



## **LEARNING TO IMPROVE BUSINESS SERVICES FOR RURAL MICROENTERPRISE**

ITDG's experience of using participatory processes to establish enduring  
impact assessment systems among business service providers  
in rural Bangladesh

**Mike Albu \*, Abdur Rob & Anisur Chowdhury**

**November 2003**

*New Directions in Impact Assessment: Methods & Practice  
EDIAIS International Conference  
November 2003, Manchester University UK*

**\* Corresponding author and address:**

Mike Albu

Enterprise Development Advisor

ITDG

Bourton Hall, Bourton, Warwickshire, CV23 9QZ, UK

E-mail: [Mike.Albu@ITDG.org.uk](mailto:Mike.Albu@ITDG.org.uk)

Tel: +44 (0)1926 634400

## LEARNING TO IMPROVE BUSINESS SERVICES FOR RURAL MICROENTERPRISE



**ITDG's experience of using participatory processes to establish enduring impact assessment systems among business service providers in rural Bangladesh**

*Mike Albu, Abdur Rob & Anisur Chowdhury  
November 2003*

### **ABSTRACT**

This paper discusses participatory methods in the design and implementation of performance and impact assessment systems among business service providers in rural Bangladesh.

Impact assessment systems are more than just mechanisms for accountability. They should inform an enduring learning process among service providers, sustained by rewards of better management information and market responsiveness. These benefits are more likely when service providers participate actively in system design, so that it reflects their own priorities, resources and capabilities – and the needs of their clients. However many factors constrain this - frustrating the development of business service markets that include responsive and intelligent service providers:

- Incentives: where activities are dictated by external project frameworks, service providers lack real incentives to value their own learning
- Guidance: there is little practical advice available to service providers seeking pragmatic, low-cost methods of measuring their own performance and impact
- Capability: many service providers lack the confidence, skills and resources to invest time in developing their own measurement systems

ITDG's small enterprise programme in Bangladesh aims to build business, technical skills and organisational capabilities, through a civil-society network that trains business service providers in rural Faridpur, Barisal and Dinajpur. ITDG does not directly fund these partner organisations, so the relationship has been less influenced than usual by local donor-recipient dynamics. In this context, ITDG encouraged its six leading partners to participate in developing performance monitoring systems.

Consultation meetings with stakeholders agreed qualitative and quantitative indicators most useful to assess different levels of impact that ripple out from ITDG's interventions and our partners activities. Monitoring formats for collecting information were developed, and ITDG's partners took responsibility for field testing these. They allocated specific personnel for system implementation, and co-ordinated a small team of staff from different organisations to assess training requirements.

Field testing is on going. First reports suggest that the participatory approach has produced a simple and practical system which both the service providers and their clients value.

## LEARNING TO IMPROVE BUSINESS SERVICES FOR RURAL MICROENTERPRISE



**ITDG's experience of using participatory processes to establish enduring impact assessment systems among business service providers in rural Bangladesh**

*Mike Albu, Abdur Rob & Anisur Chowdhury  
November 2003*

### INTRODUCTION

This paper discusses ITDG's<sup>1</sup> experience of using participatory methods to design and establish performance and impact assessment systems among business service providers serving microenterprises in rural Bangladesh.

Many development practitioners now appreciate that the goals of impact assessment (I.A.) must extend beyond merely creating mechanisms of accountability (see for example Simanowitz, 2001). In the messy and uncertain real world of development practice, I.A. systems that only seek to "prove results" risk being seen as impositions by those whose work is under scrutiny. In practice this means that such systems are vulnerable to false reporting, encourage dubious attributions of impact, require costly auditing, and create disincentives to learning from mistakes.

"Proving" impact via externally-imposed I.A. systems is particularly contentious when the principal aim of a programme is to build the long-term capacity and institutional sustainability of service-providing organisations or agencies. In this context – which is typical of business development services (BDS) support programmes – externally-imposed I.A. systems are most unlikely to sustain after external support and supervision is withdrawn.

The challenge is to move from I.A. systems that aim to *prove* results, toward I.A. systems that help *improve* performance. By this criterion, effective I.A. systems are practitioner-focussed: characterised by their ability to contribute to enduring learning processes among those whose work is being assessed. Such I.A. systems have to be sustained by the advantages which "learning" organisations gain from having better information about their own performance and the needs of their customers or service users.

In its work with business service providers in rural Bangladesh, ITDG hypothesised that a critical factor in establishing I.A. systems that facilitate such performance improvement is the active participation of service providers in the I.A. system design and implementation process. This paper describes how this was achieved and reports some provisional outcomes.

### CONTEXT 1: POVERTY AND RURAL NON-FARM EMPLOYMENT IN BANGLADESH

Bangladesh has levels of rural poverty of a unique scale and intensity. Nearly half the rural population - some 50 million people - are estimated to be living on diets that fail to meet minimum desirable levels of nutrition. In an overwhelmingly agricultural economy, recent agricultural improvements offer little hope to Bangladesh's poorest people. Land is already intensively cultivated and there are great inequities in distribution. Average farm sizes have declined steadily (e.g. from 0.8 ha in 1983 to 0.6 ha in 1996), to the point where typical holdings are now only adequate to meet 50% of a household's livelihood needs.

---

<sup>1</sup> ITDG is an international NGO that works to help poor people create their own solutions to poverty. ITDG sees technology - including physical infrastructure, equipment, knowledge, skills and the capability to organise and use all of these - as a vital contributor to people's livelihoods. By sharing knowledge, skills and influencing others, ITDG envisions a world free of poverty and injustice in which technology is used to the benefit of all.

In this context, rural non-farm employment (RNFE) offers an indispensable alternative to destitution or urban migration. Moreover, during the 1990s, rural non-farm employment not only played a critical role in poverty reduction – it also made the major contribution to overall economic growth in Bangladesh (Osmany *et al.* 2003).

A detailed recent survey of enterprise in Bangladesh (Daniels, 2003) found that in rural areas 9 million people (13% of adult population) already work<sup>2</sup> in non-agricultural small and microenterprises<sup>3</sup>. More than half of these are home-based enterprises – whose scope ranges from retail trading, to snack food-processing and small-scale manufacturing of basic household goods.

Four factors are critical to RNFE growth and impact on poverty: access to markets or buyers, access to skills and technology, access to credit and the overall policy environment facing microenterprise. Key characteristics of the Bangladesh context are summarised in Figure 1

**Figure 1. Factors influencing rural non-farm enterprise in Bangladesh**

	<b>Strengths &amp; Opportunities</b>	<b>Weaknesses &amp; Threats</b>
<b>Access to Markets</b>	<ul style="list-style-type: none"> <li>• Fast expanding domestic urban markets</li> <li>• Very low labour costs</li> </ul>	<ul style="list-style-type: none"> <li>• Rural isolation – shoddy transport &amp; communications infrastructure</li> <li>• Changing patterns of trade &amp; competition</li> <li>• Lack of market intelligence capabilities</li> </ul>
<b>Credit / Finance</b>	<ul style="list-style-type: none"> <li>• Extensive outreach of micro-credit programmes</li> <li>• High participation by women</li> </ul>	<ul style="list-style-type: none"> <li>• Little or no coordination between credit and non-financial services</li> </ul>
<b>Skills &amp; Technology</b>		<ul style="list-style-type: none"> <li>• Anachronistic skills base</li> <li>• Inadequate quality assurance</li> <li>• Weak supply of appropriate technologies</li> </ul>
<b>Policy Environment</b>		<ul style="list-style-type: none"> <li>• Inadequate transport infrastructure</li> <li>• Unreliable electricity supply</li> <li>• Official harassment &amp; rent-seeking</li> </ul>

## CONTEXT 2: GENDER, ACCESS TO CREDIT AND SKILLS

Due to the phenomenal success of group-based lending, women have unparalleled access to credit in Bangladesh. Almost all of the many micro-finance institutions target women as their priority borrowers (Jackelen 1999), and most aspire to lift their clients out of poverty through income-generating activities.

Despite their high uptake of micro-credit, however, women represent a tiny fraction of the workforce in rural non-farm small & microenterprise – much of which is unpaid work by family members. Less than 3% of rural women own or have paid employment in non-farm enterprises (compared to around 33% of rural men) (based on analysis of data in Daniels, 2003). Most of this female employment occurs in home-based businesses concentrated in stereotypical activities with low returns: garment-making, petty trade, spinning and weaving of textile.

Even though micro-credit schemes in Bangladesh are rotating large volumes of money, ostensibly through women's hands, this has not generated much employment for women. Much lending to women is, in practice, diverted directly into hands of male relatives, but this is only part of the explanation. It is also the case that women, and poorer, marginalised

<sup>2</sup> Of these: 21% are owners, 15% are unpaid-family members and 64% are paid workers.

<sup>3</sup> In Daniel's survey, an enterprise was defined as any income-generating activity that markets at least 75 percent of its product

segments of the population in general, lack the skills, information and access to markets that are needed to succeed in business. This is epitomised by rural producers frequent inability to understand and meet the needs of large-volume buyers, and aggravated by the absence of appropriate technologies and skill-base. The huge disparity between women's use of micro-credit and their actual participation in small-scale enterprises is evidence of this.

## **ITDG'S APPROACH TO RURAL BUSINESS DEVELOPMENT SERVICES**

ITDG Bangladesh, with financial assistance from DFID, has been working to support development of rural non-farm enterprise through its Small Enterprise Unit since 1996. Their action-research programme is exploring whether village-level organisations (community NGOs) have a useful role to play in delivery of non-financial business services – such as the delivery of technical and business skills, brokering of market linkages, input procurement and product development – for rural microenterprise.

At this point, it must be noted that NGOs' track record in business service delivery is not good. Services, such as vocational skills training, have tended to be "supply-driven": disconnected from any intelligent analysis of real market opportunities - hence low in relevance and often poor in quality.

Nevertheless, ITDG Bangladesh were unwilling to entirely bypass community-based NGOs for several highly practical reasons:

1. Village-level Bangladeshi NGOs have established a key role in delivery of services related to health, nutrition, education and social empowerment of women. As such they have unparalleled access to those most affected by poverty, and in some cases a highly motivated "socially responsible" workforce of staff and volunteers.
2. Many village-level NGOs have active group-based lending schemes that collectively reach very large numbers of women.<sup>4</sup> There is a huge potential to *piggy-back* non-financial services on these credit schemes.
3. The absence of any significant commercial market for business development services in remote and poorly connected rural areas, combined with gender-related social restrictions on women, means that village-level NGOs are often the sole agencies capable of delivering services.

In these circumstances ITDG set out to build village-level NGOs capabilities so that they can move closer to the accepted best practice in business service delivery: i.e. demand-led, multiple market-based providers, recovering costs and demonstrating value to clients.<sup>5</sup>

### **Pilot Phase**

In the pilot phase of ITDG's programme, partnerships were established with 21 relatively-small<sup>6</sup> village-level NGOs in Greater Faridpur, Barisal and Dinajpur regions. Typically these organisations each mustered 10 – 20 staff, including volunteers, and were already active in delivering one or more services related to health, nutrition, education and social empowerment of women. All of them had established group-based lending / micro-credit programmes, and aspired to provide business services to their more entrepreneurial clients.

The decision to work with relatively smaller NGOs was based on the belief that effective business service providers must be capable of adapting their services to meet diverse local needs and market conditions.

---

<sup>4</sup> One institution: Palli Karma-Sahayak Foundation (PKSF) alone finances 148 small micro-finance CSOs with 600,000 members (Dewan Alamgir, 1999)

<sup>5</sup> For further explanation of market-development thinking in business services see the ILO's BDS Primer (Miehlbradt & McVay, 2003)

<sup>6</sup> Although relatively small, these organisations each lay claim to 15,000 "beneficiaries" on average. Naturally, only a small proportion of these are entrepreneurs or clients of business services.

The ITDG provided practical support, but not grant funding, in the form of:

- Business skills training and orientation for NGO staff – including advice on establishing revenue-generating activities
- Technical skills training for NGO field officers and volunteers
- Training in organisational planning & administration
- Training in market analysis, including subsector studies.

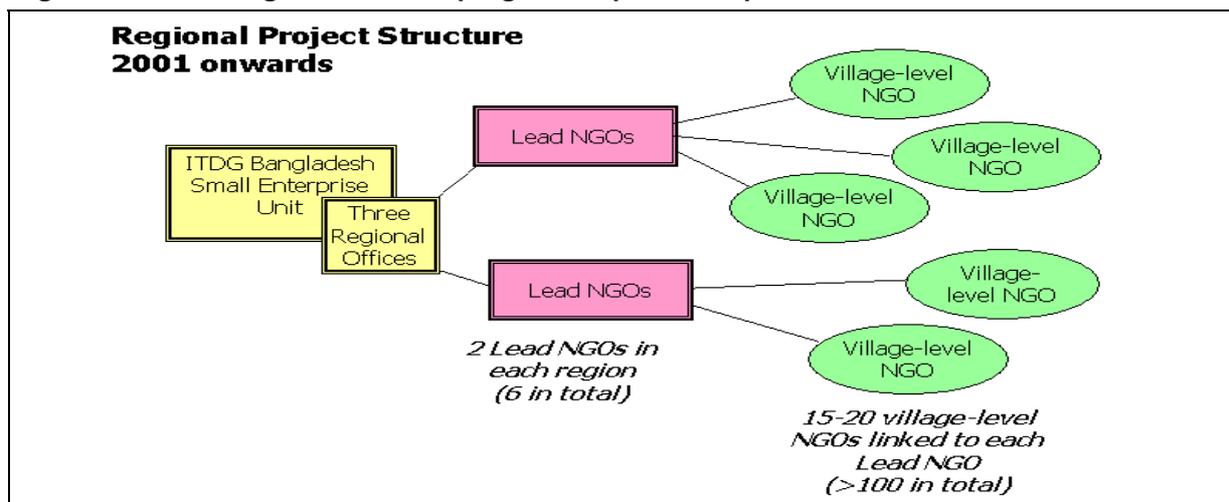
In addition, ITDG started publishing a series of highly popular income-generating activity profiles that provide basic information in Bangla about the technicalities, skills, equipment and investment required for a wide range of different businesses.<sup>7</sup>

## Second Phase

Following a positive review of this work, ITDG won a grant from DFID's Civil Society Challenge Fund to expand the scope of the programme from 2001. The objectives of the second phase go beyond building capabilities of a small number of village-level NGOs.

First, ITDG is progressively transferring its own role as a “facilitator” of BDS provision, to a small number of larger district-level “lead NGO partners” - two in each of the three regions. Each of these lead NGOs' have in turn established partnerships with 10 – 20 smaller village-level NGOs, so expanding the total number of organisations involved to over 100.<sup>8</sup>

**Figure 2. ITDG Bangladesh's BDS programme partnership structure**



Second, ITDG is seeking to promote a more sustainable and overtly market-orientated approach to BDS, for example:

- encouraging NGOs to gauge the value of services to clients through greater fee-recovery
- encouraging lead NGO's to charge fees for transferring training skills and organisational support to village-level NGOs
- promoting use of private business service providers to conduct training etc.
- brokering links and establishing networks among NGOs, local authorities and private-sector businesses in the region

Third, ITDG is seeking to instil processes of organisational learning in the partner NGOs at all levels, that ultimately help improve performance of service providers, leading to more responsive, sustainable and relevant range of business services for microenterprise.

<sup>7</sup> The ITDG Bangladesh IGA profiles now cover 28 subjects, and have sold in excess of 40,000 copies

<sup>8</sup> Annex 1 provides a detailed description of the range and diversity of the business services which ITDG these organisations provide to their members / clients.

## ITDG'S IMPACT ASSESSMENT MODEL IN BANGLADESH

ITDG Bangladesh's objectives implied the creation of a more reflexive learning culture in the service-providing organisations. The emphasis is therefore on "improving" performance as much as "proving" impact. In achieving this, ITDG was influenced by recent thinking on practitioner-focussed processes in impact assessment (Simanowitz, 2001), particularly as they apply to the assessment of impacts that "ripple-out" progressively from capacity-building interventions (James, 2001).

The structure of ITDG's BDS programme suggested performance and impact needed to be assessed, ultimately, at four levels:

- Level 1. Changes to the enterprises and livelihoods of poor women and men
- Level 2. Business services provided to microenterprise
- Level 3. Organisational support /services provided to village-level NGOs by lead NGOs
- Level 4. Organisational support and services provided to lead NGO partners by ITDG

In addition, ITDG drew on a well-established performance framework in the BDS field (McVay, 2001) that distinguishes dimensions of impact, outreach, sustainability and cost-effectiveness as summarised below.

**Figure 3. Dimensions of Performance in a BDS programme**

<p><u>COST EFFECTIVENESS</u> of activities</p> <p>How effective are project activities at achieving value for money? How well are costs being controlled? How well do the benefits generated reflect the costs being incurred?</p> <p><u>SUSTAINABILITY</u> of business service delivery</p> <p>How likely is it that benefits will continue to flow after project funding ends? How much institutional capacity exists for continuing services in future? To what extent can revenue or other income cover service delivery in future?</p> <p><u>OUTREACH</u> of business services in terms of scale and access</p> <p>How many beneficiaries are being reached by the services (scale)? How much effort is being made so that services reach the poorest, most marginal or socially excluded population (access)?</p> <p><u>IMPACT</u> of services on the microenterprises and the livelihoods of poor people</p> <p>What changes have been created in terms of impact on:</p> <ul style="list-style-type: none"><li>• Performance of microenterprises</li><li>• Operating or regulatory environment for microenterprise</li><li>• Livelihoods of individuals and households</li></ul>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The two perspectives - levels of impact, dimensions of performance - were combined in the performance framework shown below in Figure 4. Tick marks highlight the areas most relevant for overall impact assessment of the programme. This basic framework provided the basis of the development through participatory means, of a practitioner-focussed impact assessment system.

**Figure 4. Assessment Framework for ITDG's Small Enterprise programme**

Level / Locus of Change	COST EFFEC-TIVENESS	SUSTAIN-ABILITY	OUTREACH	IMPACT
1. Livelihoods of Poor Women and Men				✓
2. Business Services for Microenterprise		✓	✓	
3. Support & Services for Village-level NGOs	✓	✓	✓	
4. Support & Services for Lead NGOs	✓			

**PARTICIPATORY I.A. SYSTEM DEVELOPMENT IN PRACTICE**

**Preliminary Meeting**

ITDG Bangladesh’s I.A. system development began with a two day participatory planning workshop in Dhaka with senior representatives from the six lead NGOs partners. Principles of I.A. were discussed, and the basic matrix in Figure 4 was presented as a framework for discussion.

The workshop was co-ordinated by ITDG Bangladesh’s Monitoring & Evaluation officer, with technical support from a UK-based advisor. ITDG’s three regional officers – who have regular personal contact with the NGOs – also played a key role.<sup>9</sup>

At the preliminary meeting NGO participants worked to identify:

- INDICATORS that were considered relevant, measurable, verifiable, consistent in interpretation and above all practical (eg compatible with staff capabilities and organisational practices)

and to think about:

- METHODS for collecting, collating and documenting the information provided by these indicators

Results were documented and translated by ITDG’s staff. Summary examples of the preliminary output produced by this process are shown in Annex 2. Indicators were categorised according to whether the key data was worth assessing regularly (through monitoring) or could more usefully be assessed as part of retrospective evaluation exercises

**Follow Up Workshops**

In the second stage, attention was focussed on the indicators which made sense to monitor regularly, and which could be useful for providing NGOs with periodic feedback on their own performance as BDS providers (i.e. at levels 1 & 2).

To begin with a team (around 20 individuals) comprising ITDG and lead NGO partner representatives met and worked together over three days to elaborate on the indicators, ensure agreement on meanings, and discuss further the methods of data collection, collation and reporting.

<sup>9</sup> ITDG have a 9 staff assigned to the small enterprise development programme – all Bangladeshi nationals.

Later regional workshops were organised and held by the six lead NGOs in the three regions. On average 20 representatives from the village-level NGOs attended each workshop, discussed and provided feedback on the draft indicators.

### **Monitoring Forms**

Following these workshops, initial impact assessment instruments (monitoring forms) for use by NGO staff were drafted, covering those indicators that required regular assessment.

Great emphasis was placed at this stage on producing monitoring forms that would enable NGO staff to collect, collate, analyse and report results easily and rapidly themselves. To this end, the survey forms were revisited several times so as to streamline the process for NGO field staff – concentrating on the minimum number of questions needed to elicit essential information.

At level 1 – impact at the enterprise & household level - the monitoring instruments comprise:

**Form A:** a single page introductory CLIENT BASELINE QUESTIONNAIRE used by NGO field staff to elicit essential basic information from all new clients of business services

**Form B:** a single page CLIENT MONITORING INTERVIEW questionnaire used periodically by NGO field staff (e.g. every 3 or 4 months) to monitor the situation of individual entrepreneurs and their enterprises

At level 2 – performance of the BDS provider - the instrument comprises:

**Form C:** a two-page NGO MONITORING REPORT document completed periodically (e.g. every 3 or 4 months) by NGO managers

- a. to report on their own activities as a business service provider, and
- b. to summarise the main results collated from all the interviews (i.e. Form B's) conducted with their clients in the relevant period.

The latest versions of these monitoring instruments are shown in Annex 3.

The draft survey instruments were translated where necessary, field tested by ITDG and NGO staff, and initial reports have begun to be collected from the field by respective stakeholders. Further discussions have continued with the lead NGO partners about the use and most appropriate reporting frequency of these instruments.

### **Collation & Analysis of Data**

ITDG established its own computerised-based database to collate the data collected from Forms A & B, and to enable subsequent statistical analysis for evaluation purposes. However, it must be emphasised that the main intention is that the village-level NGOs and lead NGOs will collate and analyse their local data themselves independently.

The partner NGOs were already very familiar with the mechanics of monitoring procedures. Most of the agencies that finance NGO outreach activities in health and education for example, oblige them to collect data from beneficiaries. However, the NGOs were not at all accustomed to analysing and using the information that can be derived from this data. Typically, they simply passed it on to their “donors” or the large agencies that had contracted them to do specific types of work.

Reflexive learning: the idea of using and interpreting monitoring results in order to inform and perhaps improve organisational activities, is not difficult to conceptualise. But ITDG Bangladesh staff believe it will be necessary for NGO staff to analyse and interpret several months of their own data, before the process begins to acquire tangible meaning or value.

In the end, the participatory development of a practitioner-focussed I.A. system has been a long, iterative, process spanning more than a year. It is certainly not yet complete. Based on their experience so far, ITDG Bangladesh expects further incremental changes to be take place before something like an optimum I.A. system settles down.

## PROVISIONAL RESULTS

When this paper was conceived, it had been hoped that ITDG Bangladesh would already be able to report quantitative results about the use of the I.A. system by village-level NGOs. Results that would enable ITDG to report how well these organisations were doing at analysing their own performance.

In fact, by September 2003, although the I.A. system was beginning to operate, and about half of the village-level NGOs have begun sending reports up to their respective lead NGOs, ITDG Bangladesh had not yet received sufficient data from the NGOs to do a quantitative analysis.

In the absence of adequate data several structured but informal interviews were conducted , during October with NGO managers in Faridpur and Barisal, in order to get an understanding of how far the process really has been established. This was supplemented by feedback from ITDG Bangladesh's three regional officers. The following insights were obtained:

Most of the NGO managers genuinely seem to value results of monitoring performance. They were appreciative of the monitoring formats, which simplify the effort required to systematically collect data. They said it would help them in setting targets in their annual planning.

According to one lead NGO interviewee<sup>10</sup>, most village-level NGOs have assigned responsibility to an individual for monitoring activities, but they typically lack any systematic approach. The respondent felt that significant follow up support (e.g. over 3 or 4 quarters) would be needed "to establish a regular system". He also stated: "Before this system... information came in a scattered way. It was not possible to justify our programme activities. Now we will be able to provide information." Although this statement implies the "proving" agenda is still uppermost in the interviewee's mind, he also indicated that results were used during meetings with the village-level NGOs to review their support and services.

Collection and compilation of data is inevitably time-consuming and some village-level NGOs lack capacity and staff skills. There was a general consensus that quarterly reporting was too frequent, four or six month periods would be more appropriate.

Another interviewee<sup>11</sup> was uncertain about how the new I.A. system would affect his organisation's ways of working. Nevertheless he stated that there was a good fit between the monitoring instruments and the enterprise development activities his organisation did. He said he was disillusioned with the lack of concern shown by microfinance institutions who channelled credit through his organisation, into how the credit was used by beneficiaries.

Generally, respondents expressed a lot of appreciation that ITDG Bangladesh had sought to involve them intensively in developing the I.A. system. This was unusual in their experience. Rather than seeing the system as an imposition, they wished ITDG would spend more time inducting and orientating their staff to use it.

ITDG Bangladesh's own staff reported however that the main challenge they faced concerned the programme's partnership model. Most NGOs have no previous experience of partnership based entirely on capacity building support rather than financial assistance. Although they understood the programme approach, many struggled to cope with lack of financial incentives. In practice this meant that they gave priority to fulfilling other contractual obligations to activities that are donor-funded. Some NGOs showed little interest in monitoring indicators in ways that had been proposed and agreed by them.

---

<sup>10</sup> Suresh Halder, Director, Association for Village Advancement, Niltuly, Faridpur - personal interview, translated

<sup>11</sup> Fazlul Hadi Sabbir, Director, Beneficiary Friendship Forum, Faridpur - personal interview, translated

## CONCLUSIONS

It is too early in the programme to draw any solid conclusions, but certain suppositions can be made:

Among NGOs in Bangladesh, the shift in organisational culture that is required to move impact assessment from the “proving” to the “improving” end of the spectrum is not going to happen easily or rapidly. The long legacy of dependency on external grant-funding, means that most regional and village-level NGOs operate as little more than passive sub-contractors to a few major national and international agencies.

Nevertheless, some NGOs, at least, do recognise the limitations of this role, and aspire at least to some independence and along with this, the critical capacity to manage and improve their own performance. As we have argued, this reflective capacity seems essential to the development of better quality business services for rural microenterprise.

ITDG’s hypothesis - that active participation of service providers in the I.A. system design and implementation process is critical in establishing systems that facilitate performance improvement – has not yet been proven.

ITDG under-estimated the time and resources required to affect this shift in organisational culture as NGOs struggle to come to terms with the new responsibility they are being invited to take up. However, there is anecdotal evidence – from those managers who participated in the I.A. system development process – that at least some NGO’s value the new approach, and are keen to engage with an agency that can help them institutionalise it in their organisation.

It will take more time – possibly another year or more - for the impact of ITDG’s work on developing practitioner-focussed I.A. systems to become visible, and only then should it be possible to assess whether the effort expended has been rewarded.

## REFERENCES

- CDF** (1998) "Microfinance Statistics of CSOs and Other MFIs, Vol.7, Credit & Development Forum, Dhaka, Bangladesh
- Daniels, L.** (2003) "National Private-Sector Survey of Enterprises in Bangladesh 2003", Draft Report for DFID, USAID, SDC & SIDA, Sept 2003
- Dewan Alamgir** (1999) "Microfinancial Services in Bangladesh", CDF, Dhaka, Bangladesh
- Jackelen, H.** (1999) "Building banking from below in Bangladesh", Small Enterprise Development. Journal, Vol.10 No.3, ITDG Publishing, UK
- James, R.** (2001) "Practical Guidelines for the Monitoring & Evaluation of Capacity-Building, Occasional Paper Series No. 36, INTRAC, Oxford UK
- Mandal & Asaduzzaman** (2002) "Rural Non Farm Economy in Bangladesh: Characteristics and Issues for Development", CPD dialogue
- McVay, M.** (2001) "Performance Measurement Framework for Business Development Services: Sustainability and Cost-Effectiveness Assessment Guide," USAID Microenterprise Best Practices Project  
[http://www.mip.org/pdfs/mbp/sustainability\\_and\\_cost\\_effectiveness.pdf](http://www.mip.org/pdfs/mbp/sustainability_and_cost_effectiveness.pdf)
- Miehlbradt & McVay** (2003) "Developing Commercial Markets for Business Development Services", Primer for Annual BDS Seminar in Turin, Italy, SEEDS & ILO  
[http://training.itcilo.it/bdsseminar/Eng\\_ILO%20BDS%20Reader%202003%20Primer.pdf](http://training.itcilo.it/bdsseminar/Eng_ILO%20BDS%20Reader%202003%20Primer.pdf)
- Osmany, Mahmud, Sen, Dagdeviren & Seth** (2003) "Macroeconomics of Poverty: The Case of Bangladesh", Report by UNDP & GoB, Sept 2003, UNDP Dhaka
- Simanowitz, A.** (2001) "From event to process: current trends in microfinance impact assessment", Small Enterprise Development Journal, Vol. 12, No.4, ITDG Publishing, London

## **Annex 1: BUSINESS SERVICES for RURAL MICROENTERPRISE**

**Summary of the range of Business Services provided by village-level Community NGOs who are partnering ITDG in rural Bangladesh**

### **Information Services**

- Contact information - e.g. Inputs Suppliers, Wholesale Buyers, Skills Trainers
- New product / business ideas - e.g. IGA profiles
- Business exchange visits

### **Financial Services**

- Group-based lending schemes
- Credit references for microenterprises seeking formal loans

### **Marketing Services**

- Brokerage of links with buyers
- Product display / showrooms
- Rural Technology Fairs

### **Input-Related Services**

- Facilitating procurement of raw materials

### **Basic Business Skills - Training**

- Business start-up planning
- Book-keeping & administration

### **New (Product-Focussed) Technical Skills - Training**

- Screen Printing / Sign-making
- Production of environmentally-friendly Bags<sup>12</sup>
- Manufacture of low –voltage DC Lamps
- Manufacture of insect-repellent candles

### **Technical Skills Upgrading – Training & Individual Advice**

- Food processing (Snacks, Pickles, Chutneys, Jams etc.)
- Jute and Bamboo products
- Tailoring
- Block Batik & Silk Screen techniques in garment manufacture
- Heat-treatment of Steel
- Furniture manufacture
- Boat-making

### **Product Development / Diversification Services**

- Introduction of new ceramic pottery products
- Dissemination of garment design catalogues

### **Other Services**

- Assistance to procure Trading Licences
- Tool Hire Services – e.g. print screens, printing blocks
- Agricultural Soil Testing

---

<sup>12</sup> Substitutes for polythene bags which were recently banned in Bangladesh

## ANNEX 2: PRELIMINARY SELECTION OF INDICATORS

### Level 1: Impact on the Performance of Micro-enterprises and Livelihoods of Beneficiaries

Type of Impact	Impact Indicators
New employment / income opportunities are identified and brought to light for poor women and men	 Greater diversification of the sources of household income  Awareness of market demand and market requirements by micro-entrepreneurs
Increased capacity to cope with changing market conditions of microenterprises	 Number of market appraisals of business ideas conducted by entrepreneurs  Changes in the nature (stability, equity) of the relationships with suppliers & buyers  Evidence of innovative changes in enterprise practices, including adoption of novel techniques / technologies
Increase in the jobs and employment generated by enterprises of clients	 Number of jobs created by clients starting new businesses  Number of jobs created by clients expanding existing enterprises / IGAs
Increase in the earnings of micro-entrepreneurs and/or their employees	 Levels of enterprise profits (assessed using the 3 profit questions)  Value of wages earned by employees
Improvements in the livelihoods of those involved in micro-enterprise activities	 Value of household assets, including housing, appliances and enterprise assets.  Value of household expenditure on food  Proportion of children in education at all levels  Access to adequate sanitation  Increases in the client's control over resources and income within the household economic portfolio  Increased self-esteem and social respect, more proactive behaviour and confidence.

### Level 2: Business Services and Support Provided by NGOs for Micro-Enterprise Clients

Relevant Activity	Sustainability Indicators	Outreach Indicators
NGOs conduct market appraisal exercises for specific products, types of business	 NGO capacity to conduct studies independently  Quality of market studies conducted	 Number & type of studies conducted  Promising products / business identified
NGOs train members / clients in: <ul style="list-style-type: none"> <li>▪ Starting a Business</li> <li>▪ Technical Skills for Enterprise</li> </ul>	 Cost recovery rate (fees)  Implementation of monitoring system	 Types of training courses conducted  Numbers & types of people trained <sup>1</sup>  Quality of training as assessed in feedback
NGOs provide business counselling & support / follow up	 Cost recovery rate (fees)	 Numbers of enterprises supported  Quality of support as assessed by evaluation interview
NGOs establish or facilitate business linkages with new buyers	 Nature of trading relationships established between buyers & clients / beneficiaries  Quality of relationship with local market authorities	 Number of business contacts made & actively involved  Number of contracts secured or facilitated  Value of business sales conducted

Key to Symbol	 Qualitative Indicator that needs regular Monitoring	 Quantitative Indicator that needs regular Monitoring	 Indicator to be assessed by Evaluation / Review
---------------	-----------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------

ITDG SMALL ENTERPRISE UNIT  
IMPACT ASSESSMENT & MONITORING SYSTEM

**FORM A**

**BASELINE DATA**

---

1. ENTREPRENEUR I.D.  ABC / 123
2. NAME:
3. DATE  MM / YYYY
4. SEX
5. YEAR OF BIRTH  YYYY
6. ADDRESS
7. REGION:

**HOUSEHOLD INFORMATION**

8. NUMBER OF PEOPLE IN THE HOUSEHOLD
9. NUMBER OF CHILDREN IN EDUCATION
10. EXPENDITURE ON FOOD (Weekly)  Taka / Week
11. EXPENDITURE ON CHILD EDUCATION (Monthly)  Taka / Month
12. VALUE OF HOUSEHOLD ASSETS  
(Including Buildings, Land, Trees,)  Taka
13. CAN YOU AFFORD ROUTINE HEALTH SERVICES  
WITHOUT SELLING PRODUCTIVE ASSETS?
14. DO YOU HAVE ACCESS TO SAFE LATRINE
15. DO YOU HAVE ACCESS TO SAFE WATER SOURCE

**EMPLOYMENT STATUS**

16. DO YOU HAVE ANY PAID EMPLOYMENT? IF SO,  
HOW MANY HOURS EACH WEEK DO YOU WORK NOW  Hours / Week
17. HOW MUCH ARE YOU PAID FROM THIS EMPLOYMENT:  Taka / Week
18. ARE YOU SELF-EMPLOYED IN YOUR OWN BUSINESS  
(OR A CLOSE FAMILY RELATIVE'S BUSINESS)?

**IF ANSWER TO Q18 IS YES, PLEASE COMPLETE ASSESSMENT FORM B.**

## PERIODIC (QUARTERLY) INTERVIEW DATA

1. ENTREPRENEUR I.D.  /  . ABC / 1232. NAME: 3. ASSESSMENT DATE:  /  MM / YYYY PREVIOUS DATE:  / **BUSINESS INFORMATION**

CLASSIFICATION

4. CURRENT BUSINESS:  .  . XYZ5. IF ENTREPRENEUR IS A WOMAN, WHO MAINLY CONTROLS BUSINESS & DECIDES HOW INCOME IS USED:  HERSELF .  JOINTLY .  MALE RELATIVE .

HOW MUCH WORK DOES YOUR BUSINESS NOW GENERATE, ON AVERAGE:

6. HOURS PER WEEK WORKED BY YOU  . → **TOTAL HOURS**7. TOTAL HOURS / WEEK BY FAMILY MEMBERS:  . → 8. TOTAL HOURS / WEEK BY OTHER EMPLOYEES:  . → **PER WEEK****IN THE PERIOD SINCE THE LAST INTERVIEW...**

9. WHAT BUSINESS SERVICES HAVE YOU USED: CLASSIFICATION

SERVICE:  . SERVICE:  . SERVICE:  . 

HAVE YOU CONDUCTED ANY KIND OF MARKET STUDY ...

10. ...RELATING TO EXISTING PRODUCTS / BUSINESS? YES . NO .

11. ...RELATING TO A NEW PRODUCT / BUSINESS IDEA? YES . NO .

12. HAS ANY NEW PRODUCT LINE / BUSINESS STARTED? YES . NO .

**FINANCIAL INFORMATION**13. HAS INCOME:  GONE UP? .  STAYED SAME? .  GONE DOWN? .14. Does your household use any of the products or services which your business produces? If yes, what is their value? A  . Taka / WeekDo you use any of the money from the business for yourself or for your household? If yes, how much money is used? B  . Taka / WeekAfter making purchases for your business, paying any wages and after using some money for your household, how much money do you usually have left? C  . Taka / WeekTOTAL BUSINESS PROFIT (= A + B + C)  . Taka / Week15. WHAT IS THE TOTAL INVESTMENT IN THE BUSINESS NOW?  . Taka16. WHAT IS THE VALUE OF CREDIT / BORROWINGS OWED?  . Taka

## IMPACT ASSESSMENT &amp; MONITORING SYSTEM

**MONITORING REPORT FOR VILLAGE-LEVEL ORGANISATIONS  
(2nd Tier NGOs)**

1. ORGANISATION I.D. CODE  . ABC
2. REPORT DATE  /  PREVIOUS REPORT:  /  . MM/YYYY
3. ORGANISATION NAME
4. CONTACT PERSON

**RESULTS OF ENTERPRISE INTERVIEW REPORTS:**

5. NUMBER OF ASSESSMENTS (FORM "B") RECEIVED DURING THE PERIOD SINCE THE LAST REPORT, FROM:  WOMEN .  MEN .  TOTAL .
6. AMONG WOMAN, HOW MANY REPORTING CONTROL OF BUSINESS DECISIONS BY:  HERSELF .  JOINTLY .  MALE RELATIVE .
7. TOTAL REPORTED NUMBER OF HOURS WORK PER WEEK:  .  
AVERAGE PER ENTERPRISE:  .

8. REPORTED USE OF BUSINESS SERVICES:	CODE (XYZ)	NUMBER
SERVICE:		

9. NUMBER OF MARKET STUDIES (EXISTING PRODUCTS) REPORTED:  .
10. NUMBER OF STUDIES (NEW PRODUCT / BUSINESS IDEAS) REPORTED:  .
11. NUMBER OF NEW PRODUCT LINES / BUSINESS STARTUPS REPORTED:  .
12. NUMBER OF INCOME CHANGES REPORTED:  UP .  SAME .  DOWN .
13. TOTAL WEEKLY BUSINESS PROFITS REPORTED:  . Taka /Week  
AVERAGE PER ENTERPRISE:  . Taka /Week
14. TOTAL VALUE OF BUSINESS INVESTMENT REPORTED:  . Taka  
AVERAGE PER ENTERPRISE:  . Taka
15. TOTAL VALUE OF CREDIT/BORROWINGS REPORTED:  . Taka  
AVERAGE PER ENTERPRISE:  . Taka

**ORGANISATIONAL PERFORMANCE FOR THE PERIOD SINCE THE LAST REPORT...**

**16. MARKET STUDIES CONDUCTED:**


17. TOTAL COSTS OF MARKET STUDIES WORK:  . Taka

18. VALUE OF FEES EARNED OR EXPENSES RECOVERED:  . Taka  %

**19. RECORD OF BUSINESS LINKAGES / MARKET SUPPORT:**

Nature of market linkage or trading relationship established	Value of new business (Taka / Month)	Number of Enterprises Benefiting

20. TOTAL COSTS OF BUSINESS LINKAGE WORK:  . Taka

21. VALUE OF FEES EARNED OR EXPENSES RECOVERED:  . Taka  %

**22. RECORD OF TRAINING SERVICES:**

Subject of Training Service	Dates	Duration (Days)	Participants		Total Cost	% Fee Recovery
			Women	Men		

23. TOTAL COST OF TRAINING SERVICES DELIVERED:  . Taka

24. VALUE OF FEES EARNED OR COSTS RECOVERED:  . Taka  %