utilized by SRG members were for "agriculture" purposes, 15% for "livestock", 18% for "trading", and 5% for "other" intentions.

A repayment rate of 100% was reported for the project. The Project End Report also stated that a total loan amount of USD 646,056 was disbursed throughout the project period.

C. Description of the Evaluation

1. Background and Objectives

In July 2013, UNDP took initial steps towards the conduct of an evaluation of the wholesale lending project by posting the task in the global UNDP Jobs Site. An International Consultant was thereafter selected for the purpose.

The objectives of the ex-post evaluation as defined in the work plan were as follows:

(a) To determine key project accomplishments, in terms of its development results (outputs and outcomes, if applicable) and milestone activities;

(b) To assess the project's relevance, effectiveness, efficiency, immediate effects (outcomes) and potential impact, and sustainability with reference to its intended and actual results;

(c) To identify learnings that could be useful for similar future projects and activities; and

(d) To recommend measures that could be taken in furtherance of the project objectives and for similar future interventions.

2. Methodology Applied for the Evaluation

A Mixed Methods Approach was adopted for the evaluation. This approach features the combination of both quantitative and qualitative data collection techniques, and the use of various analytical perspectives to explore the evaluation questions [Annex A]. The evaluation employed secondary reviews [Annex B], informant interviews, and focus group discussions to gather factual data, observations and opinions from various sources (i.e. implementers, beneficiaries, and external experts listed in Annex C).

At the level of the project beneficiaries, on-site visits were done across a sample of the SRGs which benefited from the wholesale loans (i.e. the Beneficiary Group). These SRGs were randomly selected from among the population of 292 SRGs which was stated in the Project End Report. The selection was done prior to the conduct of the field mission to the Shan Zone. An initial list of 25 SRGS that obtained the loans (i.e. 5 SRGs per township) was first prepared. Based on this list, 2 SRGs were selected for each township depending on the accessibility of the area and the time constraints. Determination of the immediate effects on the SRG members was done by asking the borrowers about the Most Significant Change that was created on them by the wholesale loan product. Around 5 – 19 SRG Members participated in these focus group discussions [Table 3], with UNDP and Pact alternating as facilitators.[7]

[7] The beneficiary and comparison groups were selected by first assigning a random number for each of the SRGs in the master list through the rand function in MS Excel, and identifying the SRGs which posted the 5 largest values per township (for the beneficiary group) and also the 3 largest values per township (for the comparison group). This task was done by the Consultant.

A Comparison Group, consisting of SRGs that were not able to access the loans, was also consulted for the evaluation. An initial list of 15 SRGs belonging to this group (i.e. 3 SRGs per township) was also selected randomly, with at least one SRG for the townships of Nyaung Shwe, Kalaw, Pin Laung, and Pindaya being actually visited [Table 3].

Focus Group Discussions (FGDs) were held with a total of 11 SRGs from the Beneficiary Group and 7 SRGs from the Comparison Group [Table 3]. The FGDs were carried out based on a standard Discussion Guide which was prepared beforehand by the Consultant.[8]

TABLE 3. Summary of SRGs Covered by the Evaluation

	Beneficiary Group		**Comparison Group**	
	No. of SRGs	**No. of Participants**	**No. of SRGs**	**No. of Participants**
Nyaung Shwe	3	31	2	43
Kalaw	2	19	1	11
Pin Laung	2	18	3	22
Pindaya	2	36	1	11
Ywar Ngan	2	13	-	-
Total	*11*	*117*	*7*	*87*

A draft evaluation report was first prepared and submitted by the Consultant to UNDP and Pact. Corrections and comments were thereafter made on the draft, which served as bases for the formulation of this revised version.

3. Limitations of the Study

This study is bounded by the following limitations:

(a) The outcomes stated in this report were inferred from a cause-and-effect relationship with the two apparent outputs (i.e. the disbursement of loans and the capacity assessments) that were reported by the project. The informal results framework in the project document and the project reports had not been explicit in stating the outputs and outcomes expected from the intervention, as well as the measurement indicators. Also, baseline data were generally unavailable, although this gap had implications only at the outcome level, since it was the first time for the beneficiaries to receive the wholesale loans and for the SRGs to undergo the capacity assessments. There was no opportunity to undertake a Project Evaluability Assessment prior to the conduct of the evaluation proper.

(b) The financial data in this report were derived from the Annual Reports of Pact and the unaudited project financial reports (i.e. income statements and ratios) that were submitted by the Pact Staff for this evaluation.

[8] The planned meeting with the comparison group in Ywar Ngan Township on 11 September was cancelled because of the tight schedule.

(c) The FGDs with the SRGs were conducted in the local languages. Real-time translation of the proceedings into English was done by a Pact Staff who was seated beside the Consultant during the meetings. In some meetings, the facilitators themselves paused from the flow of the discussions to translate important points to the Consultant. Some losses in the information provided by the beneficiaries during the course of translations could have occurred.[9]

[9] On two occasions, an intermediate translation had to be done as the tribal language (e.g. the Pa-O language) had to be used to communicate with the SRG members. These were done transposed into the Myanmar language, and eventually translated into English.

II. ASSESSMENT OF THE PROJECT

A. Relevance of the Project

1. Sectoral and Spatial Relevance

The project reports and the on-site visits and FGDs showed that most of the wholesale loan product is continuously being used for agricultural purposes (i.e. crop production and livestock raising) by mainly poor beneficiaries in the rural areas. More than two-thirds (i.e. 77%) of the loans disbursed through the project have consistently been utilized for the procurement of farm inputs (e.g. seeds, fertilizers, and pesticides) and assets (e.g. cattle, buffaloes, and equipment). Around 18% of the loan accounts are being used for retail and wholesale trade, while 5% are for non-agricultural projects such as jewelry-making and food production. Given this pattern of utility, the project is addressing the gap in rural financing in Myanmar and the need to extend credit to poor agricultural households.

TABLE 4. Utility of the Wholesale Loan Product

	As of Project End	As of July 2013
For Agricultural and Livestock Purposes	77%	77%
For Trading Purposes	18%	18%
For Other Purposes	5%	5%
	100%	*100%*

Sources: Project End Report (as of August 2012) and current report provided by Pact Staff

The project is also benefiting women, as women comprise the memberships of the SRGs that have been organized under the ICDP. While it was not made clear as to how exactly this approach is addressing the issue of gender inequality in the country (the SRGs are made up purely by women), affirmative actions through the ICDP activities and also through the wholesale lending project have apparently empowered the women-beneficiaries, who communicated freely and confidently during the FGDs. One common effect reported by the women members is that they are no longer reluctant to talk in public (e.g. during community meetings) due to their involvement in their SRGs.

The project is continuously being implemented in the Shan Zone which, according to latest (2010) survey estimates, is one of four areas in Myanmar where the magnitude of poverty is high. Still, this was not the main factor for the choice of the project area, as the proponents had simply opted to pilot the effort in the Shan Zone where the ICDP and the MFP had converged. In the Shan Zone, the wholesale loan project is also currently focused in the Southern Shan area, leaving room for possible expansion towards the Eastern and Northern parts of the region.[10]

[10] In 2011, Pact expanded the wholesale loan project to the Delta Zone under separate funding from USAID. There are also plans to implement the same project in the Dry Zone and in the Northern Part of Shan, with support from the Livelihoods and Food Security Trust Fund (LIFT).

The impetus for the development of the wholesale loan project came from the recommendation of an Independent Assessment Mission (IAM) in 2009 which proposed to establish a linkage between the ICDP and the MFP, as a means of allowing access to micro-credit by SRG members. While this purpose and the actual project activities were clearly linked to the specific needs of the SRGs, the SRGs' participation in the project came only as it was already being implemented, through the sensitization meetings and the capacity-building activities that were carried out. Improvements can hence be made in seeking the involvement of the target SRGs in future project plans, especially considering that most of them have been organized since the early 2000s, and may serve as one of the components for the development of "civil society" in Myanmar.

2. <u>Alignment with Country Plans</u>

Although the project was not intended to be formally aligned with the national development plan of Myanmar, the earlier reported utility pattern of the loan product (i.e. mainly for agricultural credit) makes the intervention compatible with the development priorities of the union government. As will be pointed out later, there are indications that the wholesale loans are leading towards the increase of production outputs of crops and livestock by the beneficiaries. The financial service is also contributing to an expansion of crop production areas, as some landless or limited land size clients reported that they were able to access farm lands (through a borrowing arrangement or through outright purchase). What seems to be missing at this time is the link of these initiatives with the government programme to increase agricultural production, possibly through the distribution of high quality seeds and the use of modern farming technologies.

The wholesale loan project is also clearly relevant to the previous HDI programme of UNDP as it is complementing the previous ICDP. By working through the SRGs and by building their business capacities, the project is contributing to the continued strengthening of these groups that were organized under the ICDP. The approach of continuously working with the SRGs especially became important after the ICDP phased out in December 2012. It was established during the FGDs that the project is meeting the needs of some SRG members who require bigger capital for the expansion of their economic activities, as their additional capital requirements can no longer be provided by the common fund of their SRGs. This has been the main value-added of the project to them.

The project also introduced the concept of formal external borrowing to the SRGs, which is different from the internal lending system adopted through the ICDP. From this perspective, it can hence be likewise stated that the intervention is contributing to the development of a formal financial market in the rural areas, by linking the SRGs to a formal lending institution (i.e. Pact). The modality of formal borrowing, in lieu of grant-taking which was applied in the previous ICDP, had also been introduced to the SRGs through their participation in the project.

By continuing to work with the SRGs and addressing their need for greater capital and management support, further support by UNDP to the project, possibly through monitoring and evaluation or promotion of the model, is also aligned with the 2013-2015 Country Programme for Myanmar, particularly with Output 2 of Pillar 1 (i.e. Strengthened Institutional Capacity of Civil Society Organizations to Provide Community Services) and also Output 4 (i.e. Strengthened Capacity of Institutions to Support Sustainable Livelihoods). As will be elaborated later on in this report, it turned out that the SRGs' linkage with the project has given them an option to access additional funding (through a loan modality from Pact) for use by their enterprising members. This has been the distinct service which the SRGs have been able to provide to their members, apart from the usual financing support which is being offered through their common funds. By also providing parallel support to the micro-enterprises that have been put by some borrowers and the transformation of the SRGs into co-operative societies, it is likely for a succeeding UNDP intervention of this type to be relevant to the achievement of the output and outcome of the current country programme.

The project was an initiative between UNDP and Pact, and was intended mainly to support the gains made by the ICDP and the MFP in terms of the development of the SRGs and the provision of micro-credit. As such, government stakeholders were not involved in the design and implementation of the project. At this time however, there are on-going engagements by UNDP with the Small-Scale Industries Department (SSID) of the Ministry of Co-operatives as its government counterpart for the MFP. This arrangement is relevant for the wholesale loan project because some of the borrowers have actually put up their micro-enterprises which could be assisted by the SSID. The FGDs also show a need for engagement with the Department of Co-operatives on the transformation of the SRGs into co-operative societies.

According to Pact, the intervention was intended as a pilot/demonstration project. It was a pioneering endeavor to provide supplemental loans to SRGs whose common funds were foreseen to be inadequate for the business expansion activities of their members. A related effort was the expansion of the project concept to the Delta Zone starting in 2011 under a separate funding arrangement with the USAID. On this front, Pact had covered 321 more SRGs. Another initiative by Pact (with support from LIFT) is to implement the same project in the Dry Zone and in Northern Shan and link up with an additional set of 99 SRGs. Still, if reference is made to the more than 8,000 SRGs and CBOs that were organized under the ICDP and the CDRT [Table 2], it appears that there is greater ground to cover for possible further expansion and replication of the project model in future initiatives by other financial service providers.

B. Effectiveness of the Project

1. <u>Achievement of Outputs</u>

As earlier reported, the project was inspired by a recommendation from the 2009 IAM to link the ICDP with the MFP, presumably to enable the SRGs that were organized under the ICDP to access micro-credit from the MFP. Based on this recommendation, Pact and UNDP developed a Concept Note and a subsequent Project Proposal for a pilot initiative which was eventually approved for separate funding by DANIDA.[11]

The Project Proposal could have benefited from the use of the UNDP Results and Resources Framework (RRF), Results Framework (RF), or a generic Logical Framework Matrix (LFM) that would have stated, among other elements, the expected outputs and outcomes from the intervention. Nonetheless, there were two objectives stated in the document which are apparently being reported as the project outputs. These are: (a) Build the capacity of viable SRGs in loan fund management and financial record-keeping; and (b) Provide wholesale lending to SRGs to support their micro-enterprises.

Capacity-building of the SRGs was carried out through a methodological two-stage process. Using a capacity assessment tool which was developed by Pact [Table 6], a Capacity Assessment was first done jointly by Pact and the ICDP among the long list of 789 SRGs that were recommended by UNDP for loan take out. Afterwards, actual capacity-building activities (i.e. workshops and training courses on loan fund management, bookkeeping, and business planning) were provided by the project starting in 2010. By the end of the project period (i.e. August 2012), it was reported that 56 training activities and 2 workshops were completed. These were attended by a total of 954 leaders from 485 SRGs.

[11] The loans that were eventually provided to the SRGs came from the DANIDA grant of USD 563,720.

An objective determination of how SRG capacities were actually developed through the project is a challenge, given the aforementioned lack of a measurement template (i.e. an RRF/RF or an LFM) and baseline data. The attribution of change/s on this aspect is also complicated by the fact that similar interventions were likewise provided to the SRGs under the previous ICDP. However, the project did report that 292 SRGs were able to produce 408 business plans as of project-end. The on-site visits also showed that the SRGs under the beneficiary group are able to maintain financial records and are aware of their financial transactions among themselves and with the wholesale loan project [Inset 1].

Inset 1. Members of the Parame SRG in Kalaw Township referring to their financial records during the FGD (Photo taken by Consultant)

By the end of the project period (August 2012), a total of 292 SRGs were provided with wholesale loans. According to the project end report, this was more than the target of 250 SRG recipients which was set for the project. Most of these SRGs (around 75%) received the loan inputs during the second year of project implementation. Also, out of the 292 beneficiary SRGs, 106 took out a second loan and 10 took out a third loan by project-end [Table 5]. The project further reported that the total amount of loans disbursed during the project period was around USD 646,000, which was roughly USD 80,000 more than the DANIDA contribution, due to the roll-over of some accounts to 2nd and 3rd cycles.

TABLE 5. Schedule of SRG Wholesale Loan Beneficiaries, 2010 to Project End

	2010	2011	Jan – Aug 2012	Total
SRGs with 1 Loan Cycle	36	218	38	292
SRGs with 2 Loan Cycles	-	39	67	106
SRGs with 3 Loan Cycles	-	1	9	10

Source: Consultant's Estimates based on project reports

The following factors contributed to the achievement of the project outputs:

(a) Social preparation and capacity development of beneficiary groups – The SRGs were organized under the ICDP and have been capacitated, among others, on organizational and business aspects;[12]

(b) Parallel support by ICDP – Throughout the project period (i.e. 2010-2012), the ICDP served as the link between Pact and the SRGs which facilitated the implementation of project activities;

(c) Prior Presence of Pact in the Shan Zone – The Implementing Partner (i.e. Pact) was already working in the Shan Zone for its regular micro-finance project, and had the necessary resources and systems to launch the wholesale loan project; and

[12] For instance, most of the SRGs belonging to both the beneficiary group and the comparison group covered by this evaluation turned out to have been organized in the early 2000s, which means that they have been working as a group for around 5 years already when the wholesale loan project started.

(d) Expertise of Pact in Loan Fund Management and Micro-Finance – The learning curve involved in project execution appeared to be much shorter because Pact is an MFI with long-term experience in the country. Pact had also been an IP of UNDP before. In addition, there are key officers in Pact who used to work with UNDP and ICDP.

2. <u>Appropriateness of the Loan Methodology</u>

The wholesale loan product offered through the project was recognized as a group loan. Although the end-users of the loans were only some selected members of the SRGs [Table 11], the loan had to be applied for and guaranteed by the whole group. This methodology was appropriate in the sense that it reinforced the organizational development of the beneficiary groups that had been previously organized under the ICDP.

However, one key innovation introduced by the project was that product delivery was now coursed through Pact, which is applying strict business practice in the management of the loan fund. As Pact was the implementing partner of UNDP for this project, loan eligibility had to pass through a process of Capacity Assessments in which Pact and the ICDP jointly evaluated the loan absorption and management competences of the SRGs. This was an effective modality because it allowed Pact to apply business practice in the disbursement of the loan funds, while shielding UNDP/ICDP from possible moral hazards in the disbursement of the loans, particularly because UNDP/ICDP was responsible for the organization of the SRGs.

For the purpose of these assessments, a capacity assessment tool was developed by Pact. The tool makes use of 4 measurement criteria on the capacities of SRGs to manage their internal loans from their common funds, their abilities to save as a group, as well as their bookkeeping and overall governance capabilities. The aspect of loan management carries the most weight (i.e. 40%) among the criteria, particularly on elements that are related to delinquencies (i.e. loan repayment and past due rates) [Table 6].

Based on the capacity assessments of the 789 SRGs organized under the ICDP in the Southern Shan Zone, it turned out that 670 were functional, 113 were considered as weak, and only 6 were categorized as self-reliant. Pact noted that while most of the SRGs were functional, many were challenged on the lending component, while being strong on the governance and bookkeeping aspects.[13]

The loan eligibility system is quite strict on the creditworthiness criterion, as past due accounts in the SRGs from their common funds usually disqualify them from the wholesale loan product. Pact acknowledges that this conservative approach is influenced by their intention to make the loan fund revolve and become sustainable. From a business perspective, it makes sense for Pact to do so. Still, the FGDs with some comparison groups showed that their historical delinquencies (on their common funds) could have been caused by market factors (i.e. low prices of crops during harvest time) rather than their own will. If such is the case, an ethical issue arises as to why some groups are being excluded for reasons that are beyond their control, particularly in an intervention which is aimed at the financial inclusion of disadvantaged groups. Nonetheless, Pact is open to making further improvements on the system in their future plans.[14]

[13] A score of 54 marks and below would be considered as "weak", "functional" for those between 55 to 84 marks, and "self-reliant" if the rating is above 84 marks.

[14] Starting in late-2011, Pact also adopted a policy that prohibits double-dipping on the loan funds: SRG members cannot access both the wholesale loan and the common fund at the same time, in order to prevent overburdening the end-users and also to deter the possibility of them paying one loan obligation from the other window.

TABLE 6. Elements of SRG Capacity Assessment Tool

Assessment Criteria	Indicators	Weight
A. Capacity to Manage Loans		40 Marks
	1. Loans Released from Common Fund	*5 Marks*
	2. Business Loan Utilization	*5 Marks*
	3. Loan Policy Decisions	*5 Marks*
	4. Loan Repayment Rate	*10 Marks*
	5. Overdue Rate	*10 Marks*
	6. Liquidity Ratio	*5 Marks*
B. Capacity to Save		10 Marks
	1. Savings Build-Up	*10 Marks*
C. Capacity to Manage Books		25 Marks
	1. Minutes of Meetings	*5 Marks*
	2. Individual Savings and Loan Registry	*5 Marks*
	3. Cash Book	*5 Marks*
	4. General Ledger	*5 Marks*
	5. Individual Pass Books	*5 Marks*
D. Capacity to Govern		25 Marks
	1. Rotational Leadership	*5 Marks*
	2. Conduct of Meetings	*10 Marks*
	3. Rules and Regulations	*10 Marks*
Total		100 Marks

Source: Pact

The project offered a group loan of up to USD 1,500 per SRG (for the first cycle), USD 2,500 (for the second cycle), and USD 3,500 (for the third cycle). However, real loan sizes depended on the demand from the end-users. Based on data from the beneficiary group, the actual group loan for the first time could be as low as USD 100 to as high as the maximum amount available (i.e. USD 1,500). Second cycle loans could be USD 800 to USD 2,500, while third cycle loans could start from USD 1,250. Because not all SRG members are in need of supplemental loans from the project (i.e. they have their common funds), the actual number of end-users could be as low as 1 to as high as 8 for a specific cycle. The mean loan size accessed by the end-users turned out to be as low as USD 50 to as high as USD 1,500, while the mode in the data set is USD 400 [Table 7].[15]

[15] According to an external expert, there is no official definition yet in Myanmar on what is meant by a "micro-credit", although it could be in the range of USD 100 – USD 500 by practice.

TABLE 7. Loan Data on Beneficiary Group[16]

	Cycle 1			Cycle 2			Cycle 3		
	Amount of WL (USD)	No. of End-Users	Mean Loan Size (USD)	Amount of WL (USD)	No. of End-Users	Mean Loan Size (USD)	Amount of WL (USD)	No. of End-Users	Mean Loan Size (USD)
SRG 1	1,500	5	300	2,500	7	357	1,800	6	300
SRG 2	900	7	128	2,400	6	400	-	-	-
SRG 3	1,500	2	750	2,500	2	1,250	-	-	-
SRG 4	1,100	8	137	1,750	8	218	1,250	5	250
SRG 5	1,500	1	1,500	-	-	-	-	-	-
SRG 6	1,500	3	500	-	-	-	-	-	-
SRG 7	300	3	100	1,200	3	400	2,400	6	400
SRG 8	100	2	50	800	2	400	-	-	-
SRG 9	1,000	2	500	1,400	2	700	-	-	-
SRG 10	350	3	116	950	4	237	1,600	4	400

Source: Consultant's Estimates based on data from SRG Pamphlets

Based on the FGDs, the end-users of the wholesale loan product are generally satisfied with the amount of the loans that they received from the project, and expressed a desire to avail of similar loans in the future. Payment terms are also flexible up to 12 months, and this arrangement was also generally assessed by the end-users to be appropriate.[17]

In general, the borrowers said that they used the wholesale loans "to expand their business". Further discussions pointed out that the end-users accessed the supplemental loan because they believed that their common funds were not adequate enough at that time to provide their need for greater capital [Table 8]. It also appeared from the discussions that "to expand their business" meant being able to produce more crops (through full-year planting instead of part-year cropping, purchase of farm inputs, and borrowing, leasing or purchase of farmlands), acquire more farm assets (i.e. farm animals and equipment), put up an additional shop (e.g. a grocery store), and have greater working capital for production (e.g. in jewelry-making, food processing, and basket-weaving) [Inset 2] and wholesale trade (e.g. wholesale trading of turmeric powder, cauliflower, blankets, fuel, and natural fertilizer).

Inset 2. Daw San Ngwe from the Bawa Pan Tain SRG in Pindaya Township showing her basket-weaving business during the on-site visit (Photo taken by Consultant)

[16] Computed at USD 1.00 = Myanmar Kyats 1,000

[17] There were two end-users who said that the loan amounts were not adequate for their needs, but these seemed to be intended to convey a message that more loans are needed and should be continued, rather than expressing dissatisfaction over the loan product. There was also one borrower who forwarded her opinion that payments should be done at harvest time (rather than monthly). However, further discussion showed that this comment had been due primarily to misunderstanding on the other payment schedule options.

TABLE 8. Selected Data on Beneficiary Group SRGs

	Common Fund (CF), in USD	No. of Members	CF/Member, in USD
SRG 1 (Yadanar Shwe Young SRG)	3,600[18]	18	200
SRG 2 (Hnin San Pan SRG)	2,900[19]	13	223
SRG 3 (Parame SRG)	3,500	10	350
SRG 4 (Shwe Nay Kar SRG)	4,000	9	444
SRG 5 (Ngwe Ta Lai Ma SRG)	4,700	6	783
SRG 6 (Ngwe Chine SRG)	11,000	12	916
SRG 7 (Shu Taing Yin SRG)	4,700	19	247
SRG 8 (Bawa Pan Tain SRG)	10,700	17	629
SRG 9 (Phyu Tit Sar SRG)	2,400	8	300
SRG 10 (Hnin Si Phyu SRG)	2,100	5	420

Source: Consultant's Estimates based on data shared during the FGDs

The beneficiaries further reported that they received their loans in time. According to Pact, loans are delivered simultaneously to the borrowers in their group meetings. Pact also noted that on the average, it takes only 2 to 4 weeks to complete the process of loan application to actual loan release in the wholesale loan project. The effectiveness of the delivery system is due to the presence of Pact's local offices and staff in the Southern Shan Zone, as well as the availability of clear operating procedures.

The end-users were also satisfied with the interest rate charged on the wholesale loans, which is currently 2.5% per month (since April 2012). This was particularly viewed to be beneficial to the SRG members, considering that some SRGs charge a higher interest rate on the borrowings from their common fund (i.e. 3% per month).[20]

Pact actually also offers a Regular Income Generating Loan and a Micro-Enterprise Loan among the 10 loan products in its portfolio. An advantage of these loan products is the higher amount of loans that can be accessed by the borrowers (i.e. a minimum of USD 118 per borrower for the Regular Income Generating Loan and a maximum of USD 1,080 per borrower for the Micro-Enterprise Loan). However, the challenge is that these products are part of the regular micro-finance programme of Pact. This means that these products are not being offered in the remote villages where the SRGs are located. Expanding these products to the SRG villages will also not be easy for Pact, given the cost disadvantages.

[18] The common fund of this SRG was USD 11,100 until June 2013 when the members withdrew their savings and retained earnings due to uncertainty over their conversion into a co-operative society.

[19] The common fund of this SRG was USD 11,000 until July 2013 when the members withdrew their savings and retained earnings due to uncertainty over their conversion into a co-operative society.

[20] Pact adjusted the interest rate in April 2012 to comply with the instructions set by the government for Licensed MFIs under the Micro-Finance Law. As informal organizations, SRGs are not obligated to follow the instructions for MFIs.

3. Appropriateness of Loan Distribution Criteria

Loan distribution for each of the five townships depends on the results of the capacity assessment, the actual demand from the SRGs, and also partly due to the overall population of SRGs in the five townships. The trend of spatial distribution of the loan product appeared to be consistent from project end (i.e. August 2012) until the current period (i.e. August 2013), with the townships of Pin Laung and Nyaung Shwe having more than half of the total project outreach [Table 9].[21]

TABLE 9. Geographical Distribution of SRG Beneficiaries

	As of Project End (August 2012)		As of August 2013	
	No. of SRGs	**%**	**No. of SRGs**	**%**
Pin Laung	84	29%	93	28%
Nyaung Shwe	70	24%	79	24%
Ywar Ngan	51	17%	57	17%
Pindaya	46	16%	53	16%
Kalaw	41	14%	52	16%
Total	*292*	*100%*	*334*	*100%*

Source: Consultant's Estimates based on project reports

Within the SRGs, the wholesale loan product was allocated among prospective borrowers who could make use of additional capital (net of the groups' common funds) for various business purposes that have been stated earlier in this report. The criteria for internal loan distribution, especially considering the loan ceilings set by the project [Table 7], are discussed in the regular meetings of the SRGs. In the case of one SRG, for example, it was explained that the members took turns in accessing the wholesale loans.[22]

4. Effectiveness of Execution and Management

As previously noted, the execution modality applied for this project in which Pact was the implementing partner of UNDP, is effective because it allowed the use of business practice while shielding UNDP/ICDP from possible moral hazards associated with the loan delivery. Revolving the loan funds at the level of Pact is also an effective strategy because it allows flexibility over time in allocating the funds across the five townships in the Shan Zone. Pact had also apparently mainstreamed the management system for the project within its regular structure and operations (i.e. no separate project office was created), which is likewise turning out to be effective in achieving the project purposes and in attaining sustainability.

[21] Based on data, the townships of Pin Laung and Nyaung Shwe had the most number of SRGs, at 219 and 178, respectively. Hence, the likelihood of loan demand is higher in these townships than in the others. However, while the township of Kalaw place third in the list of most numerous SRGs (i.e. 174), the actual project outreach in this area is only 14% - 16%.

[22] In the FGD with the Hnin San Pan SRG in Nyaung Shwe Township, it was explained that 6 (out of the 13) members took out the first cycle loan from the project while the remaining 7 made use of their common fund. For the second cycle, it was the 7 members who took the wholesale loan while the 6 got their needs from the common fund [see Table 7, SRG 2].

Nevertheless, a key feature of the execution modality was the presence of the ICDP, which served as the functional counterpart of Pact in delivering social development (or non-business) support to the SRGs. It also appeared that UNDP/ICDP and the Post-ICDP Transition Project were in charge of some technical needs (e.g. M&E and linkaging) for the sustainability of the SRGs. Because of the exit of the ICDP in December 2012 and the closure also of the Transition Phase in September 2013, a challenge arises as to how the organizational and developmental needs of the SRGs will continue to be provided, to balance the business approach and financing support offered by Pact.

For instance, the M&E (or MIS) System for the project is strong and effective in tracking progress towards the business objectives (i.e. the amount of loans disbursed and the outreach of the project in terms of the number of SRGs) as stated in the project proposal, but challenged on the lack of organizational and development outcomes (e.g. how SRG capacities have increased and how the loans actually contribute to welfare improvements among SRG members). Apparently, an underlying factor was that the organizational and social development role had been taken on by the ICDP, while the wholesale loan project became focused on the business development aspect. Now that the ICDP and the Transition Phase is finished however, the gap on the planning, monitoring and evaluation of development results among the SRGs may have to be addressed.[23]

Clearly, the project is effective in reaching out to women who are the exclusive beneficiaries of the wholesale loan product. This is because the basic groups (i.e. the SRGs) organized under the ICDP are composed by women. Still, as already previously noted, there is scarce information on how this methodology is actually contributing to greater gender equality in their households and in their larger communities. This matter becomes particularly interesting since there has been an impact study by UNDP (2011) which already established a certain higher degree of decision-making roles for women in villages covered by the MFP, compared to villages where the MFP was not present.

On the whole, the simplicity of the project design contributed to its effectiveness. It was built on the gains from the ICDP and was merely intended as a complementary project. The basic social structures were also already present and prepared, and a loan delivery mechanism was in place at the onset when the project was launched. These advantages added to the general effectiveness of the intervention.

C. Project Efficiency

1. Efficiency of Execution

As the Implementing Partner (IP) of UNDP for the project, Pact had the autonomy to execute the project plan in accordance with the agreed-upon schedules. Pact made use of its existing management system and had also already established its operating structure in the Shan Zone as part of the MFP. In addition, the ICDP (in 2010) was functioning in the same area. These factors contributed to an efficient start of the project in 2010, as there were no reported delays at start-up.

Preparatory activities had to be undertaken prior to the actual start of loan disbursements in 2010. These activities included the conduct of meetings between Pact, UNDP/ICDP, and the SRGs to level-off on the project purpose and the lending methodology, the completion of capacity assessments on 789 SRGs that were initially recommended by the ICDP, and the implementation of training courses for the capacity-building of the SRGs. As such, only 36 SRGs were provided with the wholesale loan product during the first year of operations (in 2010). Most of the disbursements took place in the second year (in 2011), as 218 SRGs (or three-fourths of the total as of project end) had access to the loans [Table 5].

[23] The Project Completion Report of the ICDP covered the development outputs and outcomes pertaining to the SRGs.

As previously noted, loan delivery by Pact was reported by the end-users to have been timely. The factors which contributed to the operating efficiency of Pact was the presence of its implementing structure in the Shan Zone (from the MFP) and the availability of clear procedures for SRG selection and loan disbursements.

Pact also made use of its regular Management Information System (MIS) for the M&E of the project. The MIS is able to collect basic data which allow project management to track progress on the achievement of deliverables. The data from the system also enabled Pact to submit project and annual reports to UNDP.

Overall, Pact utilized its business knowledge and micro-finance expertise to the effort which did well to the efficient implementation of the project. The capacity assessment tool [Table 6], which was introduced by Pact to systematically appraise the ability of the SRGs to absorb the loans, was a key resource input. The business-related training modules from Pact which were used in the capacity-building training activities, were also important add-ons to the project.

2. Financial Efficiency

Operating Efficiency Ratios for the project, for each of the 3 zones where Pact is present, and for Pact as a whole, are presented in Table 10. It shows that in 2011, the project incurred considerable costs that coincided with the disbursements of most of the loans. Much of these costs are related to the training of the beneficiary-SRGs. By 2012 however, with the tapering down of the training costs and the additional loans that were disbursed within that year [Annex E], the project's operating efficiency had improved.

TABLE 10. Operating Efficiency Ratios, 2011 and 2012

	2011	**2012**
Wholesale Loan Project	*40%*	*15%*
Shan Zone	22%	25%
Dry Zone	15%	12%
Delta Region	20%	19%
Total Pact	18%	16%

Sources: Pact Annual Report 2012 and data provided for the evaluation

Being a pioneering endeavor, there are no known benchmarks by which to compare the financial efficiency of the project. It also turned out from the discussions with the Pact Officers and Staff that the context of the wholesale loan project is different from the regular micro-finance programme of Pact. For instance, Pact staff pointed out that the costs (and the level of effort) are higher in the project because of more transactions (e.g. consultations and meetings with ICDP and the SRGs), the need for capacity-building trainings, and given the remote and disparate location of the SRGs. In addition to the last point, the number of actual borrowers in each SRG is limited and there is not much economies of scale on their cumulative loan amounts [Tables 7 and 11]. Lastly, it was explained during the debriefing session that costs are taken to be higher in the Shan Zone because of the geography of the area.

In general, the efficiency of project execution was aided by the presence of a delivery structure and system which has been set up by the Implementing Partner prior to project start. In addition, the target groups were already organized into SRGs which facilitated the delivery process. At the same time, these advantages were offset by the geographical location of the target groups and limited business volumes from a narrow base of actual clientele, higher participation costs that had to be incurred for the development process, and further investments that had to be made for the improvement of the business capacities of the beneficiaries.

D. Immediate Effects and Potential Impact

The testimonials that were shared during the FGDs are evidence that positive outcomes were created on the lives of the SRG Members. The most significant changes that were commonly raised by them during the FGDs were: (a) ability to purchase assets (e.g. rowing boats, motor boats, cattle, water pumps) which are important for their businesses or for their households (e.g. motorbikes); (b) ability to improve their homes (e.g. from thatched huts to houses with tin roofs); (c) ability to send children to school; (d) ability to manage their businesses well; (e) greater confidence in themselves (e.g. to talk in community meetings); (f) ability to discuss their needs and solve their problems; (g) lesser need to borrow from moneylenders; (h) ability to use their land all year-round; (i) ability to purchase seeds, fertilizers, and insecticides; (i) ability to contribute to village projects (e.g. road projects); and (k) ability to expand their businesses. Aside from the external inputs that they received, favorable economic conditions were also cited as factors that contributed to these effects (e.g. more tourists coming to Inle Lake and high selling prices of cauliflower).

However, it also turned out that these changes are not unique to the beneficiary group, as the SRGs under the comparison group (except in Nyaung Shwe Township) articulated the same effects during their FGDs. Further, SRG Members from the beneficiary group who did not benefit from the wholesale loan product reported similar positive effects on their lives just the same. It appeared that the common funds of the SRGs also have the capacity to create these effects on the members, as these funds are also mainly being used for income-generating purposes. Furthermore, it became evident that the wholesale loan borrowers have also availed of the common funds [for example, see Footnote 22] prior to and during the project period. Hence, the immediate positive effects on their welfare that they identified during the focus group discussions are most likely the cumulative effect of both loan windows.

Nonetheless, it became clear later on in the discussions that there are greater positive effects derived by the beneficiaries from their use of the wholesale loan product. Several of them strongly pointed out that they were able to expand their business by 5 to 10 times, or earn profits of twice or thrice the size of their investments, from their use of the wholesale loans [Inset 3]. They believe that these would not have been possible had they merely relied on their common funds. These outcomes also apparently lead to more significant improvements in their welfare, as these beneficiaries further reported that they are able to send 2-3 children to school (which they would not have been able to do if they used their limited common funds, given the higher matriculation needs), or substantially improve their homes (aside from simply replacing their thatched huts with tin roofs, which they could do from the common fund).

Inset 3. Daw Mi San from Shu Taing Yin SRG in Pindaya Township pointed out that she earned 1 million kyats from the 300,000 kyats that she got from the wholesale loan for her cauliflower business [Photo taken by Consultant]

The reach of these positive effects across the memberships of the SRGs nevertheless varied, as half of the SRGs under the beneficiary group have an outreach of less than 50% of their members, while the other half have an outreach of 63% - 100% [Table 11]. One factor appears to be the occupation of the SRG Members, as those in non-agricultural production and trade, are likely to be more in need of the supplemental fund. A second factor is the amount of the available common fund: some members said that they have not borrowed from the wholesale loan because the common fund is adequate for them. Lastly, a possible third factor that emerged from the focus group discussions is the profile of the members, as there are some women who stood out from the rest for simply being “entrepreneurs”.

TABLE 11. Wholesale Loan Outreach

	No. of SRG Members	No. of WL Borrowers	WL Borrowers/ No. of SRG Members
Yadanar Shwe Yaung SRG	18	18	100%
Hnin San Pan SRG	13	13	100%
Shwe Nay Kar SRG	9	8	89%
Hnin Si Phyu SRG	5	4	80%
Shu Taing Yin SRG	19	12	63%
Ngwe Chine SRG	12	3	25%
Phyu Tit Sar SRG	8	2	25%
Bawa Pan Tain SRG	17	4	24%
Parame SRG	10	2	20%
Ngwe Ta Lain Ma SRG	6	1	17%

Source: SRG Pamphlets

In general, the entrepreneur-type of members are those who are willing to take greater risks in accessing the wholesale loans, even if their common funds are available. These are the members who have the motivation to move out (or stay out) of poverty and can think of ways to go beyond mere coping with poverty: the woman from Pindaya who took out 300,000 kyats from the project to plant cauliflower; the three women from Pin Laung who thought of trading turmeric powder; the landless woman from Pindaya who borrowed land, planted on it using the wholesale loan, and earned 1.4 million kyats in return; or the woman from Ywar Ngan who had the imagination to collect cauliflower and wholesale trade these in Mandalay, while backloading blankets, rice and oil to her place [Inset 4].

Inset 4. Daw Nu Khin (right) from the Phyu Tit Sar SRG in Ywar Ngan Township wholesale traded cauliflower to Mandalay, while backloading blankets, rice and oil to her place in Ywar Ngan [Photo taken by Consultant]

These are also the members who seem to just have plain business acumen, such as the woman from Nyaung Shwe who expanded her jewelry-making micro-enterprise [Inset 5], and the woman from Kalaw who was able to put up a second grocery shop from the wholesale loan product. They are examples of the enterprising poor (and non-poor) among the SRG members who have the potential to permanently move out (or stay out) of transient poverty, by creating their own new incomes or by adding to their income sources. Based on their accounts and the on-site visits, they also have potential to create income effects for others through employment in their micro-enterprises or in their seasonal projects. Given these potentials, further assistance to their activities can contribute to the long-term goal of poverty reduction in the rural areas of Myanmar.

Inset 5. The jewelry-making micro-enterprise of this woman from the Hnin San Pan SRG in Nyaung Shwe Township is employing four people (background) [Photo taken by Consultant]

Due to their positive experiences on the wholesale loans, beneficiaries expressed a common desire to continue accessing the product, which increases the possibility for these outcomes to be sustained over time. However, since access to the product are done by groups (i.e. it is a group loan), much of the chances for continuity of the benefits depend on the sustainability of the SRGs. As will be elaborated in the next section, the SRGs that were organized under the ICDP are currently undergoing a challenging phase, after the phase-out of the ICDP in December 2012 and the nearing closure of its transition project by the end of this month (i.e. September 2013).

The project introduced a pioneering model of enabling financial inclusion to remote villages in Myanmar, in the sense that: (a) the product is an interest-bearing loan, not a grant, which was the previous modality applied in the ICDP; (b) the methodology of delivery is being done through the existing groups (i.e. it passes through and is guaranteed by the SRGs even if there are only selected borrowers from the groups); and (c) the product is actually being used as a micro-enterprise loan, which has become available in remote villages not reached by the regular MFP. The potential of replicating the model becomes more important considering that there is a much larger market of SRGs and CBOs in the country that have been organized under the ICDP and the CDRT [Table 2], and also similar groups (such as the self-help groups organized by GAA) that were put up through other initiatives.

Still, there are no indications yet that the project is already having an effect on national development programming or policy by UNDP, the Union Government, or the local micro-finance community. Further study on the effects of the intervention on poverty, and public promotion of the successes thus far, may elicit interest for replication of the project model or its emulation via a similar model.

E. Sustainability of the Intervention

There is a built-in sustainability system in the intervention since Pact had been managing the wholesale loan funds as part of its business portfolio. As noted in the early part of this report, it was clear to Pact that the loan amount should become a revolving fund that will continue to be managed by them even after the end of the project period. Turnovers of the loan fund have so far resulted in operating surpluses [Annex E] that support the continuity of project activities.

It became evident during the mission that project activities are being continued by Pact even after the project ended on August 2012. An additional 42 SRGs have benefited from the wholesale loans as of July 2013 [Table 12]. The field briefings with Pact Staff and the on-site meeting with the SRGs also showed that capacity assessments are continuously being done to review and update the status of the SRGs, in order to determine their qualifications to access the product. [24]

TABLE 12. Summary of Project Deliverables

	As of Project End (August 2012)	As of July 2013
Output 1: Conduct of Capacity Assessments Output 2: Disbursement of Wholesale Loans	789 SRGs 292 SRGs	789 SRGs 334 SRGs

Source: Presentation Slides prepared by Pact

Pact has also prepared a Business Plan (Loan Disbursement Plan) for the wholesale loan project which aims to cover 44 more (new) SRGs in 2014 and 2015. Based on this plan, around USD 400,000 will be disbursed to these new SRGs each year in 4 lending cycles. The plan is another indication that the intervention has become a going-concern. Possible improvements can nonetheless still be made on the plan in terms of its further elaboration into a full business plan. Repayment rates for the wholesale loans were also reported by the project staff to be 100% as of the time of the mission.

The Operational Self-Sufficiency Ratios of the wholesale loan project for 2011 and 2012 are shown in Table 13. For both years, it appears that operational incomes have exceeded operational costs. As earlier noted, the project incurred considerable expenses in 2011, particularly on the capacity-building activities for the SRGs, which raised the operating costs for that year and led to an operational self-sufficiency ratio of 110%. By 2012 however, this improved to 212% as the capacity-building trainings for the beneficiary groups have already been expended during the previous period, while interest incomes from their loan accounts accrued.

TABLE 13. Operational Self-Sufficiency Ratios

	Wholesale Loan Project	Shan Zone	Dry Zone	Delta Region
2011 2012	*110%* *212%*	316% 241%	340% 363%	264% 272%

Source: Pact Annual Reports and Consultant's Estimates Based on Project Financial Data

Overall, it is also turning out from these comparative ratios that more costs are involved in the project compared to Pact's regular micro-finance programme, due to the geographic location of the clientele and the limited loan volumes relative to the transaction costs. The disbursement of most of the loan amounts in 2011 was also a factor for the skewed results year-on-year.

[24] Based on the presentations done by the Pact Field Staff, 27 re-assessments were done in Nyaung Shwe, 42 in Kalaw, and 42 in Pin Laung, all as of July 2013.

There are also external opportunities and challenges which will affect the sustainability of the intervention. With the passage of the Micro-Finance Law (and the influx of donor support to micro-finance programmes), more MFIs will be encouraged to do business in Myanmar. However, it will have to be seen if regular micro-finance operations will be able to cover the remote villages where most of the SRGs/CBOs are located, given the added costs that comes with this approach, as evidenced by the experience of the wholesale loan project. A related challenge is how the other MFIs will take on the challenge of also working through the SRGs/CBOs given the cost disadvantages.

At the time of this evaluation, the SRGs have been given the opportunity to convert into co-operatives as part of the sustainability strategy of the ICDP. However, this option does not seem to be an easy decision for most SRGs. Among the 18 SRGs that were consulted during the mission, only 3 (i.e. Ngwe Chine SRG in Pin Laung, 1 comparison group SRG in Pin Laung, and the Bawa Pan Tain SRG in Pindaya) reported that they have decided to convert into co-operative societies. One of the reasons why they have decided to do so, is to avail of the benefits that are given to co-operative societies, including a possible loan assistance from the Ministry of Co-operatives which reportedly offers a loan of 100,000 kyats per member at only 1.5% interest per month. If this is true, this will also be a challenge to the Pact wholesale lending project and the other MFIs which will offer market-based interest rates.

There is common perception among key informants that there is general aversion among the SRGs to convert into co-operatives because of their negative outlook towards the co-operative movement in Myanmar. The focus group discussions also show that much of the motivation among the SRGs is to simply acquire formal legal identity (apparently, this was the strategy promoted on them by the transition phase of the ICDP). Across the groups, there was no mention at all about the co-operative concept and the basic principles (including open membership) that are supposed to be understood by the members first before forming a co-operative. There is therefore a threat that the lack of preparation of the SRGs on their transformation as co-operatives may ultimately lead towards their integration into the culture and practices of the traditional co-operative sector in Myanmar.[25]

In relation to the prevailing uncertainty over the future of the SRGs, there is a particular challenge in the sustainability of the SRGs in Nyaung Shwe Township. The 2 SRGs under the Beneficiary Group in the area reported that their savings and retained earnings were recently distributed among the members. This is because the members are worried about the future of their common funds, should their SRGs be converted into co-operative societies [see Footnotes 18 and 19]. According to the coordinators from the Cluster Leading Group, 23 out of the 25 SRGs in the township have done the same (i.e. distributed their savings and retained earnings to their members) because of this concern. Apparently, this had been due to the inability of the local personnel of the Department of Co-operatives to assure them that their money will not get lost during the conversion process.

[25] Based on the FGDs, the Department of Co-operatives has been the lead agency for promoting the conversion of the SRGs into co-operatives. The SRGs further reported that they have the bookkeeping trainings which were hosted by the department. No mention was made of pre-membership education seminars or similar activities.

III. CONCLUSIONS AND KEY LEARNINGS

A. Conclusions

The Wholesale Loans to SRGs Project has been relevant to the socio-economic context of Myanmar, as it is serving as a mechanism to provide supplemental credit to mainly poor beneficiaries in the rural villages of the Southern Shan Zone. As most of the loan funds are being utilized for agricultural purposes, the project is also contributing to the development of the agricultural sector, which is the main pillar of the country's economy.

Although unplanned, the project is aligned with the official national development track which is focused on the strengthening of the agricultural sector. By working through and capacitating the SRGs, the project also complemented the previous approach of UNDP in establishing grassroots organizations through the ICDP.

The project is also relevant to the changing development context in Myanmar. It introduced an external formal loan modality to the SRGs, in contrast to the grant-giving approach followed in the previous ICDP. Through the project, supplemental loan funds were also provided to SRGs whose internal common funds were no longer adequate for the purposes of its enterprising members. Continued support to the intervention has direct linkages to the current (2013-2015) UNDP Country Programme for Myanmar. There are also potentials for partnerships on a future intervention with the government, through the Small-Scale Industries Department (SSID) and the Department of Co-operatives.

The project has been effective in terms of achieving its stated objectives, in the appropriateness of its loan methodology and loan distribution criteria, and its overall execution and management. Improvements can nonetheless be made on the planning and reporting of development results.

A key factor for the effectiveness of the project was the professional business approach applied by the Implementing Partner (i.e. Pact). This was balanced by the presence of the ICDP, which provided non-business support to the SRGs. However, with the exit of the ICDP in 2012 and its transition phase in the near future, there is a challenge on the sustainability of the SRGs and the carry-over of the developmental purposes underlying the intervention.

The operational efficiency of the project was aided by the execution modality in which Pact made use of its existing operating structure and management system, in addition to its adoption of a business approach and application of its micro-finance expertise. Being a pioneering endeavor, the financial efficiency of the intervention could be the subject of further experimentation and study, in order to establish appropriate benchmarks.

Direct testimonials from the loan beneficiaries indicate that positive outcomes are being created by the project. Still, there are challenges to the attribution of these outcomes to the intervention. The current outreach of the intervention is also small, relative to the estimated market of SRGs, CBOs, and similar groups in Myanmar. There is therefore basis to replicate the effort to a larger scale, especially considering its potential impact on the reduction of transient poverty in the country.

On the supply side, there are clear indications that the intervention has become sustainable. Pact is managing the loan funds as part of its regular business portfolio, through which there are continuing activities on the loan product. Future plans on the loan product have also been set. However, there is still uncertainty on the sustainability of the intervention from the demand side, as there are only a few SRGs that are known to be in the process of being transformed into co-operative societies. Follow-up actions to the SRGs in the interim period will thus be helpful.[26]

B. Key Learnings

Future similar interventions may benefit from the following learnings that are emerging from the project experience:

(a) Implementing this type of a project through a professional financial intermediary like Pact has definite advantages in terms of business effectiveness, efficiency of service delivery, and sustainability of the effort. These will nonetheless have to be matched with parallel support to development effectiveness, in terms of the planning and reporting of development results, and in the provision of non-business services to the target groups. Prior assistance to the SRGs by the ICDP in their organizational and financial management capacities was a key success factor.

(b) There are certain costs associated with interventions like these, which are distinct from the regular costs incurred in micro-finance operations. It would be more appropriate to set separate benchmarks for projects like these, in measuring its financial efficiency and self-sustainability.

(c) There could be two types of members in the SRGs. The regular members could be those that are coping with their situation, from their use of the common funds that are available in their groups. There are also the enterprising members, the creative risk-takers in the groups who are ready to access the wholesale loans to further expand their economic activities. These are the members who have greater chances of moving out (or staying out) of transient poverty. The project and similar interventions could focus on this particular segment within the SRGs, and also the other weaker members who have potential to become entrepreneurs.

(d) The project experience also shows that a lending modality to the target groups could also work, side-by-side with a grant modality which was previously used in the ICDP. While the grant modality could have been appropriate in the previous development context surrounding the country, the lending modality could be more relevant given the changing times and the new approach on socio-economic development.

[26] According to feedback on the draft report, around 1,000 SRGs are applying for registration as co-operative societies (based on a UNDP survey).

IV. RECOMMENDED IMPROVEMENTS AND STRATEGIC OPTIONS

A. For the Implementing Partner

Pact may consider elaborating the Loan Disbursement Plan for 2013-2015 into a full Business Plan (for the Wholesale Loan Product) that may include, among others: (a) the outreach strategy for the period (i.e. whether to focus on the current set of clientele within the SRGs, expand the coverage to other members within the same set of SRGs, or move on to new SRGs within the townships or to other townships in Shan) based on a cost and benefit analysis; (b) the positioning of the product vis-à-vis the common funds (i.e. whether it will be more effective to promote the product as a micro-enterprise loan or an income-generating loan, apart from being a general "wholesale loan"); (c) a Projected Income Statement for the wholesale loan business; and (d) the Projected Financial Ratios that would come out from the business unit's operations plan.

In relation to the previous suggestion on the outreach strategy (and with reference to the financial forecasts), it would also be good if Pact can likewise open up the loan product to those SRGs which have had past due accounts on their common funds that were borne out of fortuitous events.

Further, Pact may consider adjusting the loan size of the wholesale loan product with reference to its regular Micro-Enterprise Loans, which offers a higher loan ceiling (i.e. up to USD 1,180 *per borrower* vis-à-vis the USD 3,500 max per group in the wholesale loan project).

Pact may also want to look at possibly working with the SRG Cluster Leading Groups, which were formed as part of the transition phase after the exit of ICDP. Based on the FGDs, these township-level committees have been meeting regularly and are being attended by the SRGs. Participation in these joint activities could thus lower some of Pact's transaction costs with the SRGs. These mechanisms could also serve as Pact's non-business counterpart for the intervention.

B. For UNDP

In the immediate period, it will be helpful for UNDP to provide follow-up actions to the SRGs in their transitioning towards co-operative societies. Advocacy actions to the Department of Co-operatives may be needed, to focus on the conduct of Information, Education and Communication (IEC) activities that are aimed to ensuring that the SRG Members have a fair understanding of the basic co-operative concepts and principles, as well as their rights and responsibilities in their societies and within the sector.

Interventions related to the institutional development of the SRG Cluster Leading Groups, , may also be taken into account by UNDP.[27]

UNDP can promote the wholesale lending model to other financial service providers in Myanmar, so that these providers can consider a replication of the model to the other areas of the country. In particular, the 3 other poorest zones (i.e. Chin, Rakhine, and Tanintharyi) should be targeted as areas for project replication.

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[27] UNDP's current plan is to provide capacity-building and leadership training support to 28 SRG Cluster Leading Groups for these groups to be registered as Civil Society Organizations. Also, SRGs that will still be in need of financial services will be linked with the Department of Co-operatives.

Annex A. List of Evaluation Questions

1. Project Relevance

1.1 To what extent was the project related to the socio-economic context of Myanmar and its main development challenges?
1.2 Was the project aligned with the stated priorities of the country?
1.3 To what extent were key stakeholders (i.e. relevant government and non-government agencies, as well as UN Agencies) involved in the design and implementation of the project? Did the involvement of these agencies lead to greater relevance of the project?

2. Project Effectiveness

2.1 What outputs and outcomes were expected to be achieved?
2.2 What stated outputs (and outcomes, if any) were achieved? How effective was the SRG capacity-building process? To what extent have the SRGs been capacitated in terms of in member loan appraisal, business planning, loan and savings fund management and financial record keeping? What is the financial performance of the SRGs in terms of their loan repayment?
2.3 How appropriate was the SRG wholesale loan methodology in addressing the credit requirements of members?
2.4 How appropriate was the loan distribution criteria? To what extent did the project adhere to the criteria?
2.5 How effective was the execution modality and the management system?
2.6 How effective was the M&E System?
2.7 What factors contributed to the achievement or non-achievement of project outputs (and outcomes)? If external risks were a factor, were these considered in the project design?
2.8 To what extent was gender equality effectively mainstreamed in project design and execution?
2.9 Overall, what factors contributed to the effectiveness or ineffectiveness of the project?

3. Project Efficiency

3.1 How efficient was the execution modality and the management system?
3.2 How efficient was the implementing partner (i.e. PACT)?
3.3 To what extent did the financial performance of the project meet efficiency standards?
3.4 To what extent did the project utilize available financial, human, technological, and knowledge resources for its purposes?
3.5 What factors contributed to the efficiency (and/or inefficiency) of the project?

4. Immediate Effects and Potential Impact

4.1 What are the immediate effects (i.e. "impact") of the project on the SRGs and the individual beneficiaries? How did the members utilize the loans provided through their SRGs?
4.2 How sustainable are these immediate effects (i.e. the project "impact")?
4.3 Did the project introduce an innovative model or technology that has potential for replication elsewhere?
4.4 Did the project have an effect on national development programming or policy?

5. Sustainability of the Intervention

5.1 What exit activities and sustainability strategies were undertaken and adopted for the project?
5.2 To what extent are the project activities being continued?
5.3 To what extent are the systems introduced by the project still being applied?
5.4 What factors are affecting the sustainability of the intervention?
5.5 What are the opportunities and challenges for the microcredit clients?

Annex B. List of Reference Documents and Websites

Dr. Adam McCarty and Bart Robertson. *Quantitative Overview of UNDP Myanmar HDI Revolving Funds.* 12 Nov 2012.

Eric Duflos, Paul Luchtenburg, Li Ren, and Li Yan Chen. *Microfinance in Myanmar Sector Assessment.* CGAP and IFC. Jan 2013.

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UN Country Team in Myanmar. *Thematic Analysis 2011 Achieving the Millennium Development Goals in Myanmar.*

UNDP and Pact. *Project End Report on Self-Reliance Groups Access to Microfinance's Wholesale Loan.* Nov 2012.

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UNDP. *Sustainable Microfinance to Improve the Livelihoods of the Poor (MYA/01/004).* Project Proposal for DANIDA Funding of Wholesale Loan to SRGs Program.

UNDP. *UNDP Country Programme for Myanmar (2013-2015).* Dec 2012.

Annex C. List of Participants in the Interviews, FGDs, and Meetings

UNDP

Mr. Heinz Willems	-	Micro-Finance Specialist
Daw Khin May Shin	-	Programme Analyst (Micro-Finance)
Daw Htay Htay Aung	-	SRG Specialist

Pact

Mr. Fahmid Karim Bhuiya	-	Chief Operating Officer
U Maung Maung	-	General Manager, Micro-Finance Project
U Min Thein	-	Deputy General Manager (Training)
Daw Yin Yin Win	-	Zonal Manager
U Nay Myo Aung	-	SRG Support Coordinator, Micro-Finance Project
U Nyan Wynn Maung	-	SRG Field Trainer/Shan SRG Team Leader
U Nyi Nyi Htun	-	Regional Manager
U Than Phay	-	Branch Manager
U Nyi Nyi	-	Branch Manager
U Kyaw Kyaw Mo	-	Branch Manager
U Aung Phone Kyaw	-	Branch Manager
U Nyi Lin Han	-	Loan Monitor
U Zaw Naing Tun	-	Loan Officer
Daw Kay Thwel Moe	-	Loan Officer
U Kyaw Aung Htun	-	Training Officer
U Than Shwe	-	HR and Administrative Officer
Daw Ohn Mar Kyaw	-	MIS Officer
Daw Aye Mya Khaing	-	Finance Officer
Daw Hnin Aye	-	Regional Manager
U Ye Kyaw Myo	-	Branch Manager
U Than Htun	-	Branch Manager
U Than Hteik Soe	-	Loan Monitor
U Than Hlaing	-	Assistant Regional Manager
U Moe Wint Zaw	-	Branch Manager
U Khun Kyaw Thiha	-	Branch Manager
U Zaai Than Myint Oo	-	Branch Manager
U Aung Myo Lin	-	Program Manager

External Experts

U Myint Kyaw	-	Business Development and Micro-Finance Officer, LIFT
Mr. Bryan Berenguer	-	Head of Projects, German Agro Action
Daw Thandar Phyu	-	Project Coordinator, German Agro Action

SRGs (Beneficiary Group)

Members of Yadanar Shwe Yaung SRG in Nyaung Shwe Township
Members of Hnin San Pan SRG in Nyaung Shwe Township
Members of Taung Gyi Phyar Auk SRG in Nyaung Shwe Township
Members of Parame SRG in Kalaw Township
Members of Shwe Nay Kar SRG in Kalaw Township
Members of Ngwe Ta Lain Ma SRG in Pin Laung Township
Members of Ngwe Chine SRG in Pin Laung Township
Members of Shu Taing Yin SRG in Pindaya Township
Members of Bawa Pan Tain SRG in Pindaya Township
Members of Phyu Tit Sar SRG in Ywar Ngan Township
Members of Hnin Si Phyu SRG in Ywar Ngan Township

SRGs (Comparison Group)

Members of Pyit Tie Htaung SRG in Nyaung Shwe Township
Members of Nyi Mya Gyin Swan Anh SRG in Nyaung Shwe Township
Members of Pan Swe Phyu SRG in Kalaw Township
Members of Ngwe Taung SRG in Pin Laung Township
Members of Hom Hein SRG in Pin Laung Township
Members of Ngwe Sa Pal SRG in Pin Laung Township
Members of A Man A Kan SRG in Pindaya Township

Annex D. Itinerary of the Country Mission

August 28 (Wednesday)	PM	Arrival of Evaluation Consultant in Yangon City
August 29 (Thursday)	AM	Initial Meeting with UNDP/Briefing on the Evaluation
	PM	Initial Meeting with PACT/Briefing on the Evaluation
August 30 (Friday)	AM	Interview Daw Htay Htay Aung, UNDP SRG Specialist
	PM	FGD with PACT
		Meeting with German Agro Action
August 31 (Saturday)		Write-Up
September 1 (Sunday)		Travel to Nyaung Shwe Township
September 2 (Monday)	AM	Briefing with Pact Field Staff (Nyaung Shwe)
		FGD with Yadanar Shwe Yaung SRG
	PM	FGD with Hnin San Pan SRG
September 3 (Tuesday)	AM	FGD with Taung Gyi Phyar Auk SRG, Pyit Tie Htaung SRG, and Nyi Mya Gyin Swan Anh SRG
	PM	Travel to Kalaw Township
September 4 (Wednesday)	AM	FGD with Parame SRG
	PM	FGD with Shwe Nay Kar SRG
		Briefing with Pact Field Staff (Kalaw)
September 5 (Thursday)	AM	FGD with Pan Swe Phyu SRG
	PM	Travel to Pin Laung Township
September 6 (Friday)	AM	FGD with Ngwe Ta Lain Ma SRG
	PM	FGD with Ngwe Chine SRG
September 7 (Saturday)	AM	Briefing with Pact Field Staff (Pin Laung)
		FGD with Ngwe Taung SRG, Hom Hein SRG, and Ngwe Sa Pal SRG
	PM	Travel to Pindaya Township
September 8 (Sunday)	AM	FGD with Shu Taing Yin SRG
	PM	FGD with Bawa Pan Tain SRG
September 9 (Monday)	AM	FGD with A Man A Kan SRG
	PM	Travel to Kalaw Township
September 10 (Tuesday)	AM	FGD with Phyu Thit Sar SRG
	PM	FGD with Hnin Si Phyu SRG

September 11 (Wednesday)	PM	Debriefing with Pact Field Staff (Kalaw) Travel to Yangon City
September 12 (Thursday)	AM PM	Interview U Myint Kyaw, LIFT Write-Up
September 13 (Friday)	AM PM	Write-Up Final Debriefing with UNDP and Pact
September 14 (Saturday)		Departure of Consultant from Yangon City

Annex E. Selected Project Financial Data (in Myanmar Kyats)

	2011	2012
Total Financial Income	45,362,643	61,799,666
Total Financial Expenses	1,829,091	250,550
Financial Margin	*43,533,552*	*61,549,116*
Operating Expenses:		
Salaries and Benefits	10,826,923	11,605,098
Administrative Expenses	1,294,575	1,229,705
Travel and Accommodation	9,210,274	8,626,010
Training	13,953,092	1,900,595
Repair and Maintenance	458,230	627,600
Depreciation	5,601,364	5,144,030
Total Operating Expenses	*41,344,458*	*29,133,038*
Net Income from Operation	*2,189,094*	*32,416,078*
Average Net Portfolio Outstanding	*106,896,154.50*	*193,482,234.00*
Operating Efficiency Ratio[28]	*40%*	*15%*

[28] Operating Efficiency Ratio = Total Operating Expenses/Average Net Portfolio Outstanding