economic empowerment of the poorest

summary report for annual review team
The *shiree* Management Agency’s (MA) LogFrame is governed by five clear outputs. The forthcoming Annual Output to Purpose Review assesses the MA’s approach and ability to adequately satisfy each of these outputs to date.

### Output 1
**Proven approaches to improving the livelihoods of the extreme poor taken to scale by large NGOs**

The National Steering Committee (NSC) has approved fund disbursement for all six Scale Fund NGOs with whom the MA has signed contracts—following a round of negotiations and technical revisions led by *shiree*’s Chief Executive and financial adjustments led by the Chief Financial Officer—to implement six extreme poverty reduction programmes in unique working areas. The Scale Fund NGOs include Care Bangladesh, Practical Action Bangladesh, NETZ, Save the Children UK, Uttaran and Dushtha Shastya Kendra (DSK). The Scale Fund NGOs have completed an inception phase and are currently in the process of beneficiary selection and verification under guidance and help from the MA.

Each contracted NGO has completed an operational context study. The aim of the study is to develop a set of benchmarks for the socioeconomic, political and natural environmental context of each project implementation location and to understand the underlying dynamics (e.g. roles and responsibilities) of different local actors highlighting issues related to delivery of services and lessons learnt. The MA is in the process of verifying each study and providing feedback to the contracted NGOs to establish a knowledge repository.

The MA is also concluding its initial test run of the impact assessment survey which will measure anthropometric and socioeconomic improvements within targeted households across all 6 NGOs on a yearly and quarterly basis. This will be used to measure the impact of the programmes implemented by *shiree*’s contracted NGOs.

### Output 2
**Innovative approaches to improve the livelihoods of the extreme poor tested, evaluated and successes ready for scaling up**

The *shiree* MA has run two separate rounds of the Innovation Fund process and as a result has signed contracts with 11 NGOs. As the NGOs have varying levels of skill, experience and maturity, the MA is currently assisting each NGO to harmonise their procurement and accounting systems with MA-devised methodologies, systems and protocols, based on their individual needs. The NGOs selected from the winter round are all completing their inception phase and include four national and two international organisations: Aid Comilla, Centre for Natural Resource Studies, Shushilan, Green Hill, Helen Keller International, Intercooperation and Coastal Development Partnership. WorldFish, which had been recommended for contracting, but was not approved by the NSC due to the organisation’s failure to...
provide registration documentation with the NGO Affairs Bureau, a government regulatory agency.

NGOs selected for the summer ‘monga’ round include four national and two international NGOs as well: Mahideb Jubo Somaj Kallayan Somity (MJ SKS), National Development Programme (NDP), Samaj Kallayn Sangshta (SKS) Foundation, Intercooperation, Panchbibi Upazilla Adibashi Multipurpose Development Organisation (PUAMDO). All these NGOs, with the exception of PUAMDO, which is currently addressing several weaknesses in its programme memorandum, have been contracted. Seeing as how these NGOs have missed the opportunity to implement during the summer 2009 monga season, they are currently preparing for implementation during the next seasonal cycle of monga in 2010.

**Output 3**

*Lessons learnt in timely way and disseminated effectively to key audiences*

The shiree MA has actively sought to strengthen its operations to ensure the purpose level for this Output has the capacity and capabilities to deliver on the transformational elements of the programme. This has included the creation of a Knowledge Management unit with scale fund NGO recruitment of Knowledge Managers and a Chief Knowledge and Advocacy Officer (yet to be appointed).

*irsch* also hosted Extreme Poverty Eradication Day, a conference that included the Speaker of the Parliament, Ministers of Finance, Agriculture and Information as well as video participation from Jeffrey Sachs and Amartya Sen. The event concluded with the Speakers announcement of the formation of an All-Party Parliamentary Group on extreme poverty and the launch of the State of Extreme Poverty Report, an annual assessment of the country’s progress towards eradicating extreme poverty that *irsch* will lead in consultation with other development experts, think tanks and organisations in Bangladesh.

**Output 4**

*Advocacy campaign to transform key policies that impact on the extreme poor implemented*

*irsch* has produced a ‘Changemaker Study’, which aims to survey the understanding, perception and activism of major Bangladeshi policymakers (mainly politicians and bureaucrats) in the area of extreme poverty reduction. The study’s findings serve to inform and contribute to various *irsch* activities, particularly in the domain of policy advocacy. The study also identifies a number of parliamentarians and mid-level executives who are potential ‘change makers’ or leaders that the MA and the broader development community can work with.

*irsch* has also commissioned two policy briefs (Donor Policy on Extreme Poverty and Addressing the Health Needs of the Extreme Poor) to support the implementation of the MA’s transactional approach.

In addition, *irsch* is pursuing a number of media initiatives aimed at reaching a wider audience and promoting the existence and concept of extreme poverty. These initiatives include several television appearances by *irsch* staff (RTV, Boishakh-

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1 A seasonal period of food, income and employment insecurity.
and BTV to date), the production and dissemination of a compelling 25-minute documentary on extreme poverty, upgrading and expanding both the shiree (www.shiree.org) and broader (non-proprietary) extreme poverty (www.extreme-poverty.org) knowledge and information portals, submitting articles to local and international media outlets (in fact, November’s issue of The Daily Star’s Forum will be devoted entirely to extreme poverty and feature contributions from several shiree staff members) as well as the upkeep of a blog, a wikipage and maintaining regular contact with local media. As a result of the keynote address at Extreme Poverty Day, the well-respected author and journalist, Robert Kaplan, is expected to devote an entire chapter of his forthcoming book “Monsoon” to the issue of extreme poverty in Bangladesh.

Output 5
Effective programme management systems established and operational

The shiree MA has taken several steps to ensure the efficiency of its programme management. Despite the failure of Government to appoint its required staff or other resources to contribute to the programme, the MA has had to accept an increasingly larger proportion of the workload that should be undertaken as part of the Government’s agreed responsibility.

The quarterly Simultaneous Impact Learning and Process Audit (SILPA) reports map the process that funds take from application to disbursal and independently self-evaluate the MA’s contribution and value added, ensuring it always remains fit-for-purpose and a learning institution. A Guarantor of Equity, Fairness and Transparency (GEFT) serves as the MA’s ombudsman and also manages the review and appeals process for unsatisfied Scale and Innovation Fund applicants, thereby increasing the levels of transparency of the process, systems and the staff that manage these.

Both of these are innovations in themselves in Bangladesh and serve to provide clarity and transparency of MA processes. They allow external agents to scrutinise and review MA processes to ensure it upholds the operational principles it has assured DFID and Government it will perform to.

The 2008 OPR Review Team’s recommendations have been actioned with improved emphasis placed on transformational outputs and qualitative assessments. Previously, MA systems focused mostly on transactional approaches and measuring improvements thereof on a quantitative basis. This shift in thinking to a more total approach has resulted in significant changes in shiree staff skill sets and the recruitment of appropriate personnel to meet the project’s current demands. The MA is now better placed to not only take the ‘snapshots’ of what is happening at the household level, but also show the ‘movie’ of how households are escaping extreme poverty. Clearly, both are of value. In addition, after considerable effort from the DFID team in Bangladesh and MA senior management, the MA successfully liberalised funds to appoint a much-needed Chief Operating Officer (COO) to reduce some of the workload on the small and over-burdened team. This and several other appointments are a welcome relief to the increasing oversight hours staff have to devote to managing an ambitious programme with 18 NGOs and contracts in excess of £25 million.
shiree’s operations at a glance

The “transactional” approach of shiree specifically addresses LogFrame outputs 1 & 2 while the “transformational” approach aims to meet outputs 3 & 4. shiree has established a number of effective programme management systems to satisfy LogFrame output 5.2

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2 Output 1: Proven approaches to improving the livelihoods of the extreme poor taken to scale by large NGOs
Output 2: Innovative approaches to improve the livelihoods of the extreme poor tested, evaluated and successes ready for scaling up
Output 3: Lessons learnt in timely way and disseminated effectively to key audiences
Output 4: Advocacy campaign to transform key policies that impact on the extreme poor implemented
Output 5: Effective programme management systems established and operational
Challenging the underlying assumptions of the programme design: in the original programme design a number of assumptions were made about the nature and operating context of NGOs in Bangladesh. The management agency has through experience and evidence challenged many of the underlying assumptions on which the platform of the programme has been designed. This is not to say the programme is not worthwhile; indeed the MA consider this to be a very worthwhile investment of U.K. taxpayer resources and are committed to increasing the visibility of work to showcase the best NGOs and the progress they are making in responding to the needs of the extreme poor. However, it must be noted that two underlying assumptions in particular have required intensive management by the MA that was not expected at the outset: The first is that NGOs in Bangladesh have experience of working with the extreme poor (and can thus undertake operational and implementation activities alongside corresponding research, policy, advocacy and other leverage activities). The second assumption is that NGOs know the communities they work with and are therefore able to respond with innovative approaches related directly to their specific poverty problematique. The MA has experienced neither of these to be wholly true and has had to work exceptionally hard to make gains into building the capacity, sensitivity and broader understanding that extreme poverty is qualitatively different from moderate poverty and therefore requires a different approach. NGOs were not originally aware of this and are still struggling with these differences.

Government participation needs to be increased: almost two years since the MA started to work in Bangladesh, the government still has no appointed staff or capital items that were originally committed to the project in its DPP. This is extremely unfortunate, considering the political will and momentum that has been achieved through various advocacy efforts. The MA is unsure why these delays exist, but considering that full time government staff have been appointed to the programme and the pace of achievement that has been set by the MA, more commitment and contributions are required. The MA has been tolerant of the requests for work on administration, monitoring etc. by government that should be undertaken by government itself, but is finding it increasingly difficult to continually respond to such demands at short notice, especially considering the increased workload it is coming under by its contract-holder, DFID.

The real investments at household level have actually decreased due to declining sterling to rates: There is little the MA or DFID can do about the market forces that have led to a decrease in the real value of the programme from when it was first contracted. Originally, the £65M programme was contracted when the Bangladeshi Taka (BDT) was at about 145 to the Pound Sterling (GBP). At one point it dipped to as low as 89 BDT per GBP, a loss of about 38% in locally denominated terms. This placed increased pressures on the MA to manage salaries and all other Taka expenditures whilst still ensuring adequate returns for the lead contractor and its consortium partners. The MA had to manage a programme of delivery on one hand whilst simultaneously ensuring the project was not itself loss-making, and this proved to be a considerable challenge.

The MA and its NGO grantees continue to face skills (not staff) shortages: At the 2008 Annual Review, one emerging recommendation was that the MA was overstaffed. This was indisputable. But one important distinction that should have been made was that
despite high levels of staffing, critical skills were still lacking. This is still the case, both with the MA as well as with all of the partners it works with. In the experience of the MA, increases in salaries are not the only way to ensure talent is sought and actively retained. The MA must be a place where talented and committed individuals with the right skills and experience want to work. On one occasion, the MA was forced to overlook a candidate that was exceptionally well placed to make significant contributions in order to maintain cordial relations with a consortium partner. This and other key skills shortages mean that the few remaining staff with multiple skills have to work extra hours and divide their skills and time between the many competing priorities the programme faces. Hiring additional staff is not the solution, hiring better staff who bring both a range of skills and a willingness to undertake extensive field travel is. This has proved a difficult order to fill.

**delays in the contract amendment added to the insecurity of the Learning and Advocacy component:** The MA appreciates the continual pushing for the contract amendment by DFID-B staff. The amendment was originally discussed in June 2008 and the MA prepared budgets in response to a terms of reference issued by the Contracts Branch in East Kilbride. Two additional sets of contract amendments were issued, and it wasn't until September 2009 that a final amendment was actually signed. The transaction costs for this amendment were particularly high, considering three separate sets of revisions were made and consultations between senior management and consortium partners made. Moreover, the work on lesson learning continued, despite not having a budget line to bill this to, and this could have potentially left the lead contractor, Harewelle, financially exposed and therefore liable to cover the expenditure through their own resources if the amendment was not passed. The MA recognise that much of this was outside the control of the DFID team in Bangladesh but were challenged to deliver the LogFrame and Advocacy/Learning programme on one hand without having a confirmed contract to do so until September 2009 on the other.

**targeting the extreme poor:** Throughout this report, reference has been made to the need for conceptually and operationally acknowledging and responding to the extreme poor in a manner different from the moderate poor. It has taken a long time for NGOs from both the Scale and Innovation Funds to accept these differences. The MA must continually remind NGOs of these differences and has served to create examples for the NGOs, ensuring that every member of the MA (from the CEO to the cleaners) are able to articulate who the extreme poor are and how to identify them at the field level. Thisissue will be raised during the review and has been mentioned in this report and also relates to one of the underlying assumptions in the programme design.

**treating NGOs as activists not contractors:** Many NGOs in Bangladesh were previously treated by donors, programmes and other funders as implementers and not as innovators or project designers. The MA has challenged this historical reality by affording NGOs the opportunity to design their own programmes so long as they respond to the objectives required by EEP. Throughout both the Innovation and Scale Fund processes, the MA entertained a plethora of questions by NGOs all relating to requests that shiree should tell NGOs what they want done so that the NGOs could better respond to shiree needs. It took considerable time to convince NGOs that shiree was placed to respond to NGO needs, not the other way around. This is indicative of the NGO culture in Bangladesh and appears as typical behaviour by both National as well as International NGOs. Many staff on the MA have experienced the disruption of drive, ethic and commitment of NGOs in Bangladesh simply because they have been transformed from genuine grassroots organisations committed to the struggle of transforming the poor to mere development contractors. The MA is trying to reverse this trend, but must accept that the current operational culture has been developed over a period of decades, and challenging it will require more than a year or two.
**managing NGO partners not their subcontractors:** The MA has signed accountable grant agreements with several Scale and Innovation Fund NGOs. In all contracts, there is only one legal entity named as the grantee. Sub-partners of the grantee/lead NGO are not named in the contract and therefore the contract offers no jointly liability or accountability. The MA is limited to dealing with the named grantee only, and it is the responsibility of the lead NGO to subsequently manage their implementing partners. This is the way it was intended in the project design, but what is becoming increasingly apparent as evidenced in the field and supported by both SILPA and verification processes, is that lead NGOs are not building the capacities and communicating the imperatives or protocols or procedures to their partners. As a result, on the ground delivery is suffering. The Review Team will likely recommend that the MA take less of an active role in oversight of the lead NGOs and allow lead NGOs more room for manoeuvre, but the reality is that lead NGOs have not adequately communicated or correctly guided their partners on matters of implementation or delivery. The Review Team is encouraged to speak with implementing partners to test and confirm this.

**balancing quality delivery and oversight with lowering of transaction costs:** The MA is aware of the need to lower transaction costs on one hand and provide adequate supervision and oversight on technical, financial and leakage matters on the other. These are competing priorities and must be managed according to the ability of each NGO and their current performance in the field. This raises another important issue in that a challenge fund on extreme poverty is probably not the best mechanism to actually lower transaction costs in the first place. The MA has undertaken extensive ground work ensuring education and awareness on extreme poverty. Concurrent to selecting NGOs, it still finds itself playing this awareness role with NGOs, let alone government and other changemakers. There is then the issue that NGO partners will contract sub-partners to actually undertake the work for the case of the Scale Funds, and this actually increases rather than lowers transaction costs. It would be interesting to compare the transaction costs of this particular Challenge Fund approach and determine whether they are lower or higher than directly funded initiatives such as that utilised by BRAC’s CFPR. These can then be analysed against actual delivery of funds to end-user households to compare the true transaction costs.

**ensuring sufficient M&E:** DFID have tasked the MA with providing a set of monitoring and evaluation information that was not originally part of the LogFrame or costed in the original submission. As trends and personnel within the department change or the political landscape changes, the M&E requirements may also change. The MA is aware of this, but needs to ensure there is agreement now that it has a responsibility to provide DFID advice on what it thinks is essential for M&E purposes and what it thinks is supplementary. This distinction was presented to DFID in June 2008 but rejected. The current M&E framework is highly DFID driven and responds to instructions mandated by DFID. The MA is obliged to carry this out as instructed, but is aware that this will change over the course of an 8 year programme. There is some concern that data collected now will at some point be rendered not essential because of changing personnel, rather than a genuine change in what is essential to show graduation of the extreme poor.

**attribution of transformation:** Engaging in a transformation programme as presented herein and showcased during the presentations on Day II of the Review Programme may yield potential benefits to the extreme poor, but these will be difficult to attribute directly to the MA. Work with the APPG is being undertaken by a number of different donors, and whilst the MA has close personal contacts with a number of MPs, it may actually be a group of MPs or senior civil servants that will ultimately be responsible for pro-poor budgeting, for example. How then can the MA claim responsibility for these actions, becomes a question to be discussed and agreed.
overall programme resources: The MA has raised the issue several times that the resources to undertake the revised LogFrame programme are not sufficient. It is hoped that this Annual Review will actually confirm what the MA has always known. The costs associated for managing and providing technical, financial and ‘governance’ oversight to partner NGOs is high, and compounded with associated M&E costs, the current budget is insufficient to cover the scope of work required. Even by the crudest estimates, programmes like DFID’s CLP provide an allocation of well over £550 per beneficiary household to graduate the extreme poor. By a series of mysterious calculations, BRAC estimates that it costs about £150 to £180 to lift an extreme poor (non-bottom 10%) household from poverty. In the MA budget, dividing the available $65M by the 250,000 households nets an allocation of only about £260 per household, and this assumes every household the MA engages will graduate and that M&E and other management/oversight costs are nil. Quite simply, the resources to achieve the required target number of households are inadequate.

3 The MA estimates this figure is more likely to be at least £300 when all true direct and indirect costs are accounted for.
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Output 1: Proven approaches to improving the livelihoods of the extreme poor taken to scale by large NGOs (see annexe 1)

1.0 Scale Fund NGOs Enacted

1.1 The National Steering Committee (NSC) formally approved the contracting for six NGOs under this fund on 1st March 2009. These were originally endorsed by the MA (see section 4.0 OPR, 2008) and recommended by the first Scale Fund IAP. The MA initiated contract negotiations with all six Scale Fund NGOs commencing in November 2008 and the final contract was signed in April 2009 with a total value of £21,947,576 over a period of three years.

1.2 A summary of the 6 Programme Memoranda contracted appears in annexe 2 of this report.

1.3 The MA scheduled several rounds of negotiation meetings with the primary aim of achieving value for money, and refining the programme memoranda including deliverables to beneficiaries and strengthening of LogFrames as per DFID guidelines. The negotiations also included harmonisation of procurement rules (following DFID guidelines), managing human resource requirements, adapting NGO financial management and monitoring tools with the MA, and ensuring the requirements of the logical framework (LogFrame) were reflected in the budget.

1.4 The contract negotiation team, headed by the Chief Executive Officer (CEO) and supported by the Chief Financial Officer (CFO), actively sought to ensure that the programme and financial schedules were integrated and that delivery to beneficiaries was optimised. In instances where decisions with budgetary implications was required on implementation, the team used sound judgement, following international best practices, and consulted the contracted NGO to sanction programme, procurement and recruitment improvements.

1.5 With each of the six NGOs, the team was successful in increasing direct delivery versus indirect delivery programme elements and also reduced overall management costs without sacrificing the scope or efficiency of programme implementation or the number of households reached. In total, the MA managed
to reduce overall budgets and improve the direct allocation to end user households by an amount of £21,947,576 for the Scale Fund alone.

1.6 The emphasis on improving direct delivery allocation matches the originally designed imperative in the DFID EEP programme memorandum of asset transfer, providing the space for targeted beneficiaries to receive a greater proportion of the capital transfer through short-to-medium term economic gains with long term economic sustainability.

1.7 The contracts team also flagged issues surrounding staff recruitment and where excessive capacity was identified, remedies were suggested, including phasing recruitment to meet the requirements of the programme. The MA provided ample scope for the NGO programme design team to provide (written) justification of their allocation of human resources where the MA identified excesses. Therefore, the overall impact of the programme was considered above the potential cost of human resource recruitment.

1.8 During the initial stages of negotiation where specific details were being discussed by the financial teams of the MA and NGO respectively, the MA provided minutes of each negotiation meeting to shiree’s CEO as well as the head and programme design team of the respective NGO. A majority of issues were tackled and resolved at the negotiation meetings but intransigencies, particularly surrounding overhead and direct delivery allocations to beneficiary households, were settled directly between shiree’s CEO and the head of the respective NGO.

Care Bangladesh (Care)

1.9 shiree entered into a three-year contract with Care Bangladesh to implement the ‘Social and Economic Transformation of the Ultra Poor’ (SETU) programme in March 2009 with completion of the contract slated for February 2012. The contract is valued at £4,466,478, working directly with 20,000 Beneficiary Households (BHH). The operational areas include four monga affected districts of north-western Bangladesh: Gaibanda, Rangpur, Nilphamari, and Lalmonirhat. Following the contract agreement with shiree, Care began the process of enlisting Partner NGOs (PNGOs) to support implementation of the programme in designated working areas. The PNGOs will support Care to achieve the targets set in their programme LogFrame, ensuring the outputs have been achieved and supplemented by grassroots support for beneficiary households (BHHs). The partnership with contracted NGOs also seeks to widen the scope for capacity enhancement of local organisations, improve their organisational and operational capabilities, and advance their familiarity with the tailored approach to targeting extreme poor beneficiaries.

1.10 The inception period, which began at contract signing and lasted 180 days (the longest of all Scale Fund NGOs), involved the procurement of capital equipment (including vehicles and office equipment etc), recruitment of project staff and setting up of five cluster offices. An inception workshop was held at the Upazilla level and involved shiree, Care and PNGO staff. A report was then submitted to shiree which outlined the activities and outcomes of the workshop. Care began

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4 Seasonal food insecurity as a result of income and employment insecurities.
selecting ‘natural leaders’ from existing communities as ‘Community Consultants’ and ensured capacity building activities to implement the programme. The inception period also included the preparation of project implementation guidelines as well as the development of data collection tools, reporting formats and household profiles. The organisation is working closely with local government to implement this programme.

1.11 Project personnel were initiated through foundation and strategy development workshops and operating areas were delineated through unions in clusters, totalling 15 in all (and 118 Paras). Beneficiaries were selected using the Participatory Rapid Appraisal (PRA) approach, resulting in the selection of 1,018 BHHs to-date. shiree has been conducting household verifications and at the time this report was written, a sample of the 718 BHHs submitted by Care have been verified on a house-to-house basis by the MA directly, involving all staff from the CEO to peons and cleaners. Care has also undertaken the activity of tracking all BHHs and community profiles and submitted a proposal to add a health and nutrition component to their originally submitted programme. This was the result of an initiative undertaken by shiree to ensure that nutritional intake for BHHs met the targets laid out in the LogFrame and report back on progress as mandated by DFID in July 2008.

**Practical Action Bangladesh (PAB)**

1.12 shiree entered into a three-year contract with Practical Action Bangladesh (PAB) to implement the ‘Pathways from Poverty: Building Economic Empowerment & Resilience for Extreme Poor Households in Riverine Areas’ programme on 1st April 2009 with completion of the contract scheduled for 31 March 2012. The contract is valued at £3,710,660, working directly with 16,850 BHHs. Originally, PAB’s proposal called for working with 23,000 BHHs and errors were discovered in their proposal by the MA that were overlooked by the IAP. The MA then consulted with the IAP and were advised that whilst the actual number of BHHs was 18,000 and not 23,000, this was not enough of a material change to reject the PAB proposal. The PAB proposal was again scrutinised by the MA and there was double-counting of BHHs, meaning that in reality, only 16,850 BHHs were actually targeted and not the original 23,000. In the eyes of the MA, these simple mistakes should not have been made by a world-class international NGO. The MA had early worries about the capacity of PAB to manage the initiative based on these fundamental oversights in basic arithmetic and calculation of targeted households, despite the various workshops held with all Scale Fund NGOs. Despite the reduction in BHHs by 36.5% the MA appealed to the IAP to reconsider its recommendation, but in the end was advised by the IAP to continue the contracting process with PAB. The MA felt it did not have the authority to challenge this recommendation as the concept of the IAP was in itself a DFID requirement and meant to safeguard the MA from allegations of having too much influence on the NGO selection process.

1.13 PAB’s operational areas include the four monga affected districts of north-western Bangladesh: Gaibandha, Rangpur, Nilphamari and Lalmonirhat.

1.14 The inception period began with contract signing and lasted 90 days. During this phase PAB finalised contracts with their partner NGOs (PNGOs), divided the
working area accordingly and ensured that there remained no overlaps with Care Bangladesh’s BHHs (an overlap of Unions and working areas is accepted by shiree, but the moral hazard of overlapping of BHHs has been designed out by the MA and is carefully monitored by the MA’s programme managers in the field). The selected districts consist of large concentrations of extreme poor who possess limited coping strategies to mitigate their status as extreme poor. The organisation has set up four district offices, completed the procurement of office equipment and recruitment of its project staff. Inception workshops were carried out at the district level and included the preparation of project implementation guidelines, development of data collection tools and reporting formats, as well as the establishment of household profiles.

1.15 PAB had originally designed a robust and comprehensive approach to identification of the extreme poor. However, when applied to field conditions, the targeting error was nearly 50% with several ‘phantom’ (non-existent households included in beneficiary lists, possibly as an attempt to defraud donors of investment) beneficiaries being included in the household lists. Although some of these ghost beneficiaries were later reconciled by PAB, the majority were still left unexplained, and this raises further questions about PAB’s ability to deliver a quality programme of the scope and level expected of a Scale Fund partner. Several meetings and discussions were held with PAB, most recently with its International Chief Executive, Mr. Simon Trace and lead DFID shiree Advisor, Ben Davis. After a second attempt at targeting its extreme poor constituents and with a much simpler and objectively verifiable list of targeting proxy indicators, shiree could confidently confirm 688 of PAB’s selected BHHs.

**NETZ**

1.17 The MA entered into a three-year contract with the German-Bangladesh NGO NETZ to implement the ‘Advancement of Marginalised Adivasis Deprived on Economic Resources’ (AMADER) programme on 15th April 2009 with completion scheduled for 30 April 2012. Due to the recommendation of the IAP, despite the view by the MA that NETZ was one of the more promising NGOs on the Scale Fund shortlist, a reduced BHH (and therefore budget) was advocated. The contract is valued at £2,938,681, working directly with 9,000 BHHs and indirectly with 18,000 BHHs. The operational areas include districts of the Barind tract: Rajshahi, Naogaon, Chapai-Nawabgonj and Dinajpur. This is the EEP’s only Scale Fund NGO focusing on areas predominately populated by Adivasi and other minority groups. The inception period lasted 90 days and began upon contract signing.

1.18 The inception phase included the finalisation of contracts with PNGOs, but in the case of NETZ, the PNGO (Ashrai is the only PNGO at the moment and NETZ is in the process of selecting its second operational partner) will be primarily responsible for programme implementation as NETZ, by policy, do not directly implement programmes. The PNGO, with support and supervision from NETZ, undertook the procurement of office equipment, recruitment of project staff and setting up offices in five clusters. NETZ also prepared project implementation guidelines, data collection tools and reporting formats as well as household profiles. An additional activity carried out by NETZ involved orienting newly recruited staff on the lifestyle and culture of Adivasis, thus providing them with a greater understanding of the
specific contexts of the working areas. At the time this report was written, shreee completed the verification of 481 BHH out of 1,099 BHH submitted for consideration.

1.19 NETZ was only one of two NGOs contracted for the Scale Fund that passed verification on the first attempt of submitted BHH lists, reaffirming the MA view of their high levels of skills, competence and professionalism. The concept of the Scale Fund as detailed in the DFID EPP Programme Memorandum was that many NGOs working in Bangladesh had experience of working with the extreme poor worthy of being Scaled Up. To date, only NETZ has had previous experience of working with the extreme poor, but the MA hopes over time, other NGOs are also able to show their propensity for successfully targeting and then responding to the extreme poor.

1.20 One outstanding key issue with NETZ that is only beginning to be addressed is its inadequate field presence. Since NETZ have a policy of working through national partners, it had no initial need for having a field presence. The MA have actively challenged this approach and have had several negotiations with NETZ, impressing upon them the fact that even the MA has a permanent presence in the NETZ partner office. For monitoring & evaluation purposes, NETZ has confirmed its willingness to appoint two permanent staff members in a to-be-formed field office with an additional volunteer from Germany to be stationed there starting March 2010. The MA have worked hard to ensure these initial steps were agreed to and will continue to ensure they are implemented as agreed. If necessary, more stringent measures may be employed to convince NETZ of the need for a permanent and growing field presence.

Save the Children UK (SCF-UK)

1.21 Save the Children UK (SCF-UK) have a three year contract with the MA to implement the ‘Household Economic and Food Security of Extreme Poor in Khulna and Bagerhat Districts’ programme on 1 April 2009. The contract is scheduled for completion on 31 March 2012 and valued at £4,016,227, working directly with 15,000 BHH and indirectly with 50,000 BHH. The operational area is located in south-western Bangladesh, particularly in the Khulna and Bagherhat districts.

1.22 As with most other Scale Fund NGOs, SCF’s inception period lasted 90 days after contract signing. The organisation finalised contracts with their PNGOs operating in the selected working areas. This phase also included the procurement of office equipment and other capital items (vehicles, motorbikes and bicycles), recruitment of project staff and setting up of a project office. The organisation also devised a programme implementation guideline, data collection tools, reporting formats and household profiles. Save the Children UK provided training to all project staff on specific modular course development, namely community support group training; community mentorship training; HH micro-planning training; nutrition, health and basic services; Disaster Risk Reduction (DRR); and Community Risk Assessment (CRA). The organisation is working closely with local government to implement this programme and is currently in the process of selecting ‘community mentors’ who will prove crucial to the implementation and long term sustainability of the programme. Along with this, the organisation is in the process of developing a community support group and embedding itself in a closer relationship with the Government Comprehensive Disaster Management Plan (CDMP).
1.23 As with most other Scale Fund NGOs, SCF-UK has struggled with the notion of identification of the extreme poor. Despite three separate workshops held with the MA and travel to field sites with the CEO himself to look at targeting issues, staff of SCF-UK were unclear about the application of criteria at the field level. Considerable debate and discussions were had on this issue, and through an intense series of discussions, it was accepted that SCF would re-target selecting the bottom 10% first and only when such households weren't available for inclusion, would they move up to selecting the bottom 15% or 20%. At the time this report was written, *shiree* completed the verification of 283 SCF-UK client BHHs.

1.24 All of the international NGOs suggested that there simply weren't enough extreme poor HHs in their areas and they couldn't satisfy the stringent requirements for meeting the bottom 10% requirement. None of the national or 'hybrid' NGOs faced any difficulties in finding adequate numbers of the extreme poor, once the targeting criteria were clearly understood.

**Uttaran**

1.25 Uttaran is using DFID resources to undertake its ‘Sustained and Expanded Effort to Make the Ultra Poor Out of Extreme Poverty by Transferring Assets, Cash and Skill’ programme for a period of three years commencing 1st April 2009. Completion of the contract, which is valued at £3,064,830, is scheduled for 31 March 2012. The contract is working directly with 12,000 BHHs, liberating Khas land from Government systems directly into the hands of the extreme poor. Uttaran’s operational area is located in south-western Bangladesh in both the Satkira and Khulna districts in one of the most poverty-stricken areas of the country. The area is also known for highly politicised and feudal power structures and a lack of transparency or accountability in Government systems.

1.26 Uttaran has been out of its 90 day inception phase since early July 2009 and has since focussed on selection of two batches of beneficiary households. Their programme of khas land redistribution from the local government authority to the extreme poor entails working directly with Government officials at the Union and District levels. Although this poses a perfect entry point for more senior Government collaboration into *shiree* processes, this level of interaction has sadly been absent from Government, despite *shiree* and Uttaran attempts. This is somewhat disappointing considering the invitations and opportunities for Government to take Uttaran’s Tala model of Khas land distribution to scale relatively quickly in other areas.

1.27 The organisation finalised contracts with PNGOs to implement programme activities in selected Upazilas with support from senior staff as and when required. The inception period also included the procurement of office equipment, recruitment of project staff and setting up of a project office. Uttaran provided foundational training on implementing the successful Tala model, which involved instruction on a number of activities including training on laws governing land transfer in Bangladesh. Through the process of PRA, 189 villages and 50 unions have been selected to make up the working area for Uttaran’s programme. As a part of the awareness raising component of the programme, Uttaran has widely disseminated landless identification posters amongst the extreme poor in one
Upazila and formed, at the Union level, the Bumihin Bachai Committee (protect the landless committee). Uttaran has developed another two-tier Bhumti committee which will act as a bridge between the landless and local government land authorities; the first tier of this committee involves the Upazila level while the second tier includes district level committees. The organisation is working closely with local government to implement this programme.

1.28 The organisation has also involved local, regional and national-level stakeholders in the land transfer programme, which featured inauguration meetings on the Tala model with local (Chairperson of Union Parisad) and national (Member of Parliament) elected officials as well as senior members of the district bureaucracy (Deputy Commissioner). The Director of Uttaran has held several rounds of meetings with four MPs from the working area, the Divisional Commissioner of Khulna Division, and several Upazila Chairpeople from the working areas. Integration with local political and other changemakers is going well, but the opportunities for integrating the model more widely have, as mentioned, been lacking.

1.29 The entry point to eradication of extreme poverty by participating households is through liberalisation of land, but land alone will not protect Uttaran’s beneficiaries from the undertows and reversion to extreme poverty. Uttaran are planning cash and asset transfers in order to ensure land is made productive and continues to provide recurring cash benefits as well as the likely capital appreciation of the land itself.

1.30 Uttaran submitted a reasonably accurate BHH list and it was decided that to ensure their targeting was indeed accurate, a larger than normal sample size was verified by the MA. The first attempt at verifying BHHs was successful. shiree have endorsed the participation of 1,746 BHHs into Uttaran’s programme to date.

**Dushtha Shasthya Kendra (DSK)**

1.31 The only urban project of all Scale Fund NGOs, DSK’s three-year ‘Moving from Extreme Poverty Through Enhancing Economic Empowerment (capacity building, voice and rights) of Extreme Poor Households’ programme was signed on 1st April 2009 with completion of the contract scheduled for 31 March 2012. The contract is valued at £3,750,700 and works directly with 10,000 BHHs. The operational area is located in the slums of Karail in Mohakhali and Kamrangir Char in the capital city of Bangladesh.

1.32 The inception phase began at the point of contract signing and lasted 90 days. DSK will implement the programme directly without the support of PNGOs. The inception period also included the procurement of office equipment, recruitment of project staff and setting up of unit offices. The organisation has completed a workshop with local government institutions in order to develop a rapport with stakeholders and ensure government agencies remain informed of the activities undertaken. Project staff have been provided with basic training on programme implementation and further training has been given to beneficiaries on social mobilisation, group formation and savings. The organisation has also started...
operating static and satellite health clinics in both working areas, providing primary healthcare to the BHHs.

1.33 As the mobility of the urban extreme poor was always predicted to be higher than that of rural extreme poor, shiree expect a higher attrition rate for DSK participants. Hopefully, this means that the urban extreme poor in the two selected slums are able to graduate at a more rapid rate, and will no longer require assistance from DSK to do so. One problem that will likely arise in 2010 is the lack of extreme poor (defined in non income terms for urban areas) in the two slums DSK have identified as their working area. This issue was raised in their original programme memorandum. The pockets of extreme poverty identified in a number of international and national studies highlight urban areas holding large concentrations of poverty and there are numerous slums within Dhaka inhabited by the extreme poor. However, the operational area chosen by DSK will soon be depleted of extreme poor households and a shift in working area will necessarily need to follow. One proposal discreetly made to DSK by the MA is to begin to target pavement dwellers and look for opportunities of progressively incorporating them into slum communities, or even allowing them to make a quantum jump into more formal low-income settlements (rather than slums). DSK had no errors in targeting, and this was mostly because they made impressive efforts to negotiate and agree proxy criteria with the MA prior to BHH selection. At the time this report was written, shiree completed the verification of 1,649 BHHs.

**Operational Context Studies (see annexe 3)**

1.34 Each contracted Scale Fund NGO has completed an operational context study, although the quality of these reports has not been up to the standards expected by the MA. Final revisions to these Studies are expected by the MA no later than 15th November 2009.

1.35 Undertaking these Studies was a key agreed recommendation emerging from the 2008 Annual Review. The aim of the Studies is to develop a set of benchmarks for the socioeconomic, political and natural environmental context of each project implementation location and to understand the underlying dynamics (e.g. roles and responsibilities) of different local actors highlighting issues related to delivery and implementation and lessons learnt. The MA will again review the studies once they have been resubmitted to verify the objectives have been met. These will then serve as a baseline for the work of the Knowledge Managers and others in their qualitative analysis depicting how households in specific programme conditions are able to escape from and remain resilient to extreme poverty. This will further augment the knowledge repository and understanding of each NGO.

1.36 The operational areas of the six Scale Fund NGOs are unique and livelihood problems in these areas remain diverse. Due to spatial and contextual variations, there cannot be a one-size-fits-all approach to addressing extreme poverty in each of these working areas. Moreover, explicit considerations were afforded on issues like environmental vulnerabilities, governance and seasonal employment variability. It has been made clear that shiree Scale Fund NGO operational areas lag far behind national levels in terms of social and economic development attainment, with specific shortcomings in the following areas: access to services, access to justice,
maternal mortality, vaccination levels, landlessness, gender-based wage discrepancies and violence against women. A common feature that most of Shiree's working areas do share is their geographical remoteness and environmental vulnerability, which also acts as a barrier to the extreme poor finding wage labour in neighbouring peri-urban areas, towns and larger cities.

1.37 Considering the issues mentioned above, five context studies were completed by the contracted NGOs. These context studies have all been returned to their respective NGOs for greater clarification with one-on-one advice being provided by the Knowledge Managers on specific improvements and refinements to be made, emphasising the need for primary data collection. As noted, when completed, these Studies will assist the contracted NGOs as well as Shiree in initiating appropriate actions to influence state and non-state actors to ensure social inclusion, services and social justice.

1.38 PAB failed to submit their respective reports on time and in general are thought to be underperforming in a few other areas as well. The MA had originally communicated with the contracted NGOs, providing a guideline on the implementation of the study as well as intellectual support on the methodologies required to collect the relevant information. Due to competing pressures within the MA, the MA moved on to other items on their programme and were assured by all NGOs that the Studies would be completed on time. The Terms of Reference for the Study (see annexe 3) were workshopped with all Scale Fund NGOs and each assured the MA that they understood the requirements of the Study and the need to form a geopolitical cum socioeconomic baseline. A valuable lesson that was learned through not vigorously chasing the NGOs for this information was that given the opportunity, all of the Scale Fund NGOs will simply move on to other tasks. Competing priorities within the NGOs coupled with a lack of adequate technical expertise in the areas identified by the Study meant that the Studies became less of a priority with NGOs. Since the arrival of the NGO selected Knowledge Managers, enhanced capacity and motivation has resulted in written comments on each of the Studies being sent to the NGOs and these will be responded to prior to the conclusion of the Annual Review.

### Pilot Impact Assessment Survey

1.39 It has been agreed that the contracted NGOs will be closely monitored and evaluated in order to assess the levels and pace of achievement of their LogFrames (and the relative contributions made to EEP's purpose level indicators in the original LogFrame). These are broadly related with the graduation of beneficiary households out of extreme poverty within each NGO’s funding period and their sustainability for a further three years. DFID has identified a set of quantitative and qualitative criteria against which Shiree is required to report, and these have been incorporated into the pilot survey.

1.40 The selected criteria will show whether beneficiary households have achieved improvements in the following areas: nutritional status of their members (including children under 5\(^6\) and mothers), improvements in asset values, financial status as

\(^6\) Children under 5 will continue to be monitored throughout the duration of the programme so long as they are under 5 at the time of conscription into the survey.
measured by changes in expenditure, income and indebtedness and increased resilience to seasonal vulnerability, food and nutritional security, nutritional variation and frequency of proteins, and changes in body-mass-index (BMI) as well as stunting and wasting measurements. Other criteria that address qualitative issues but can be captured quantitatively include consumption of nutritious food, access to health services, and children's education.

1.41 The impact assessment system is based on beta-household surveys of both beneficiaries and a matched control groups that contains two components: taking samples of anthropometric as well as socioeconomic measurements on a yearly and quarterly basis. Measurements of height, weight and level of anaemia for children under five years of age and their parents as well as those households where children are not present.

1.42 In this initial pilot, the population of beneficiaries has been randomised to include proportional representation of households with children under five years old. The test run was conducted from 7-30 October 2009 and covered five Scale Fund NGOs across seven districts: four in the northwest and three in the southwest, as well as two urban locations in Dhaka.

1.43 The pilot socioeconomic survey will collect samples on both stock and flow variables. The former include: household demography including education of household members and presence of persons with disability; condition of housing, sanitation and drinking water; ownership of productive and other assets; and indebtedness. The flow variables include income, expenditure, savings, food security, and access to health care services. Collection of data on the anthropometry and stock variables will take place once a year while quarterly collections will be made of the flow variables. These will be repeated until 2014.

1.44 At the same time a visual baseline and surveys will be conducted with 5 photographs of each BHH, including their family members and the conditions of the housing, as well as an inside view of their dwelling. Geotagging cameras have been purchased to superimpose GPS readings on the photographs, allowing the MA to confirm the households we review on an annual basis are showing LogFrame relevant improvements as noted above. These will allow independent location identification and any structural changes the housing may undergo and improvements in clothing and body mass to be readily visible. These coordinates will also allow overlaying data onto simple GIS systems such as Google Earth for distribution, education and information purposes across Bangladesh and interested development partners worldwide.

1.45 The modifications and learnings from this pilot beta phase will be modified into a final iteration of the survey. It is expected that data analysis of the socioeconomic and anthropometric surveys will take place from November 16th through 22nd in Cambridge, U.K. with Professor Nick Mascie-Taylor and Dr. Mike Daplyn, two shiree consultants on M&E. Based on the revisions and modifications and lessons from this pilot, a full-fledged impact assessment survey will commence in March 2010 with 800 beneficiary and 400 control households. Each year between

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7 Number will increase if PAB is included.
2009 and 2012, a new batch of 400 households will be added to the initial cohort of 800 and followed up in subsequent years. It is estimated that there will be an annual attrition rate of 10% which will provide a panel of 1,450 beneficiary households for the final surveys in 2014.

1.46 The MA is confident that whilst expensive, this will provide clinical level data on which interventions are liberating the most graduates from extreme poverty under specific conditions and circumstances. Attribution as well as costs per household will better be understood through such sampling methods and approaches and so it is essential that these fundamentals are considered at the outset.

Output 2: Innovative approaches to improve the livelihoods of the extreme poor tested, evaluated and successes ready for scaling up (see annexe 4)

Innovation Fund

2.1 The Innovation Fund considers novel, undocumented and even untested approaches which address the economic needs of the extreme poor. This includes innovative ideas, processes, systems and technologies which are likely to generate assets, improve incomes, decrease dependency and vulnerability, increase food security and provide sustainable pathways out of poverty. The winter round (Innovation I) of the fund invited NGOs working in the Chittagong Hill Tracts (CHT),
haor and coastal districts; the summer monga round (Innovation II) invited NGOs working in monga-affected districts of north-western Bangladesh. The NGOs working in the CHT districts were provided special permission to work in partnership with another implementing NGOs whilst the NGOs in the remaining working areas were required to directly implement the programmes themselves.

2.2 To understand the local context and field test the Innovation Fund guideline, a **shiree** team consulted local level NGOs as well as communities during a seven-day field visit to coastal towns in Patuakhali, Noakhali and Rangamati. Through individual or group meetings, a total of 19 NGOs were visited, including one DANIDA development project, two NGO women’s groups and one NGO men’s group. The recommendations that emerged from these meetings were incorporated into the final guideline for the Innovation I round.

2.3 The MA, from experience, felt the best ideas submitted for consideration lacked the clarity with which they were originally conceived; in essence the proposals were sometimes ‘lost in translation’. In order to smooth out such incongruities, **shiree** provided the services of technical writers to all Innovation Fund applicants at the project memorandum stage. The writers complimented the applicant NGOs’ conceptual strengths while ensuring that ideas were not diluted due to language barriers. **Box 1** provides information on the total funds released to date and the corresponding number of Innovation Fund BHHS that will be served as a result of this initial disbursement.

**Box 1**

<table>
<thead>
<tr>
<th>Round</th>
<th>Funds Disbursed (GBP)</th>
<th>Beneficiary Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter (Innovation I)</td>
<td>£1,509,783.27</td>
<td>7,500</td>
</tr>
<tr>
<td>Summer (Innovation II)</td>
<td>£1,243,895.46</td>
<td>12,190</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£2,753,678.74</strong></td>
<td><strong>19,690</strong></td>
</tr>
</tbody>
</table>

**Innovation Fund Winter Round (Innovation I)**

2.4 This was the first round of this Fund and in order to improve awareness and knowledge of the programme and the Fund, the MA organised regional awareness raising seminars/workshops in Sunamganj, Bagerhat, Rangamati, Kishoreganj, Barisal and Noakhali along with advertisements placed in five regional newspapers. In order to ferment the information already disseminated through the regional workshops and to clear any remaining ambiguities, a gyan mela, or information workshop, was held at the British Council on 18th January 2009 for interested NGOs operating in the working area for this round.

2.5 It was clear in the early days of launching the Innovation Fund as clear as it is today that the concept of Innovation remains ambiguous, despite the workshops and other efforts (such as the knowledge banks) made by the MA. In the original programme design, it is apparent that the programme memorandum was searching for level 1 and level 2 OECD innovations. Clearly, these are rare in countries such as

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Bangladesh which has built up a culture of relying on NGOs as mere delivery agents rather than true innovators or champions of the poor.

2.6 The selection process involved in short listing the NGOs for the Innovation Fund followed the same rigour, scrutiny and transparency as the Scale Fund process. The formation of a qualified Independent Assessment Panel (IAP) provided a wide gamut of experts to effectively select proposals with the highest likelihood of success within the given social, economic and environmental conditions. In the penultimate stage of assessment by the IAP, the MA provided an impartial written assessment of each NGO’s institutional and financial strengths based on field investigations, which combined with presentations and interviews led to the decisions undertaken by the IAP. Each contract for Innovation I was valued at £250,000 for a maximum of three years.

2.7 As per the bilateral agreement between the Government of Bangladesh (GoB) and DFID, the final list of NGOs selected by the IAP was forwarded to and approved by the National Steering Committee (NSC) on 16th August 2009. The NSC is composed of GoB, DFID, civil society, and other relevant experts. The GoB’s formal approval prepared the stage for contract negotiations between the MA and the selected set of NGOs. The MA scheduled several rounds of negotiation meetings with the primary aim of achieving value for money, as per DFID guidelines. The negotiations also included harmonisation of procurement rules (following DFID guidelines), managing human resource requirements, adapting NGO financial management and monitoring tools with the MA, and ensuring the requirements of the LogFrame were reflected in the budget.

2.8 The prime goals of the contract negotiation team were to ensure that the contracted NGOs followed guidelines for financial management based on international best practices, guarantee appropriate resources were allocated to maximise the outputs (as per the LogFrame) and smooth out administrative bottlenecks that bore the potential to constrain successful project implementation. In circumstances where negotiations resulted in a divergence of opinion at the operational level, the contract negotiation team recommended such decisions be taken at a strategic level between the CEO of the MA and respective head of the NGO.

2.9 Concurrent to these negotiations, the CEO and a team of advisors reviewed each and every single line of NGO-submitted programme memoranda and used common terminology, clarifying concepts and outputs. At the same time, the M&E Advisor, Shams Mustafa held intensive LogFrame revision sessions with each of the NGOs. Once the MA was satisfied with the detail and terminology of the programme memoranda (which form a part of the NGO contracts) these were submitted to the applicant NGOs for their review. Only when consensus on the financial and technical and operational components of the programme memoranda were reached, did NGOs sign their contracts.

2.10 The mix of national and international NGOs as well as the selection of three areas with different social, economic and environmental cleavages resulted in a diverse range of approaches and institutions. Box 2 provides information on the number of applicant NGOs for the total process according to annexe 4.
2.11 The contracted NGOs included four national two international NGOs as follows:

2.12 **Aid Comilla** will be working in Feni district under the Alternative Livelihoods Options (ALO) programme. The contract, worth a total of £246,366, was signed with the MA on 23 August and shall expire on 31 August 2012. Aid Comilla will work with 1,850 direct BHHs and 8,500 indirect beneficiaries on an innovative approach using their experience on asset transfer for DFID’s Chars Livelihoods Programme (CLP).

2.13 **Centre for Natural Resource Studies (CNRS)** will implement ‘Innovative Farming Practices as a Tool of Poverty Reduction and Climate Change Adaptation’ in Sunamganj district. The contract, worth a total of £243,206, was signed with the MA on 27 August and shall expire on 31 August 2012. The organisation will work with 2,000 direct BHHs and 6,000 indirect beneficiaries.

2.14 **Shushilan** will be working in Satkira and Barguna districts on a programme entitled ‘Adapting Natural Resource Management to Climate Change and Increasing Salinity’. The contract, with a total value of £243,206, was signed with the MA on 27th August 2009 and shall expire on 31st August 2012. The organisation will work with 1,000 direct BHHs on a number of livelihoods approaches including crab fattening.

2.15 In the CHTs, **Green Hill** will implement ‘Improving Markets and Poverty Alleviation through Cash Transfer’ in the Chittagong Hill Tracts districts. The contract was signed on 14th October 2009, is set to expire on 31st October 2012 and bears a total value of £256,455. The organisation will work with 1,200 direct BHHs and 5,000 indirect BHHs on conditional cash and asset transfer approaches and improving access to markets and forging more reliable value chains with larger agro-processors.

2.16 **Helen Keller International** will implement ‘Making Markets Work for Women (M²W²)’ in the Chittagong Hill Tracts. The contract was signed on 20th August 2009, and is set to expire on 31st August 2012 and bears a total value of £274,222. The organisation will work with 450 direct BHHs. Despite the high costs, there are a number of innovative approaches to be employed here including terraced agriculture and the importation of donkeys from Nepal for use on terraced lands to bring produce from highlands in the CHTs closer to markets.
2.17 **Intercooperation** will work in Sunamganj district to implement ‘Agricultural Innovations for Eliminating Extreme Poverty (AIEE)’. The contract was signed on 27th August 2009, and will expire on 31st August 2012 and is worth a total of £246,328.

2.18 **WorldFish** was recommended for contracting by the IAP but subsequently not approved by the NSC due to the organisation’s failure to provide registration documentation with the NGO Affairs Bureau, a government regulatory agency. At the initial stage of selection WorldFish had provided sufficient evidence to the MA that the special treaty privileges it holds with the Government of Bangladesh would suffice as proxy approval for de facto registration with the government agency. No contract was signed but the MA may consider a smaller action-research grant to test the viability of the innovation, as if does not, it seriously risks losing a potentially interesting innovation. If it were to be contracted, the NGO would have responded to the needs of 1,000 direct BHHs on indigenous caged species of fish taking forward recent thinking of aquaculture improvements and related technologies for the extreme poor.

2.19 Although recommended by the IAP for contracting and indeed one of the most interesting innovations emerging from the first round, **Coastal Development Partnership (CDP)** has not yet been contracted. The MA has been working on strengthening the institutional systems and governance of this NGO and preparing it for contracting. Previously, it was thought that there were too many risks to sign a contract with CDP in August 2009. Inputs by both the CEO and CFO and appointment of a management advisor on restructuring will ensure that CDP is fit for purpose and able to manage the contract and activities as awarded. The proposal calls for cultivating specific commercial hardwood lumber species in highly saline areas using community/labour intensive means. Community groups would eventually end up with recurring cash flow from the sale of timber as well as capital appreciation through the increasing ownership of land.

### Innovation Fund Summer Monga Round (Innovation II)

2.20 The second Innovation Fund round provided grants to tackle the root causes of income, food and employment insecurity as a result of the seasonal occurrence of monga in north-western Bangladesh. The selection of the NGOs followed the same rigour and transparency adhered to during the Scale Fund and first round of Innovation Fund, with a number of exceptions and modifications on previous rounds:

- Two rounds of presentations on 'innovations and responses to monga' were held with over 100 NGOs attending at seminars in north-western Bangladesh, one in Rangpur and another in Bogra;
- The innovations ideas bank was expanded and prepared on the website as well as available in hardcopy format for those that requested it;
- Expressions of interest were limited to no more than 100 words each allowing those with even limited English abilities to apply;
- DFID were invited to be on the long listing panel of NGOs invited to submit Concept Notes;
- Invited NGOs would be provided two opportunities to present their ideas to the IAP and convince them of the worthiness of their innovations;
2.21 In the process of selecting the NGOs, the MA held two separate regional dialogues and ideas workshops: one in Rangpur and another one week later in Bogra. These both served to improve visibility, awareness and accuracy of information submitted by applicant NGOs. A similar process was adopted during Round 1 of the Innovation Fund, which involved a ‘regional dialogue’ in several locations of the working area, culminating in the gyan mela held in Dhaka. The mela served to reinforce the information disseminated during the regional dialogue and provide clarification on any areas of confusion.

2.22 The Rangpur event provided an opportunity for all NGOs working in monga-affected districts to learn in detail the activities undertaken by shiree and the intended purpose of the available Funds. The dialogue provided the space for the MA to build relationships with civil society organisations working in the northwest on the common platform of poverty reduction and reiterate the need to select the extreme poor as beneficiaries. The dialogue also provided the opportunity for the MA to share major learning experiences from other poverty reduction programmes by way of presentations from the Team Leader of the Chars Livelihoods Programme (CLP) and a segment on poverty’s relationship with health and nutrition by Dr Nick Mascie-Taylor, the shiree advisor, from University of Cambridge, U.K.

2.23 The districts of north Bengal have suffered from monga for a number of years and efforts to tackle its consequences have been undertaken since the early 1980s with only limited levels of success. DFID’s country action plan identifies eradication of monga as a priority so the emphasis placed on this round by the MA is well aligned to both Government as well as DFID priorities.

2.24 In order to stimulate truly innovative ideas shiree arranged a separate dialogue in Bogra prior to first submissions. The dialogue provided an opportunity for the MA to present a global perspective on innovations to poverty reduction by analysing a worldwide sampling of poverty reduction projects with a particular focus on innovation and the definition of innovation.

2.25 The MA provided an impartial assessment of each NGO’s institutional and financial strengths in the penultimate stage of the IAP’s selection which, combined with presentations and interviews, led to the panel’s final recommendations. Each contract was worth up to £250,000 for a maximum of two years. Box 3 provides information on the number of applicant NGOs for the total process as graphically presented in annexe 4.

### Box 3

<table>
<thead>
<tr>
<th>Application Phase</th>
<th>Applicant NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expression of Interest (EOI)</td>
<td>186</td>
</tr>
<tr>
<td>Project Concept Note</td>
<td>49</td>
</tr>
<tr>
<td>Programme Memorandum</td>
<td>15</td>
</tr>
<tr>
<td><strong>Recommended for Contracting</strong></td>
<td><strong>6</strong></td>
</tr>
</tbody>
</table>

*Some NGOs had these budgets increased during the negotiations phase because it was felt that planned interventions and their associated costs were not realistic.*
2.26 The contracted NGOs included four national two international NGOs:

2.27 Mahideb Jubo Somaj Kallayan Somity (MJ SKS) will implement ‘Artificial Insemination in Dairy & Beef Cattle Project’ in Kurigram district. This, in the view of the IAP and indeed the MA is one of the most innovative ideas to emerge from this round. The contract was signed with the MA on 24th August 2009, and bears a total value of £223,959 and shall expire on 31 August 2011. MJ SKS will work with 635 direct BHHs, synchronising the oestrogen cycles of all dairy cows to be provided to households.

2.28 National Development Programme (NDP) will work in Bogra to implement ‘Improved Nutrients Intake through Crop Variety and Supplements Project’. The contract, worth a total of £242,614, was signed with the MA on 25 August 2009 and shall expire on 31 August 2011. NDP will work with 1,055 direct BHHs on improving the health and nutritional aspects of monga affected households through provision of 'Sprinkles' as well as on-plot cultivation of nutrient-rich foods.

2.29 Samaj Kallayn Sangshta (SKS) will implement ‘Promotion of Fruit Production Cluster Project’ in Gaibandha district. The contract, worth a total of £244,000, was signed with the MA on 25 August 2009 and shall expire on 31 August. SKS will work with 1,000 direct BHHs, primarily on strawberry and other high-value cash crop promotion to provide escape mechanisms for monga affected households.

2.30 ActionAid will work in Nilphamari to implement ‘Paribarvittik Jeebo-Boichitro Gram’ (extreme poor household-based biodiversity centres). The contract was signed with the MA on 14th October 2009 and shall expire on 31st October 2011, worth a total value of £286,936. ActionAid will work with 1,200 direct BHHs and 5,880 indirect beneficiaries on the provision of 66 decimals of land, affording extreme poor households access to high value crop seeds and plantings.

2.31 Intercooperation will work in Rangpur district to implement ‘Integrated Approach to Maximise the Benefit of Livestock Value Chain’. The contract was signed with the MA on 26 August 2009, and will expire on 31 August 2011 and has a total value of £246,386. Intercooperation will work with 800 direct BHHs and 1,000 indirect beneficiaries on essentially an integrated approach to maximising dairy and beef cattle benefits and providing community biogas digesters as an integral component of asset transfer.

2.32 Panchibibi Upazilla Adibashi Multipurpose Development Organization (PUAMDO) has yet to be contracted by the MA due to weaknesses in its programme memorandum which requires further clarification and strengthening. At the time this report was written, shiree revised the PUAMDO memorandum and was in the process of providing technical support to strengthen the programme and contract, as per the recommendations of the IAP. PUAMDO will only be contracted once its programme memorandum satisfies the IAP’s criteria and it understands and accepts the obligations it is (potentially) signatory to.

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10 NGOs non recommended for contracting will be afforded an opportunity to undertake action research with a limited budget, although probably not until late December 2009 or January 2010.
Output 3: Lessons learnt in timely way and disseminated effectively to key audiences

Lesson Learning and Advocacy

3.1 One of the key objectives of shiree is to emerge as a lesson learning platform on extreme poverty, and to use this platform to lever change (transformation) from Government and the broader development community at large. The aim of this component therefore, is to expose a wider audience (national and international) to a deeper understanding of extreme poverty in Bangladesh by generating evidence-based ideas, opening debate, challenging assumptions, beliefs and attitudes and testing policy approaches and understanding of practical implementation on the ground. As Outputs 1 and 2 concentrate on managing the operational aspect of the grant and represent the transactional element of the shiree programme, Outputs 3 & 4 represent the reflective process through which lessons should be learnt from programmes as well as other pro-poor initiatives to transform the way government,
donors and NGOs respond to (and eventually tackle) extreme poverty. Outputs 3 & 4 represent the transformational aspect of the MA's efforts and contributions.

3.2 Although work on this component has actually started in mid 2008, there was no formal budget or contract for this component until Sept 2009. It was disappointing that it took so long to confirm what the MA and DFID believe was an important and integral element to the programme, and whilst the reasons for these delays are not apparent to the MA, it must be said that the DFID-Bangladesh team in particular were particularly resourceful in ensuring as rapid a turnaround of the contracting as possible with the East Kilbride U.K. office.

3.3 Most of the team’s effort in 2008 was largely invested in activities related to transactions (e.g. rigorous selection of NGOs, setting up operational systems, establishing a strong communications function, defining an appropriate M&E strategy and an efficient MIS system). Although planning, consensus building and initial research into Lesson Learning and Advocacy began in 2008, visible and tangible outputs were not apparent until early this year. The delay in addressing transformational objectives is attributable to several factors:

i) transactional activities were quite arduous, labour intensive and required significant human resource investments and attention to detail;

ii) the funds earmarked for this component were not part of the MA’s contract;

iii) there was considerable groundwork to be undertaken with Scale Fund and other partners on the nature and extent of Lesson-Learning, Advocacy and Leverage activities prior to engaging in a programme of visible deliverables;

iv) DFID was initially using this fund as a catch-all 'slush' fund to contract research, studies and workshops it wanted to undertake and so the management or purpose of the fund was not clear;

v) the general understanding was that transformational activities were dependent on transactions as learning would emerge once implementation began;

3.4 The OPR review in November 2008 clarified that the transformational aspect of the programme merited immediate attention as it is a major part of DFID-B’s ambitions and ought to continue concurrent to transactional activities. This, coupled with the oversight and advice from Ben Davies provided the clarity and direction needed for the MA to take more decisive actions on issues related to the Learning Fund as well as the range of activities it was meant to deliver. Moreover, with the contracting of Scale Fund NGOs nearing completion, the MA needed to divert more attention towards transformational activities. In addition, the Review also emphasised the active inclusion of the grantee NGOs in lesson learning and advocacy tasks.

Knowledge Managers

3.5 In light of the report produced by the Annual Review team of 2008, the MA has placed improved emphasis on the transformational aspects of funded initiatives. This includes enhancing the human resource capabilities necessary to document the lesson learning process and chart incremental improvements (steps) in the lives of the most vulnerable using qualitative as well as quantitative methods. This
has included the opportunity for each of the Scale Fund NGO to appoint Knowledge Managers. The Knowledge Managers will work together with a senior Knowledge Manager and be imbedded within Scale Fund NGOs in a manner similar to that of the MA’s Programme Managers. Their work shall contribute to the ALLMOT (advocacy, Lesson-Learning, Leverage, Monitoring and Outreach Team as defined in the Harewelle contracted technical proposal) unit under the leadership of the newly created Chief Knowledge and Advocacy Officer (CKAO).

3.6 A CKAO has yet to be appointed despite numerous open and transparent recruitment processes and a vigorous advertising and headhunting campaign.

3.7 In the NGO selection of their Knowledge Managers, shiree tested and then prequalified a group of potential candidates from which each NGO could draw their Knowledge Managers from. Through a modified 'speed-dating' process of dialogue between the two parties, each NGO and Knowledge Manager nominated and scored their preferred options and the top six candidates were appointed as Knowledge Managers. Both NGOs and the potential Knowledge Managers ranked each other in order of preference, and in an unprecedented all but one case, all NGOs and Knowledge Manager selections concurred and were able to proceed with contracting of their first choice NGO/Knowledge Manager.

**Extreme Poverty Eradication Day 2009**

3.8 The UN International Day for the Eradication of Extreme Poverty is annually observed on 17th October by a host of different governments, civil society institutions and NGOs who are signatory to the MDGs. The MA felt that this day would be an ideal launching pad for its advocacy strategy. This day also compliments the Government’s commitment to reduce poverty by 2015 under the Millennium Development Goals and rid poverty under the ‘Vision 2021’ election manifesto by 2021. The transformational objectives mentioned in the OPR 2008 report highlight the need to undertake a national advocacy strategy that reflects the government’s objectives in support of poverty reduction (reflective of the PRSP\(^{11}\)) and the platform should consider the appropriateness of simultaneous extreme poverty reduction programmes currently under operation throughout Bangladesh.

3.9 In order to forge direct links with Government ‘changemakers’ and create space for the integration of the programme in the broader national advocacy framework, the MA began a process of consultation with the Bangladesh Parliament by way of the People’s Empowerment Trust (PET) – an NGO responsible for managing the secretariat of the All-Party Parliamentary Groups (APPG). The MA has signed an MoU with PET which enables the MA and the NGOs it works with to engage in dialogues with the Speaker of the Parliament, members of Cabinet and MPs as well as the Chief Whip. There are opportunities to include these influential individuals across all political parties and their institutions as part of the programme’s overall advocacy strategy. Over a period of several months the MA engaged in meetings with MPs from the Bangladesh Parliament and secured the attendance of the Speaker of the House, Ministers for Finance and Planning, Agriculture, and Local Government, Rural Development & Cooperative (the EEP line Ministry) to participate in the daylong event organised by shiree under the leadership of Adam Panetta. The

\(^{11}\) Poverty Reduction Strategy Paper
relationship with PET began well, but became difficult to manage because of the lack of institutional capacity and overwhelming influence PET has over parliamentarians that requires independent access to. PET is playing the role of gatekeeper and hampering rather than facilitating the transformational work of the MA. If such an approach continues, the MA will need to revisit its relationship with PET.

3.10 This year’s conference played a central component in shiree’s emerging overall ALLMOT strategy. Whilst the Government observed International Poverty Eradication Day on 17th October 2009, shiree collaborated with the All Party Parliamentary Group (APPG) through PET to organise a conference specifically on extreme poverty on 18th October 2009. Collectively, there were three days of rallies, conferences and workshops and these were singly branded by the Parliament to show government commitment towards eradicating poverty and extreme poverty. The theme of the conference for the 18th was ‘making the invisible visible’ (i.e. acknowledging and bringing extreme poverty into the public policy arena and highlighting the qualitative differences between moderate poverty and extreme poverty). Throughout the day, over 1,000 guests attended (about 80% of these remained for the duration of the day) the Bangabandhu International Convention Centre and either witnessed or took part in the following activities:

- **Speeches delivered and presentations made:**
  - Mr. Jim McAlpine, DFID Bangladesh (acting head of office);
  - Dr. Abdul Muhith, Minister of Finance and Planning;
  - Professor Rehman Sobhan, Chairman, Centre for Policy Dialogue;
  - Mr. Abdul Hamid, Speaker of Bangladesh Parliament;
  - Ms. Matia Chowdhury, Minister of Agriculture;
  - Mr. Robert D. Kaplan, International Journalist and Political Strategist;
  - Public dialogue between key stakeholders - Donor, Government, Private Sector, Extreme Poor.

- **Video participation**
  - Professor Jeffrey Sachs, Columbia University and the Earth Institute;
  - Professor Amartya Sen, Harvard University and Nobel Laureate.

- **Breakout sessions**
  - **Who are the extreme poor?** 'Extreme Poverty in Bangladesh and the Need for a New Political Settlement’, Dr. Geof Wood and Dr. Joe Devine, University of Bath and shiree;
  - **Why Have the Extreme Poor Been Overlooked?** ‘The Extreme Poor in Bangladesh: Have They Really Been Overlooked?’, Dr. Mustafa K. Mujeri & Dr. Zulfiquar Ali, Bangladesh Institute of Development Studies (BIDS);
  - **Shocks and Undertows,** ‘Multiple Shocks and the Vulnerability of the Extreme Poor in Bangladesh’, Dr. Atiq Rahman, Bangladesh Centre for Advanced Studies;
  - **What needs to be done?** ‘Heterogeneity Among the Extreme Poor in Bangladesh: Evidence and Practical Challenges’, Munshi Sulaiman & Dr. Imran Matin, BRAC.
- *shiree*-produced documentary screening outlining the areas of geographic and technical interventions highlighting the case that extreme poverty is qualitatively different from moderate poverty through: ‘On a Thread’;

- Scale Fund NGOs displayed information, in the style of a mela, of their *shiree*-funded programme as well as other poverty reduction programmes;

- Handicraft mela showcasing goods produced by poor and extreme poor beneficiaries.

Extreme Poverty Eradication Day 2009 led to two visible and direct outcomes that were announced by the Speaker of the Parliament during the closing ceremony:

i. The announcement of the formation of an All Party Parliamentary Group on Extreme Poverty;

ii. The launch of a *shiree*-led State of Extreme Poverty Report, an annual document that will assess Bangladesh’s progress towards the eradication of extreme poverty.

3.11 From an operational and logistical perspective the day was a success, achieving the goals it set out to attain, providing the space for donors, government and NGOs to better understand extreme poverty and providing a solid platform for the launch of the *shiree* advocacy programme. This evaluation is made against the original LogFrame prepared specifically for the event. The challenge for *shiree* now is to maintain the momentum generated by that day, to continue to gain media visibility and properly disseminate the documents and information that were prepared for and emerged as a result of the day. This will be driven forward by an integrated knowledge management and communications strategy which has been drafted, but is presently being revised in light of increased exposure, capacity willingness and most importantly credibility gained during the extreme poverty conference. This will be finalised in consultation with the CEO and Communications Manager, and appropriate consortia partners as well as Dr. Joe Devine and Mr Tom Zizys. At the time of writing this report the MA is in the process of undertaking a consultation exercise both internally and externally, with contracted NGOs, on the strengths and weaknesses of the day.

**Action Research**

Improving Dowry-Related Interventions Among the Extreme Poor

3.12 From the first round of Innovation funding, it was clear that a number of the applicant NGOs had interesting ideas, but these were not yet developed or thought through to be able to warrant the IAP to recommend contracting. Rather than lose the innovation outright, the MA decided to allow a minimal amount of funding plus some additional technical and institutional support to see if the idea could be empirically and practically tested for later potential and inclusion on future Innovation rounds.

3.13 One such case is the NGO Unnayan Shahajaya Team (UST), who had originally applied for an Innovations Fund grant to undertake a programme to
mitigate the traditional factors behind dowry in Barguna district in southern Bangladesh. The MA felt the organisation had submitted a genuinely innovative idea but lacked the necessary analytical rigour or conceptual understanding of the context of dowry in Bangladesh; further information was required to understand whether a household approach would reinforce or release the beneficiaries from the culture of dowry. The primary aim of the research is to identify and develop effective dowry mitigation strategies that will have a positive impact on the livelihoods of the extreme poor. As an action research initiative, the project built on the priorities, experience and agendas of UST and its beneficiaries. This effectively meant that both UST as well as its beneficiaries were empowered through the process of the Study. The ambition of the research was to build on and learn from experience and reflection in order to improve practice and interventions in and of dowry. It represents an important and much needed opportunity to strengthen dowry-related interventions which could potentially have a long term impact on extreme poverty.

The expected outcomes which have been substantially delivered by 31st October 2009 include:

- A report presenting the research exercise offering a clear explanation of methodology, data collection, data analysis, organisational reflection and conclusions (future practical actions);
- A workshop calling together a variety of actors, including Government and other NGOs as well as donors to disseminate the findings of the research;
- If appropriate and requested to do so by the MA, an outline proposal based on the action research that can be submitted to a later Innovation Fund round.

### Output 4: Advocacy campaign to transform key policies that impact on the extreme poor implemented

#### Changemaker Study

4.1 With the goal of achieving policy reform to reduce extreme poverty, the Changemaker Study aims to draw a clear understanding and documentation of current policies, the approach of government as well as the commitment of key stakeholders in the country. The Study’s findings will contribute and inform a number of Shiree’s activities, particularly in the domain of policy advocacy. The study has identified a number of parliamentarians and mid-level executives who are potential ‘changemakers’ or leaders. The support of these changemakers will significantly contribute to the achievement of Shiree’s goals.

4.2 The return to democratic government in December 2008 led to changes in the stakeholders at the various tiers of government and bureaucracy. The commitment made towards poverty reduction by the winning party created a congenial environment for advocacy at the top levels of Government. The original Changemaker Study prepared in 2008 was therefore revised, updated and expanded through interviews and direct contact with individuals since the new Government taking office.
**Papers to be Presented at International Conferences**

4.3 Specific research on *shiree* sponsored initiatives has been undertaken as well as documentation of the experiences of other DFID pro-poor growth initiatives. In order to raise the profile of *shiree* as an institution, its commitment to broadcasting best practice, and leveraging partnerships by the broader development community, papers are to be presented at National and International high level conferences.

These include:

i. Azim Manji, CEO shall present ‘Hanging on by a Thread’ at the conference on *Social and Political Dimensions of the Global Crisis: Implications for Developing Countries* from 12–13 November 2009, organised by UN Research Institute for Social Development;

ii. Azim Manji, CEO; Sanjan Haque, Adviser; and Asraf Siddique, Senior Knowledge Manager shall present ‘Graduating the extreme poor of Bangladesh: competition, transparency and accountability in managing a pro-poor challenge fund’ at *Decisions in Management and Social Sciences for Sustainable Development* from December 14 – 15, 2009 organised by the Indian Institute for Social Welfare and Business Management, Kolkata, India;

iii. Azim Manji, CEO; Shams Mustafa, M&E Specialist; and Dr Nick Mascie-Taylor, Consultant shall present ‘Hygiene and sanitation practices as a precursor to graduation from extreme poverty: A case study in three districts of Bangladesh’ at *South Asia hygiene practitioners’ workshop*, in February 2010 organised by WaterAid Bangladesh.

4.4 Additional high profile conferences and the corresponding publications in journals have been identified and targeted for 2010, but the focus on publications will obviously overwhelmingly be on the ‘State of Extreme Poverty Report 2010 for Bangladesh’ as committed to on Extreme Poverty Day 2009.

**Policy Briefs**

4.5 In partnership with the Institute of Development Studies and the University of Sussex, a DFID guidance note was produced on health and nutrition levels in Bangladesh: ‘Addressing the Health Needs of the Extreme Poor’ (2008) (not included as an annex but available as a separate publication) has provided the conceptual foundation for the MA to recommend nutritional supplements for contracted Scale Fund NGO BHHs. This is complementarity to the monitoring health improvements as per the indicators arising from the *shiree*-funded ODI targeting thresholds and indicator workshops held in Bangladesh in 2008 for all DFID pro-poor growth initiatives. The Brief also contributes awareness and justification for expenditures on the “Number of people, participating in the programme, especially women and children have improved nutritional status” as required of the LogFrame.

4.6 *shiree* also commissioned its consortium partner, Centre for Development Studies, University of Bath, U.K. to examine the various donor policies pertaining to extreme poverty in Bangladesh: ‘Extreme Poverty Policies of Donors in Bangladesh: An Overview’ (again, not included as an annex but available as a separate
publication). This has helped to provide an improved understanding of the capacity and capabilities of various donor-funded programmes and the possibilities of harmonising shiree with the overall donor and GoB goals for poverty—in particular extreme poverty—in Bangladesh and the region.

4.7 As a component of the conference on 18 October the MA has worked towards (see annexe 5a and 5b) developing a definition for extreme poverty. This was presented to all participants of the conference and highlighted by the MA throughout the conference. Although there are a number definitions currently being used by various donor programmes and in academic discourse, shiree has attempted to use indicators to create a definition which best defines the shiree approach to extreme poverty reduction.

4.8 In addition, shiree is pursuing a number of media initiatives aimed at reaching a wider audience and promoting the existence and concept of extreme poverty as qualitatively different from moderate poverty. These initiatives include several television appearances for shiree staff (RTV, Boishakhi and BTV to date), the production and dissemination of a compelling 25-minute documentary on extreme poverty, upgrading and expanding both the shiree (www.shiree.org) and extreme poverty (www.extreme-poverty.org) websites, submitting articles to local and international media outlets (in fact, November’s issue of The Daily Star’s Forum will be devoted entirely to extreme poverty and feature contributions from several shiree staff members) as well as the upkeep of a blog, contributions to several wikis and maintaining regular contact with local media.

Output 5: Effective programme management systems established and operational

Programme Management

Simultaneous Impact Learning and Process Audit (SILPA)

5.1 SILPA undertakes quarterly audits to map the process that funds take from application to disbursal. These will then be measured against baselines and eventual outputs to not only show physical deliverables against expenditure, but also map the equally important processes that households have been engaged in by the various actors. Aside from ensuring operational and financial transparency, important lessons on the approaches to encouraging consensus-driven, demand-led approaches to addressing poverty issues at the household level will be gained from SILPA and these will eventually modify the application, decision, disbursement and overall grant management protocols of the MA.

5.2 Since the last Annual Review, two separate SILPA investigations and accompanying reports have been undertaken, with the third one in the field now. The second quarterly SILPA (report available from DFID and not represented here) assessment was conducted by Jaideep Gupte during the period 18-24 January 2009. The consultant made field visits to NGOs in the northern region of Bangladesh contracted by the Scale Fund. The third quarterly SILPA (report available from DFID and not represented here) assessment was conducted from 4-30 June 2009 by an independent consultant, Christopher Tomlinson. During the third SILPA report shiree
received recommendations from the IAP to contract NGOs from the winter round of the Innovation Fund and was still awaiting the submission of programme memoranda from shortlisted NGOs of the summer round. The six Scale Fund NGOs were approaching the end of their inception phase\(^{12}\) and *shiree* was in the process of embedding Programme Managers with individual NGOs.

5.3 The focus of the third quarter’s SILPA report was to assess the progress, relevance, efficiency and effectiveness of the six Scale Fund NGOs and ensure that the objectives of the programme will achieve the desired outputs. Assessments for this report took place both in the field—among beneficiaries and other stakeholders—and at the *shiree* (institutional) level. Reflecting the nature of SILPA, this assessment sought to confirm that *shiree* and contracted NGOs continued the learning process when implementing programmes and activities.

5.4 It would be premature to suggest the outcomes of the current SILPA visit being undertaken. The concept of SILPA is that it serves to verify and ratify the work of the MA as well as that of the contracted NGOs and so to speculate on the outcome would question the integrity of SILPA as a process and as an autonomous agency.

5.5 A generic Terms of Reference for SILPA appears as annexe 6 of this report.

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**Guarantor of Equity, Fairness & Transparency (GEFT)**

5.6 The GEFT is tasked with ensuring the implementation of an appeals process, the Review and Appeals Process (RAP), for all prospective Scale and Innovation Fund applicants on process (rather than technical) issues. Whilst the GEFT ensures conflicts and fraud prevention policies are in place, they will also hear appeals where applicants feel that due process was not followed in considering Challenge Fund applications.

5.7 As the GEFT is limited to determining whether due process has been followed, this individual will not rule on issues of technical, financial or operational adequacy of Challenge Fund applications (as this is the role of the IAP). The GEFT will review process and procedural issues and shall not substantively evaluate any proposals, but consider if proposals followed established application and evaluation procedures, requirements and guidelines. The GEFT will require each IAP member, prior to contracting of initiatives, to attest by submitting an affirmative statement that he/she has no known conflict of interest with any applicant or their organisation. If a possible conflict is identified and cannot be quickly resolved to the satisfaction of the CEO or DFID, the NSC or IAP member must be removed from their post and the CEO may expeditiously appoint a new member. Declared conflicts that have complied with the *shiree* conflict of interest policy will be excused from this requirement.

5.8 The GEFT is Robert Smith, currently leading the DFID-funded Payments and Remittances Challenge Fund, and he has submitted an overview of the ongoing EEP programmes for year II, which encapsulates the first year of disbursement for Scale

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\(^{12}\) Apart for Care Bangladesh whose inception phase lasted for 180 days.
Fund NGOs (see annex 7). The GEFT has yet to receive requests by an applicant NGO for further investigation and no appeals have been launched to date.

5.9 The MA views this as a testament to the credibility of the processes they manage, its transparency and rigour.

5.10 A generic Terms of Reference for the GEFT is provided in annexe 9.

### Policies undertaken and implemented at shiree

5.11 The MA has adopted the following policies to optimise the day-to-day functioning of the programme as well as ensuring that human resource management remains clear, understood, documented and therefore fair, impartial, effective and efficient. Policies have been prepared and in place viz:

- Computer and Laptop usages Policy;
- Conflict of Interest Regulations;
- Whistle Blowing Policy;
- Vehicle Usages Policy;

5.12 These are in addition to the manuals and policies which govern the technical management of the Challenge Fund including procurement, financial management, accounting, M&E and so on.

### Financial Management and Rates of Disbursement

5.13 The accounting and recording of Scale Fund and Innovation Funds transactions are undertaken on monthly basis. Since March 2008, the MA has been maintaining its central accounts in QuickBooks Pro, a U.K. software package that easily allows export of accounts to the Harewelle head office.

5.14 In January 2009, the British Council and MA have agreed and finalised the Fund Management Manual which serves as the preeminent authority on how to manage and account for funding resources with partners and the EEP partner agencies. As per the Accountable Grant Agreements signed with all Scale and Innovation Fund grantees, all recipient NGOs receiving funds from the British Council Manchester on quarterly basis will be required to comply with these regulations. Where there is a discrepancy between he NGOs head office regulations and the Fund Management Manual, consultations will be held to agree protocols as a special case. This has been the case with CARE. All grantee NGOs are responsible for submitting monthly accounts to MA on 10th of the following month and this practice is working well. CARE and Practical Action are submitting monthly returns by the 20th of the following month.

5.15 All funds originate from the treasury at British Council Manchester, based on invoices generated by grantee NGOs and checked and approved by the MA. British Council Manchester then transfer funds directly to the NGO's principal (mother) bank account in Bangladesh. These funds are then internally transferred from the mother account to the dedicated project bank account maintained in the name of NGO project.

5.16 The MA finance team are receiving monthly returns from all 18 grantee NGOs on a staggered basis. There are only 4 Accounts Manager who maintaining all of
these accounts. Each Account Manager is responsible for 1-2 Scale Fund NGOs and
3-4 Innovation Fund NGOs. In each month based on an NGOs financial statement,
the MA records necessary financial information in the central accounts register.
Based on such accounting information, the MA then generates the accounting
reports for use by DFID, and consortium partners, including Harewelle for billing and
other invoicing purposes. Any deviation on budget utilisation, discrepancy in fund
receipts, utilisation of contingency and un-reconciled fund balances are reported to
grantee NGOs and the CEO immediately.

5.17 Over the past year, the finance team has also undertaken an audit of each
Scale Fund NGO. These audit reports have been circulated to the British Council as
well as the Finance Director of Harewelle in the U.K. It has been revealed that the
financial management governance at the field level offices including PNGOs of
Scale Fund NGOs are weaker than the standard of Scale Fund head offices. While it
is expected that the Scale Fund grantees themselves will have to address this issue,
they have been slow to respond to improvements at the field level. As a result, the
finance team has been working closely work with Scale Fund NGOs and their
partners in the field to improve the financial management capacity of field offices.

5.18 Over the coming year, a similar type of internal audit will be undertaken for
Innovation Fund NGOs. It appears that the financial management capacity of a
few of the Innovation Fund NGOs is much weaker than Scale Fund NGOs. Many of
the more experienced Innovation Fund NGOs have adequate systems, protocols
and fail-safes in place. The MA Finance team is providing technical assistance to
such NGOs on regular basis to improve their financial management and
governance procedures and systems.

5.19 Expectations on the level, accuracy and speed of financial and programme
management have been conveyed to NGOs and most have responded positively.
In order for the MA to maintain its current pace of implementation without
compromising its financial management procedures and protocols, it is essential
that Scale Fund NGOs have the capacity to match MA performance. Despite
generous budgets allowing grantee NGOs to do this, this has not been the case to
date, but there is still some potential for this to be developed. The MA is being
patient with NGOs in this regard. Several orientation sessions on budgeting and
procurement policies have been held along with other essential financial
requirements. The MA have also attended and participated in grantee financial
management training at the field level when sensitising and training of partner NGO
staff was given by the contracted NGO.

Management to Programme Ratios

5.20 The contract values for each Scale and Innovation Fund NGO have already
been presented in previous chapters. From November 2008 to October 2009, the
MA has disbursed £2,517,368 favouring grantee NGOs (6 Scale fund grantee NGOs
for £2,010,145 and 11 Innovation Fund Grantee NGOs for £507,222. In addition to this,
a total of £213,252 has disbursed for the Lesson Learning Fund). Aside from these
direct transfers to NGOs, approximately £350,000 has been directly disbursed by DFID
for the purchase of vehicles, equipment and other capital items procured via Crown
Agents. On this note, the MA have raised the issue of the inefficiency of Crown Agents
to DFID on several occasions. It was expected that using Crown Agents
would actually reduce transaction costs, but considering the level of oversight and follow-up coupled with delays, the requirement to procure large capital items only through Crown Agents has actually increased transaction costs for the MA.

5.21 In the period defined above, the MA has spent £1,009,243 on Fees and Reimbursable. At time of writing, the ratio between MA costs to programme disbursements is 1:2.7. The MA considers this as reasonable, especially considering the front-loading of capital costs for larger initiatives such as the ones being channeled via the Scale Fund NGOs.

5.22 The cumulative MA costs from December 2007 to October 2009 is approximately £1,841,892 and programme costs £2,729,620 during the same time; for a net ration of 1:1.50. These ratios will be increased over the coming years, when Challenge Fund disbursements will be increased by a factor of about 5. It is therefore expected that next year's ration will improve on the current ratio of about 1:2.7 to at least 1:3.5

**Budget Analyses of 6 Scale Fund NGOs**

5.23 During contract negotiations, the MA team provided emphasis to reduce the transaction and administrative (non-programme) costs of Scale Fund initiatives. It appears that the average cost for graduation of each household (on aggregate) over a 3 year programme is about BDT 25,991 (equivalent to £260.00), of which BDT 13,076 is direct inputs/assets. The ratio between all other administrative and technical cost versus direct delivery is 1:1. This means that for every 1 Taka of asset to be provided to a BHH by an NGO, the NGO overheads are also equivalent to 1 Taka. CARE is spending BDT 1.84 for a direct delivery of BDT 1.00; the lowest ratio is for Uttaran, which is spending BDT 0.54 for providing assets of BDT 1.00. This issue has been highlighted to DFID in the MA's original inception report and is proving to be true through practical evidence and experience gained from the field. The MA is closely reviewing the administrative and operational costs of all NGOs, so that savings from such expenditure can be channeled to increase direct delivery to extreme poor BHHs.

5.24 The total budget for 6 Scale Fund NGOs, as well as the 6 Innovation Fund (Innovation I) NGOs and 5 Innovation Fund (Innovation II) NGOs appear in annexe 10a, annexe 10b and annexe 10c respectively.

**Human Resource Management**

5.25 Following the 2008 Annual Review report, a number of recommendations made by the DFID-led team have been implemented which include an improved emphasis on the transformational outputs of *shiree*. These are summarised in annexe 11. Implementing these recommendations translated into a change in the skill sets of *shiree* staff, which resulted in the consolidation of contracts for Advisers. However, three full-time advisers were retained along with the appointment of one part-time adviser with a policy and advocacy background. The departure of the advisers signified the change from selection and establishment of processes to more directed management of grantee NGOs. Staff changes were also made to bring in more suitable skill-sets and to strengthen the transformational outputs of the programme. The MA is thinking of how best to respond to requests from Innovation Fund NGOs to provide volunteers or interns to assist with the delivery of initiatives.
number of options including NGO direct contracting to organisations such as VSO are being explored. Final decisions will be made towards the end of November and will likely entail a mix of approaches to test the range of skills that best suits the needs of each NGO.

5.26 *shiree* is committed to embed a Programme Manager within each NGO and in concurrence with this commitment, the programme is in the process of recruiting three additional Programme Managers. This will also account for the dismissal of one Programme Manager in July 2009 who failed to disclose a conflict of interest plus one additional Programme manager as agreed in the recent contract amendment.

5.7 The MA has also strengthened the internal capacity of the accounts team with the recruitment of one Senior Accounts Manager and two Junior Accounts Managers. The resignation of a Communications Officer led to the appointment of an interim Communications Manager who was originally a volunteer with the MA. A Communications Specialist has since been appointed and has performed exceptionally well. The Management Information System (MIS) has been reconstituted as the Information Services Unit (ISU) with the recruitment of an additional Systems Analyst and an Information Services Officer.

5.28 In addition, the MA successfully appointed a Chief Operating Officer (COO) after several previous unsuccessful recruitment processes that were carried out nationally and internationally. The COO shall carry out the duties as per the ToR submitted to DFID as part of the *shiree* EEP programme memorandum.

5.29 Despite the insistence of the CEO otherwise, no international or national contracts for staff have been renewed for 2010 onwards, and all key personnel contracts will expire in December 2009. Some staff have already begun to look for opportunities elsewhere, because the contract holders haven't been able to confirm (for reasons unknown) the renewal of key contracts. Considering the costs of recruiting and training new staff, it is extremely disappointing that the lead contractor hasn't accepted the risks and resulting damage that talent flight could have on the programme.

5.30 A 360 staff appraisal has been carried out and will be concluded prior to the first day of the 2009 Annual Review. This is the second year such an appraisal is being performed within the MA. This is a new process for many national appointed staff and it has taken some time to accept that there will not be adverse reactions to unfavourably received evaluations. It is hoped that all staff have the security that they are valued and play an increasingly important role in the work the MA does.

5.31 For most of the year, the MA was critically understaffed in both personnel as well as skills. Despite these shortages, the hard work of all remaining staff enabled the MA to have a year field with considerable progress and noteworthy achievements that all members of staff are proud of.