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REPUBLIC OF CHAD
INTERIM EVALUATION OF THE
***OUADIS* OF KANEM AGRICULTURAL DEVELOPMENT PROJECT**

EXECUTIVE SUMMARY



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ABBREVIATIONS AND ACRONYMS

BSF	Belgian Survival Fund
CIRAD	International Cooperation Centre on Agrarian Research for Development
CLAs	self-administered local credit unions
EIG	Economic Interest Group
GDF	Group Development Fund
NGO	Non-Governmental Organization
NKDC	National Kanem Development Committee
ONDR	National Rural Development Agency
PDAOK	<i>Ouadis</i> of Kanem Agricultural Development Project
PMU	Project Management Unit
PPCD	Pilot Programme for Combating Desertification
RKDC	Regional Kanem Development Committee
SECADEV	Secours catholique de développement (local NGO)
SOF	Special Operations Facility
UNOPS	United Nations Office for Project Services
UNSO	United Nations Office to Combat Desertification and Drought
VG	Village Group



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I. INTRODUCTION

1. The *Ouadis* of Kanem Agricultural Development Project (PDAOK) is IFAD's second project in Chad, a landlocked Sahelian country that is one of the poorest in the world and which for the past quarter century has endured a series of natural disasters and armed conflicts.

2. The project was designed in 1993 and approved in April 1994 under IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification. The loan amount was USD 5.7 million, and the loan agreement (SRS 041 TD), with a term of six years, was signed in October 1994. It was accompanied by a grant of USD 370 000 from the Special Operations Facility (SOF).

3. The project was launched in October 1995 under the aegis of the Ministry of Agriculture and Environment and the supervision of the United Nations Office for Project Services (UNOPS). During the early years of the project, it received international technical assistance from France (in the amount of USD 780 000). In 1996, an additional component was added for testing a mechanized water-harvesting technology (Valerani/Nardi), called the Pilot Programme for Combating Desertification (PPCD); this was financed by two successive grants from the Italian Government totalling USD 1 million. Finally, a social and health component was added to the initial project in 1997, financed by the Belgian Survival Fund (BSF) in the amount of BEF 84.5 million (the grant agreement was concluded in October 1997, for a term of five years). The external funding mobilized for the project has totalled more than USD 10 million (of which more than 40% has been in the form of grants). The Government's contribution was estimated at USD 1.1 million (tax exemptions and civil servants' salaries).

4. An IFAD mid-term review mission was conducted at the end of 1998. The closing date for the loan, originally scheduled for December 2001, was extended June 2002. The closing date for the BSF grant, originally scheduled for October 2003, had to be advanced to 2002. In June 2001, the Government of Chad sent the Fund a request for an interim evaluation in preparation for elaborating a second phase of the project.

5. The interim evaluation of the project was carried out from December 2001 to February 2002 and concluded by a validation workshop in Mao, the main town in the Kanem region. The Director General of the Ministry of Agriculture and Environment chaired the workshop. All the operational partners in the project took part, together with 30 farmers' representatives selected by their communities.

II. PROJECT CONTEXT AND DESIGN, IMPLEMENTATION AND RESULTS

A. Area and Context of the Intervention, Target Group

6. Kanem is a region with a Sahelo-Saharan climate situated to the north and north-east of Lake Chad. It is characterized by an arid steppe landscape on sand dunes. Bottom land between the dunes are called *ouadis* when they have alluvial clay soils and shallow groundwater that sometimes wells up on the surface. In Kanem there are thousands of *ouadis*, of which only a few hundred are used for



agricultural purposes, either growing date palm trees or raising small irrigated crops. Annual rainfall ranges from 350 mm in the south to 100 mm in the north. The dry season lasts for nine months and is characterized by high temperatures, frequent searing winds and strong evapotranspiration.

7. The project area comprises the southern half of the former Kanem prefecture. The population density in the area is approximately five inhabitants per square kilometre, living in villages scattered along the *ouadis* and in nomadic encampments. The main languages are Kanembou, Gorane and Arabic. Most of the population consists of farmers and sedentary herders. The region's economy is based on extensive livestock raising, rainfed millet crops on the dunes, and wheat and horticulture crops on small irrigated plots in the *ouadis*. It is very common for the men to migrate. The population of Kanem suffers from widespread poverty and a structural food deficit due to a series of droughts since 1970. In 1993, per capita income in rural areas was estimated at between USD 50 and USD 120 per year. Nearly 90% of the rural population is illiterate. Prior to PDAOK, Kanem had been the beneficiary of only a very few local agricultural development efforts, mostly run by international non-governmental organizations (NGOs). From 1992 to 1997, a pilot agro-sylvo-pastoral development project was mounted by the United Nations Office to Combat Desertification and Drought (UNSO) to prepare the way for the PDAOK.

8. The project is based at Mao, which is the main town in the region (17 000 inhabitants) and the residence of the Sultan of Kanem, the traditional chief of the Kanembou. The area is very isolated and travel is difficult (along sand tracks that can only be negotiated using four-by-four vehicles or camels).

B. Objectives, Strategy and Components According to the Initial Project Design

9. **The general objective** of the PDAOK was "to improve food security and the income of the farm population in the area, reduce the vulnerability of the poorest people vis-à-vis the degradation of the environment and safeguard the region's productive potential".

10. **The immediate objective** was "to encourage farmers gradually to take charge of their own development and become more and more independent of assistance structures, which will make it possible (...) to reduce recurrent costs after the project".

11. **The target population** consisted of sedentary farmers whose principal activities were the exploitation of the *ouadis* and neighbouring sand dunes, with priority to be given to woman-headed households. The project was to focus on six small areas comprising 90 villages in the sub-prefectures of Nokou, Mao and Moussouro, with a total population estimated at 5 400 families (37 800 inhabitants). It was estimated that 95% of the population would benefit from the project: 3 600 families from investment in village water supply, 2 700 families from agricultural extension activities, 768 families from improved water-lifting equipment, and 1 800 families as a result of the dissemination of goats and cereal banks.

12. As originally envisaged, the project had four components: (i) group formation and training, (ii) agricultural production and marketing, (iii) environmental protection and village water supply, and (iv) a project management unit. One more component was added in 1997: (v) social and health activities. Section D below describes the expected outputs.

13. **The project strategy** was systematically to apply a participatory approach in accordance with the country's policy, which stressed the mobilization and structuring of village communities into economic interest groups (EIGs). Actions were only to be carried out in response to specific requests by communities, were to be based on contractual relationships between groups and their partners and were to be accompanied by systematic efforts to train the farmers directly. Lastly, all items of



production equipment and inputs were to be supplied to farmers at their actual cost (on credit), to ensure that the actions would be replicable.

14. Clearly, the development of small-scale irrigated agriculture in the *ouadis* lay at the centre of PDAOK's development and food security strategy. From the beginning, however, the project took on the character of a comprehensive rural development project, and this was further strengthened by the subsequent addition of the components comprising social and health activities and the PPCD.

15. The objective of the social and health activities component was to improve the nutritional level of the population. Infant malnutrition was to be combated by means of: (i) improved access to potable water, (ii) nutritional training for mothers, (iii) the introduction of a cost-recovery system and the implementation of a "Minimum Package" in health centres, and (iv) adult literacy programmes targeted in particular at women.

C. Partnership, Institutional Framework and Implementation Conditions

16. From the institutional standpoint, the project was organized on the basis of contractual operators, including one Lead Operator, under yearly agreements with a Project Management Unit (PMU). The PMU operated under the oversight of the Ministry of Agriculture and Environment. However, the National Kanem Development Committee (NKDC) chaired by the Ministry of Planning was responsible for approving progress reports and annual work programmes and budgets. In addition, a Regional Kanem Development Committee (RKDC) chaired by the Prefect was responsible for assuring coordination among the projects and regional public administrations, reviewing the annual work programmes and budget and forwarding its opinions and recommendations to the national committee.

17. The National Rural Development Agency (ONDR), the main public body concerned with agricultural and rural services in Chad, was selected as the Lead Operator. It was associated with the International Cooperation Centre on Agrarian Research for Development (CIRAD), which provided one technical assistant. At the outset, ONDR-CIRAD was in charge of most of the activities to be carried out under components (i), (ii) and (iii). Two other public operators were later recruited for the agricultural waterworks and literacy sub-components. The social and health component was implemented by three different operators. PPCD was carried out initially under the responsibility of the Lead Operator, and subsequently under the responsibility of a sixth public operator, the Farcha Veterinary and Animal Health Research Laboratory.

18. The institutional structure proved cumbersome, and the partnership difficult to manage. From the beginning, relations were stormy between the PMU and the Lead Operator. Recruiting operators took a great deal of effort, and several operators were not signed on until very late in the process: the Directorate of Agricultural Education for the literacy sub-component, in 1999; the Directorate of Rural Engineering for the agricultural waterworks sub-component, in 1999; the Farcha laboratory for PPCD, in 2000; and the local NGO, Secours catholique de développement (SECADEV), for the development of self-administered microfinance institutions, with which the agreement was not signed until 2002 (this being the only NGO involved in the project).

19. Not only did the introduction of new components and new operators make the execution of the project a turbulent process, but the problem was exacerbated by a high turnover in key posts in the partnership overseeing the project: during the six years that the project was operating under full steam (from 1996 to 2001), the PMU had four directors, there were four project supervisors from UNOPS, there were three IFAD portfolio managers (none of them being the portfolio manager responsible for the design of the project), and the Lead Operator had two project liaison officers. The contracts of the two technical assistants came to an end halfway through. If the changes that took place in the Ministry



responsible for overseeing the project are also taken into account, it becomes apparent that the group of individuals making up the core of the partnership was not stable for more than two years at a time.

20. The ill-functioning institutional structure resulted, *inter alia*, in a systematic delay in the approval of the annual work programmes and budgets by the NKDC. Typically, the work programmes and budgets were approved sometime between March and June of the year to which they pertained. Moreover, there were frequent cash crises that disrupted work in the field. These were attributable to overspending in certain funding categories, which meant that funds had to be reallocated and that there were often delays in forwarding statements of expenditure.

D. Resources Allocated and Main Achievements (Outputs) by Component

21. All told, the project mobilized more than 120 agents through the PMU and the operators, including government officials (27), extension agents, literacy workers and drivers hired on contract. By the project termination date, nearly all the funding had been disbursed. The resources of the BSF grant were spent more quickly than originally expected.

	Commitments		Percentage disbursed as at June 2002
IFAD loan	SDR	4 100 000	96%
IFAD grant (SOF)	USD	370 000	100%
French grant (French Fund for Aid and Cooperation)	USD	780 000	100%
Belgian grant (BSF)	BEF	84 500 000	95%
Italian grants (2)	USD	1 007 000	90%
Contribution by national government	XAF	1 197 000 000	(not available)
Contributions by beneficiaries	XAF	186 000 000	(not available)

22. Operating expenses were much higher than originally budgeted. For the IFAD loan, the original allocation for operating expenses was SDR 560 000 (14% of the total loan). By the end of the project, following two reallocations, total expenditure in this area amounted to SDR 1.26 million (32% of total disbursements). So far as the BSF grant is concerned, the initial allocation for operating expenses was BEF 12.8 million (15% of the total). By the end of the project, actual expenditure in this area amounted to BEF 26.6 million (33% of the total). This doubling of expenses from the level originally budgeted is due in part to the fact that operating expenses for a region such as Kanem were underestimated in the beginning. Kanem has no proper roads, its villages are scattered over a wide area, it is far removed from the capital city and there are great distances to be covered over the sand dunes, all of which means that transport costs are considerably higher than the usual level of such costs in the Sahel. It is also clear, however, that neither the PMU nor the operators knew how to bring these costs under control or were able to do so, and that the public administration sometimes used PDAOK vehicles and equipment for other purposes.



- **Achievements of the group formation component**

23. Rural group and Group Development Fund (GDF) sub-component:

Expected outputs according to the initial project design	Achievements as of December 2001
<ul style="list-style-type: none"> - Inclusion of 90 villages under the project and development of village development plans. - 90 Village Groups (VGs) were to be set up, encompassing 5 100 heads of operations, plus specialized sub-groups. - Mobilization of XAF 450 million under the GDF, in the form of loans. - Six canton credit unions were to be established by Year 3, encompassing the 90 VGs. 	<ul style="list-style-type: none"> - Gradually, 78 villages were brought under the project, comprising some 5 820 families. Brief analyses and priority lists were prepared. - 25 VGs were set up, and then the structure was abandoned as being ill suited to the social context. These VGs are not in operation. - 248 specialized EIGs were set up (119 for women, 81 for men, and 48 for both sexes). Of the EIGs, 168 (or 65%) are considered to be running well; most of these are women's EIGs. - The GDF has been mobilized at a level of XAF 270 million in loans and XAF 63 million in financial assistance grants. The average loan repayment rate is 72%. - Late in the project, four self-administered local credit unions were set up, encompassing 73 EIGs (these are not yet operational).

24. The number of villages included under the project grew gradually from 14 in 1996 to 65 in 1998 and 78 in 2000. After the failure of the Village Group approach, the project's focus on establishing EIGs of 15 to 20 members each and providing them with support was a sensible direction to take. This enabled villagers to learn how, as a group, to manage activities or services, and thus to begin a process of establishing their independence from traditional authorities accustomed to living off the labour of farmers. Most of these organizations are effectively in charge of their activities. Some of these activities are managed in common (the cereal banks, the seed banks, transport by camel and the mills for grinding millet), but in most cases the service operated in common consists simply of managing credit for individual productive activities (farm production, petty trade, livestock raising). Most of the 4 600 members of the EIGs are women who find that the small loans they receive give them a way to strengthen their financial independence within the family.

25. The average rate at which the loans are repaid – 72% – is highly unsatisfactory. Behind this average figure lies a wide variation depending on the type of loan involved. By and large, loans for farming in the *ouadis* are repaid at a very low rate (41%), and this is particularly true of the large loans for water-lifting devices (7% for power-driven pumps and bore wells). In contrast, microcredits granted to women for petty trade have been quite well repaid (87%) as have loans for cereal banks (90%) and for millet seed (95%). In almost all cases, the beneficiaries of loans were required to make a contribution themselves, which ranged from 5% to 32% and averaged 16%. All together, contributions by the beneficiaries totalled XAF 62 million, against XAF 270 million in loans and XAF 63 million in matching grants.

26. Throughout the project, the GDF was administered by the Lead Operator. Loan interest is deposited in bank sub-accounts in N'Djamena in the name of each EIG, which is advised of the deposit but does not have free access to it. The four self-administered local microfinance institutions recently set up (which were still not operational in December 2001) cannot be viable unless they receive support over an extended period of time.



27. Training and literacy sub-component:

Expected outputs	Achievement
<ul style="list-style-type: none"> - 120 literacy centres, training 12 000 people (IFAD loan) - 9 600 members of EIGs completing literacy training and post-literacy training (social and health component; BSF grant) 	<ul style="list-style-type: none"> - 35 literacy centres, operating in as many villages in 2001 (funded under the BSF grant) - 842 persons completed literacy training, of whom 371 were women (44%)

28. This key sub-component did not get off the ground until very late, using financing from the Belgian grant, and so the results in 2000 and 2001 fell far short of expectations. The mission found that the demand for literacy training was strong, particularly amongst women. Overall, the training effort was weak and the resources available for this purpose were underutilized. The delay in the literacy component meant that the other programmes that were to follow it could not be undertaken.

- **Achievements of the agricultural production and marketing component**

29. Agricultural waterworks sub-component: upgrading or installation of water-lifting and irrigation systems.

Expected outputs	Achievements
<ul style="list-style-type: none"> - Upgrading of 250 wells - 450 tilting-can systems - 20 power-driven pumps - Total amount of capital investment to be made estimated at XAF 330 million (on credit) - Upgrading of irrigation systems 	<ul style="list-style-type: none"> - Upgrading of 86 wells - 30 tilting-can systems - 32 power-driven pumps on bore wells - 30 pedal-driven pumps on bore wells - 10 bore wells not fitted with equipment - Total amount of capital investment actually made: XAF 36 million (of which XAF 22 million on credit, with a repayment rate of less than 20%) - No irrigation systems were upgraded

30. Of all the project's activities, the agricultural waterworks sub-component was expected to bring about the greatest economic benefit, mainly by increasing the area of cultivated land under irrigation thanks to the "double tilting-can" ("double bidon verseur") technology that was intended to open *ouadis* with a deep-lying water table to agricultural use. **The results of this sub-component were very disappointing.** There was little investment in this area, and in many cases where such investment was made the only result was to push producers into debt. The double tilting-can technology, which was supposed to have been tested and perfected by the UNSO project, proved ill suited to the area and far too costly and risky in the absence of subsidies to support the investment. For *ouadis* with a shallow-lying water table, the effort to improve the traditional water-lifting system was a failure. There can be no arguing with the view of the farmers, as expressed at the final evaluation workshop: "So far as the component consisting of agricultural waterworks in the *ouadis* is concerned, the resources made available to us were pathetic."

31. The fact that the area of land under cultivation in the *ouadis* was increased only slightly (see Part III, "Impact of the Project") was a very visible feature of the PDAOK, and contributed to the project's negative image during its early years in the eyes of the Government. However, this activity produced two positive results, which unfortunately came late in the project: the technical perfecting of a new system for *ouadis* with a deep-lying water table (the single tilting-can) and the introduction on a trial basis of drilling bore wells using PVC tubing in other *ouadis*, which seems promising. Following



the mid-term review mission, the sensible measure was finally taken of providing matching grants to cover part of the cost of these innovations.

32. Agricultural extension and inputs supply sub-component:

Expected outputs	Achievements
<ul style="list-style-type: none"> - Introduction of improved varieties and new species for <i>ouadis</i> cultivation. - Improvement of crop-growing techniques - Placement of 2 700 sets of small tools - Supply of seeds - Supply of plant health materials - Provision of 1 800 groups of goats to as many women (3 600 goats on credit) 	<ul style="list-style-type: none"> - Diversification of horticultural crops and small-scale fruit-growing (including the planting of 4 900 fruit trees) - Little or no change in crop-growing techniques in the case of crops already being grown - 390 sets of small tools (54% repayment rate) - XAF 32 million in credit for seeds for <i>ouadis</i>, with a 55% repayment rate - 78 millet seed banks, serving about 1 400 families a year - 2 300 groups of goats (4 600 goats on credit)

33. In the *ouadis*, the results achieved in the area of agricultural extension consisted mainly of providing seeds, plants and small tools. The supply of seeds for horticulture crops was frequently criticized as being too late and of poor quality. For all practical purposes, there were no changes made to crop-growing techniques. However, the project did initiate a diversification of vegetable and fruit crops by introducing new species (carrots, potatoes, lettuce and citrus fruits). There is no guarantee that these few achievements will prove lasting since the project provided the seeds or plants itself, rather than promoting the development of commercial sources of supply.

34. The most significant results were in the area of dune crops, as millet seed banks were established using loans or matching grants. This made it possible for almost 1 400 families, on average, to be supplied with seeds each year. The importance of this does not lie so much in the superior quality of the seeds as in the availability of the seeds in sufficient quantities and at an attractive price at sowing time. Whether the system will prove durable will depend on the continuing availability of credit.

35. The provision of small groups of goats (two goats on credit, plus one as a personal allotment) yielded results that significantly exceeded expectations.

36. Marketing, processing and income-diversification sub-component:

Expected outputs	Achievements
<ul style="list-style-type: none"> - Providing communities with market information and studies on processing possibilities - 30 cereal banks - Support for microenterprises, and for the purchase of animals used as a means of transport 	<ul style="list-style-type: none"> - 44 cereal banks established (XAF 51 million in loans, with a 90% repayment rate; but interrupted in 1999) - Extensive granting of credit to women for petty trade (XAF 71 million, with an 87% repayment rate) - 372 camels (XAF 28 million, with a 59% repayment rate)



37. The cereal banks enjoyed a certain success during the early years of the project: from 1996 to 1998, 610 tons of millet was provided as the basis for setting up 44 cereal banks. This type of lending was suspended in 1999 and the system was stymied by a bountiful harvest in 1998 (that caused prices to drop in 1999) followed by a very poor harvest in 2000, which led to the distribution of World Food Programme food aid on a wide scale. The necessary conditions are not in place for the cereal banks to be profitable, particularly when the unforeseeable nature of food aid is added to the ups and downs of local production.

38. **Results in the area of financing petty trade and other income-generating activities far exceeded expectations.** In terms of the amounts granted, this was by far the largest category of lending (21% of the GDF total). This is also the area that reached the greatest number of women.

- **Achievements of the environmental protection and village water supply component**

39. Environmental protection sub-component:

Expected outputs	Achievements
<ul style="list-style-type: none"> - Reforestation in 90 villages, in the form of “village woodlands” - Provision of imported <i>chadouf</i> wood - Testing of Valerani/Nardi technology for large-scale reforestation (PPCD) 	<ul style="list-style-type: none"> - 37 reforestation actions which were carried out with poor results, except for notable success in eight Ntiona villages that had been seriously threatened by sand-dune encroachment - Provision of a few hundred improved dwellings - Failure of half-moon reforestation attempts; conversion of the PPCD to the upgrading of rain-fed agriculture

40. In the planting of village woods, the project had limited success. Demand proved to be weak, except in a few villages that were directly threatened by sand-dune encroachment.

41. Strictly speaking, the PPCD was not a component of the PDAOK, but rather a parallel project managed by the PMU quite separately from the PDAOK. It suffered from an ambiguous project design (it was not clear whether it was an action-research activity or a development activity) and a strategic error from the beginning in that it sought to test a tree-planting technique on a large scale without providing the plantings with any protection from livestock, in a steppe zone that is open to extensive livestock raising and where herds are moved from one grazing area to another according to the season. The reorientation of the PPCD to turn it into a test of the effects of half-moons on rainfed millet crops was rigorously implemented, but in its new guise it was not carried out for a long enough time. Despite clear evidence that the millet yield was increased and made more secure, the viability of the system is far from assured. Lastly and most important, a technology that centres on the use of a heavy tractor and sophisticated tools appears very poorly suited to the Kanem environment. There were frequent breakdowns that simply could not be repaired within 200 km of Mao. In the end, it became clear that the choice of Kanem to test the Valerani technology in Chad was a mistake.

42. Village water supply sub-component:

Expected outputs	Achievements
<ul style="list-style-type: none"> - Drilling and equipping of 60 new bore wells (IFAD loan) - Drilling and equipping 30 new bore wells and rehabilitation of 20 other bore wells (BSF grant) 	Establishment of 100 village water points, consisting of: <ul style="list-style-type: none"> - Drilling and equipping of 80 new bore wells - 20 rehabilitated bore wells

43. In this area, which is of such vital importance to the local population, the tangible achievements are virtually identical to the objectives initially envisaged. However, the water point management committees are largely non-functional and there have been no significant improvements in maintenance or in the provision of spares.

• **Achievements of the social and health activities component**

Expected outputs	Achievements
<ul style="list-style-type: none"> - Revitalization of 25 health centres and construction of six new health centres - Training and supervision programme conducted at all levels in the community, as well as in the management committees and at the district and regional levels - Training of nutrition experts and workers, and of health workers - Provision of nutrition training in the villages included under the PDAOK (women educators) - Literacy (see paragraphs 27 and 28) - Construction or rehabilitation of bore wells (see paragraph 44) - Construction of 50 water troughs and 45 latrines - Establishment of 50 water committees 	<ul style="list-style-type: none"> - 23 health centres revitalized, five health centres rehabilitated, six new health centres built - 25 health workers trained in micro-planning, but other training areas neglected - Fitting out of the districts and the Kanem Health Office - 23 management committees set up - Villages given information on co-management and cofinancing of health centres - Training given to five nutrition workers, 30 health workers and 288 women educators (in 74 villages) - Nutrition awareness activities conducted in 74 villages - Literacy (see paragraph 28) - Bore wells (see paragraph 44) - Water committees not functional

44. Overall, tangible achievements under the social and health activities component (health centres, equipment, bore wells) substantially conform to the objectives set at the beginning. Most work was completed only very recently (between 2000 and 2002). The health centre management committees are in place and are beginning to function.

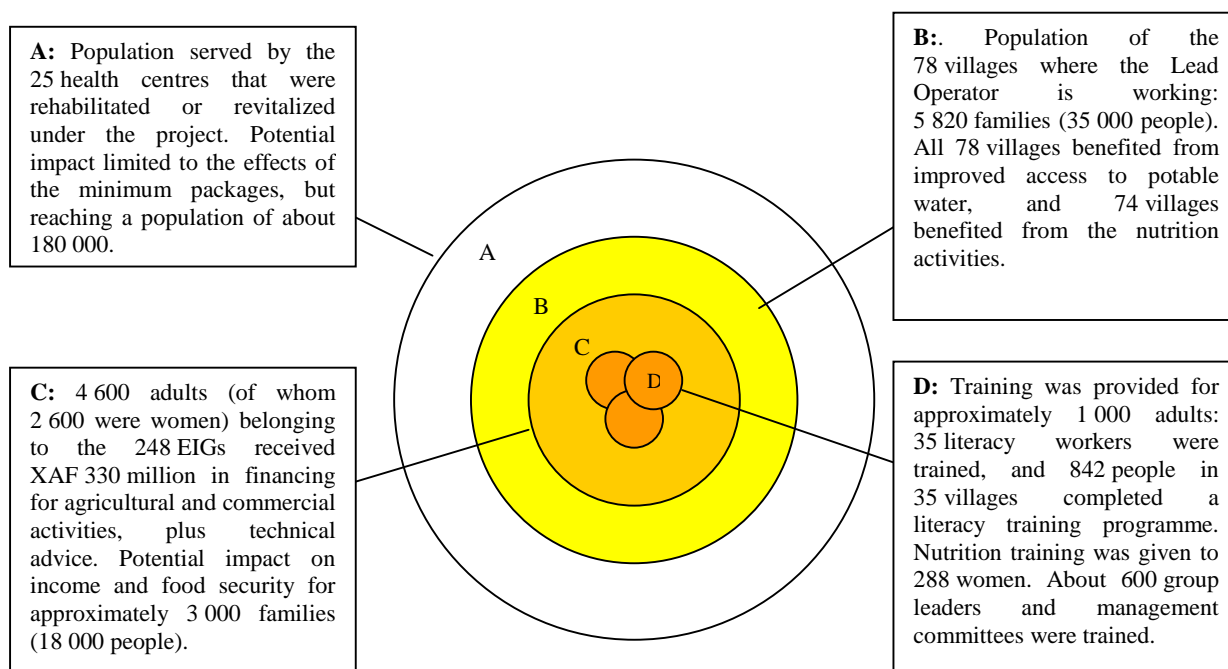
45. The nutritional education sub-component was well carried out. However, the results of the actions to promote literacy fell far short of expectations. In more general terms, the entire training programme (except in the area of nutrition) was neglected both in the villages and by health workers and experts.

III. IMPACT OF THE PROJECT

A. Outreach of the Potential Effects of Project Achievements

46. The components of the project were carried out on a variety of scales, but except for the health centre activity, which covered a wide area, most activities were concentrated in the 78 villages that were the focus of the Lead Operator's intervention. The chart that follows summarizes the potential

outreach of the effects of the various actions undertaken. These effects cannot all be measured, and some of them have not yet been fully realized (see sections B to F below), but the number of people with access to the project's outputs is known. Circle C represents the outreach of the potential impact relating to the PDAOK's strategic objective, which was to improve food security and the income of the farm population.



Note: In boxes B and C, the figures shown in parentheses are estimates of the number of people based on the number of families. In the project area, the number of people per family ranges from 4.8 to 7.0. The average figure used here is six people per family.

47. As of the date of the interim evaluation, the impact of certain major activities, particularly in the social and health activities component (circles A, B and D), was just beginning to be felt since work had only very recently been completed. This is particularly true of the investments in village water supply, in nutrition education and in literacy. The primary health care sub-component was not completed and community reaction to the new structure of fee-charging care services had not yet stabilized. Consequently, it is premature in December 2001 to assess the impact of the social and health activities component against its principal objective of improving the nutritional status of the population. In addition, the economic impact on the families belonging to EIGs (circle C) depends on how long the EIGs have been in existence (150 of the EIGs have been in operation for more than three years).

48. The sections that follow sum up the estimated impact of the project using the nomenclature in six domains of impact defined according to the new evaluation methodology adopted by IFAD. For each impact domain, the evaluation mission's assessment is summed up on a rating scale of 1 to 4.¹

¹ The scale runs as follows: 1 – a major impact in line with expectations; 2 – a substantial or significant impact; 3 – a modest or limited impact; 4 – a negligible impact or no impact at all. These ratings take into account the objectives originally set and the resources used.



B. Impact on Households' Physical and Financial Assets

49. One of the PDAOK's strategic objectives was to increase the cultivated land area under irrigation by improving the water-lifting systems used by families in those *ouadis* where crops were already being grown and by establishing new farms in *ouadis* with a deep-lying water table where no crops were yet being grown. **In this regard, the impact of the project fell far short of expectations.** Insofar as the project made it possible for new equipment to be obtained, the evaluation mission estimates that fewer than 150 farmers have been able to improve their irrigation capability. The potential increase in the land area under irrigation in the *ouadis* would be in the range of 50 to 60 hectares, and **the actual increase was approximately 30 hectares, whereas the aim was to increase this land area by more than 790 hectares.** As a proportion of the land area under irrigation in the 78 project villages before the project was carried out, the increase amounts to 7%. The proposed water-lifting equipment is relatively expensive, and the repayment rate on this equipment has thus far been very low, which has no doubt helped to prevent decapitalization.

50. However, the project did have other effects on families' productive resources. The acquisition of groups of goats by approximately 2 300 women made it possible for small-scale livestock raising to be established over a wide area, and the planting of fruit trees in the *ouadis* (principally citrus fruits and date palms) will have a longer-term positive impact. The small tools used for farming were upgraded, and more than 300 individuals or EIGs acquired a camel for transport or commerce.

51. Lastly, over a period of several years, approximately 3 000 families have had access to a diversified credit service. In many less disadvantaged parts of sub-Saharan Africa, this access to credit would not be considered an "impact" in the sense of a change in the life of farmers. In Kanem, however, and particularly in the PDAOK project villages, this was an innovation: access to a new form of resources that could bring about changes in behaviour and a diversification of income-generating activity. All told, the XAF 330 million in contributions from the GDF (of which XAF 270 million was in the form of loans) represent a significant contribution for communities that are very poor: on average, more than XAF 100 000 (USD 150) per family.

52. In the current state of affairs, this change will not be a lasting one unless there is support over an extended period of time for the development of a microfinancing institution. On the other hand, if such support is forthcoming so that the process already begun can be pursued, its economic and social impact could extend far beyond the present impact of the PDAOK.

53. Generally speaking, the present impact of the project on the physical and financial assets of families is considered modest (rating: 3) in comparison with the initial objectives and the resources used. Above all, the degree of impact varies widely: the impact of the project is small insofar as productive resources in the *ouadis* are concerned, but the impact is significant in other areas.

C. Impact on Human Assets

54. **Improvement in health conditions.** The establishment of 100 village water points has provided the populations of all the villages with access to a good source of water. It is estimated that some 30 000 people use these water points. A survey carried out at the end of 2001 (before the last 30 bore wells were completed) indicated that 62% of families were using the water from bore wells in the villages that were the beneficiaries of the project. For the reasons indicated above, the conditions for ensuring that these investments are maintained on a lasting basis appear not yet to be assured.

55. The primary health care sub-component had a positive effect on vaccination rates, although the levels targeted are still far from being achieved.



	1997	2001
BCG (target 90%)	20%	25%
DTCP3 (target 80%)	9%	21%
Rouvax (target 80%)	13%	26%

56. The frequency of visits to health centres fell at first, apparently for two reasons: (i) because the distribution of dry rations by the United Nations Children's Fund was halted, and (ii) because the cost-recovery principle was introduced for medications. This decline in the use of health centres seems to have been temporary, and the trend is now reversing itself. The survey conducted by the evaluation mission shows that the quality of health care provided in the health centres is still clearly unsatisfactory, because staff are not properly qualified and training programmes have not been carried out.

57. Nutritional training for mothers was an activity very much appreciated in nearly all the project villages (74). Following two years of training work, maternal behaviour did indeed change as shown by the survey carried out by the evaluation mission.

	Control villages	PDAOK villages
Babies breastfed only up to the age of six months	3%	20%
Babies weaned at the proper age	11%	47%

58. The 288 women educators trained in the villages will continue their awareness-raising activities, and the impact of this activity is likely to increase in future.

59. The current impact of the project on the nutritional status of children was the subject of an anthropometric survey conducted in January 2002. In view of the criteria used to establish the target group for the project, the villages included are particularly disadvantaged: they are isolated, the *ouadis* are not used to their potential, there have been no previous projects and there are no other projects under way, and so on. Although no anthropometric survey had been conducted in these villages before they were selected for inclusion in the project, it may reasonably be assumed that the average nutritional status in these communities was especially dire.

60. The interim evaluation carried out a comparative survey using a sample of villages that were beneficiaries under the project and a sample of control villages. The evaluators' hypothesis was that the project had little or no impact on chronic malnutrition rates (stunted growth; height-age index) because the activities that might have an impact on this index were carried out too recently (in 2000 and 2001) for their effects to be visible in a sample of children ranging in age from six months to five years. However, the evaluators did expect there to be a visible impact on nutrition and health indices reflecting recent conditions: acute malnutrition (weight-height index), brachial circumference in children, and height-age index for very young children aged 6 to 17 months.

61. Indeed, the results of the survey showed an average level of chronic malnutrition (height-age index) that was higher in the PDAOK project villages than in the control villages by 45% to 37%. However, disaggregating the data by age group gave a more detailed and somewhat different picture.



Differential in chronic child malnutrition rates, by age group (comparison of rates in PDAOK villages versus rates in control villages)		
Children's age	Rate differentials as Z-scores	Rate differentials as median percentages
54 to 59 months	21%/13%	8%/4%
6 to 17 months	42%/44%	18%/25%

62. From this table, it can be seen that the differentials in chronic malnutrition rates between PDAOK villages and control villages appear to change positively according to the age group. Among older children (whose growth is the least likely to have been affected by the activities of the social and health activities component), the situation is clearly worse in the project villages than in the control villages. Among very young children born after the main work of the social and health activities component was completed, however, the differential is reversed: in their case the situation is somewhat better in the villages that have been beneficiaries under the project.

63. Acute malnutrition rates (weight-height index) indicate the recent status of children's health and nutrition. The following chart shows the differential between the PDAOK villages and the control villages.

	Rates as Z-scores	Rates as median percentages
Differentials in overall acute malnutrition rates among children aged 6 to 29 months	18%/20%	13%/16%
Differential in the rate of brachial circumference among children being less than 120 mm	8%/10%	

64. Although these differentials are small, they indicate that the present situation is somewhat better in the PDAOK project villages than in the control villages. This finding would be of little significance if the situation in the project villages and the control villages had been the same at the beginning but, as has been seen, the average nutritional situation in the PDAOK villages was originally worse than in the control villages. This reveals the beginning of a positive impact from the activities undertaken under the social and health activities component (potable water, nutritional education, primary health care) upon the nutritional status of villages where conditions were particularly dire at the beginning. This indication of a slight improvement should not be misinterpreted, however. Malnutrition rates among children remain scandalously high throughout the area.

65. **Literacy.** For the reasons cited earlier, the impact of the project on adult literacy is much less than it ought to have been. The results achieved represent the attainment of scarcely 8% of the original objective. Nevertheless, the 27 village literacy workers that have been trained and the instructional material that has been prepared represent a resource for the area, which should not be abandoned. At the local level, the mission saw that the women's literacy effort had positive indirect effects on the rate of school attendance by girls (in the case of the village of Ntiona, nearly all school-age girls now attend school).

66. Overall, taking into account the time of the evaluation *vis-à-vis* the time the activities were completed, the impact on the population is considered significant (rating: 2) in the area of health, and modest (rating: 3) in the area of education and training.



D. Impact on Social Capital and People's Empowerment

67. It is in this area that the project had the most significant impact. To be sure, the ambitious objective of having 90 villages organize themselves into village groups, manage their own funds and form a federation of canton credit unions so as to take charge of their own development was not achieved. However, there have been hundreds of EIGs established that have remained operational for several years, and two thirds of them are considered to be running well: this represents a very significant change in a rural milieu where there had previously been no technical structures in place and where the population was accustomed to facing public authorities as victims of natural disasters seeking food aid.

68. An opinion survey conducted in 2001 found that, after access to credit, the most important change brought about by the project through these EIGs was perceived to be “an increase in understanding, in solidarity, in transparency and in team spirit”. This new social capital is built on relationships between and within families or between neighbours, and amongst groups of women and groups of men separately. These groups, which are independent of traditional hierarchical structures, serve as sites for economic self-determination. The vast majority of the loans obtained by the EIGs are redistributed to members to be used for their own individual activities. In Kanem, these “credit EIGs” are something new, and are seen as a major step forward, particularly by women.

69. Another change that is plain to see and to which respondents have pointed clearly is that of people's relationship to the project. The stage of “passive beneficiaries” is long past. On the one hand, people have made significant personal contributions to the activities or investments promoted by the project, and on the other hand, people feel freer to offer criticisms or express demands. Here, the project's mistakes in regard to agricultural waterworks and the delays in supplying seeds have made for a healthy relationship between producers and technical experts, as the producers have insisted on seeing things for themselves and the technical experts have had to demonstrate that the information they provide is sound. During the mission, the villagers repeatedly stressed that “they were learning how to manage their partnership with a development project”.

70. On the other hand, the project did little to improve relations between farmers and private operators (sellers, craftspeople and tradespeople). The project assumed direct responsibility for supplying inputs and materials rather than facilitating the establishment of commercial relations based on the supply infrastructure that already existed in the area, which would have been more solid and longer lasting. The only significant exception in this regard was that some people who had experience in drilling wells took up this work as a trade, and began working for private individuals.

71. On the whole, the impact of the project in the area of social capital is considered substantial (rating: 2).

E. Impact on Household Food Security and Income

72. The general objective of the PDAOK was “to improve food security and the income of the farm population in the area, and to reduce the vulnerability of the poorest people *vis-à-vis* the degradation of the environment”. Credit, and particularly loans for petty trade and transport, encouraged **the diversification of income-generating activity** in the villages and improved access to the grain available in the nearby Lake Chad region. Thanks to the small livestock programme, **goats were redistributed** to women. The supply of millet seed eliminated one barrier to **increasing the land area dedicated to rain-fed crop growing**. The cereal banks played a positive role in providing **secure access to food supplies** during a difficult period (up to 1999). To a lesser degree, **the diversification of horticulture and fruit crops** was begun in the *ouadis* and there was a slight increase in the land area used for growing crops. Together, these five kinds of effects helped to improve food security and raise the incomes of families belonging to EIGs that had been active for



several years, whose numbers are estimated at roughly 2 000 to 2 500 (i.e. with a total membership of 12 000 to 15 000 people). Owing to a lack of data on family budgets, it is impossible to calculate these changes precisely in terms of specific increases in income or in food security. The surveys conducted by the evaluation mission were not able to fill in the missing information. Nevertheless, the stories told by the EIG members interviewed make it clear that the improvements are real.

Told by Halimé Adam of the village of Gladinga, December 2001:

“I am 48 years old. My husband left for the south five years ago, and I live with my four children. I joined the EIG five years ago, just two days after my husband left. At the beginning, the project gave me two goats, but now I have six. And I have a microenterprise loan that I got through the EIG. My business is going well now: I’m selling butter made from cow’s milk, and spirulina, and vegetables, and especially maize which I send the men to buy at the Lake.”

“I wasn’t doing anything before the project. On my husband’s earnings as a Guard to the Sultan’s Representative, we were only able to eat every other day. Now, with my business, my children are eating three meals a day. I’m not considered a poor woman any more, because I’ve got goats and two camels, and some cups and blankets, and a supply of millet. I’ve built a three-room house of clay. All of this I’ve managed to do thanks to the project.”

Told by Mahamat Ibni Mahamat and Mariam Oumar of the village of Kayarom, December 2001:

“I am 42 years old and my wife is 33, and we have five children. Before the project, I went away to Lake Chad every year to work as a farm labourer for CFA 20 000 francs a month. After the project got under way, I decided to work in the *ouadis*. I got together with a few friends and we set up an EIG. We got a loan to buy four camels for transport, and then another loan for a stock of grain, and then a third loan to buy seeds and tools. My wife is also a member of an EIG. Between us, we now have six oxen, 12 goats and three camels, and we have a little piece of land in the *ouadi* to grow crops that we sell.”

“Before, there were only two clay houses in the village. Now there are more than 20. My children aren’t going hungry, and I can afford to send two of them to attend school in Mao. Praise be to God, thanks to this project I am no longer poor.”

73. So far as the PDAOK’s general objective is concerned, the current impact on food security and family income is considered substantial (rating: 2) for those people who are members of EIGs that have been active for more than three years. This impact continues to depend on the availability of credit, however, and this is not assured unless a further project is mounted.

F. Impact on the Environment

74. Activities undertaken with a view to protecting the environment (tree planting) had two objectives: to impede encroachment by mobile sand dunes upon *ouadis* or villages, and to establish or re-establish a source of wood for the villagers. Overall, these activities are considered a failure. Only a few villages in the area of Ntiona, where the problem of sand-dune encroachment was very serious, were successful with their plantings. Elsewhere, the impact was negligible, and perhaps even adverse in some cases as thorny brush was cut and then placed around young plants to protect them. It became apparent by the end of the project that the systematic planting of trees at the edges of *ouadis* was a



questionable practice. Sand encroachment is a localized phenomenon. Actions should have been better targeted, and greater resources should have been made available (financial assistance for chain-link fencing and for watering plants).

75. The idea of large-scale reforestation (or rather, afforestation) by establishing tree plantations on half-moons, which was initially the justification for the PPCD, was unquestionably misguided in an area of extensive livestock raising, where animals are free to roam and forage for themselves outside the crop-growing season. Indeed, the PPCD was completely revamped in 1998 and converted into a pilot project concerned with food security and increasing the growing of rainfed millet crops on the edges of the *ouadis*; the results of the PPCD in its new guise have already been described. Overall, the project's impact on the environment is considered to have been minimal in comparison with its objectives (rating: 4).

G. Impact on Institutions, Policies and the Regulatory Framework

76. Beyond the tangible effects on farmers' organizations as discussed above, and the initiation of a process that could eventually lead to the establishment of a local microfinancing institution, the institutional impact of the project has been limited to the basic health service in Kanem. This regional public service has benefited from major investments in infrastructure and equipment, and it has been possible for its cost-recovery policy (which was instituted previously) to start being applied. No doubt it could have had a greater and more lasting impact if fuller use had been made of the resources made available for staff training. At the central government level, the project has had no effect on national policy or the national regulatory framework.

IV. CONCLUSIONS AND LESSONS LEARNED

77. The overall impact of the PDAOK fell short of expectations, particularly in the area of increasing agricultural production under irrigation, for which hopes were excessively optimistic in light of the technologies available. The project's impact on the health and nutrition situation has still to become fully evident given that the work of the project has only very recently been completed. Nevertheless, the changes that the project has brought about *vis-à-vis* the situation at the beginning are significant.

78. The setting up of small functional EIGs based on relationships and common interests, and particularly women's EIGs, represents a simple but fundamental achievement in a rural society that still largely adheres to a traditional feudal order. The conditions are now in place for improving the health conditions of the people living in the villages included under the project (bore wells, health centres, and nutrition education).

79. **The project activities that met with the greatest success are those that were carried out with rural women or that targeted rural women in particular.** Women's EIGs account for over half of all EIGs, and the EIGs that are the best run; the largest loans and the loans with the best repayment rates are those granted to women (for microenterprises or small livestock farms); and actions concerned with nutrition, which was the most successful area of activity within the social and health activities component, focused exclusively on women and their children. Lastly, investments in village waterworks and health infrastructure benefited women in particular. In many agricultural development projects in the Sahel, women are identified as a high-priority target group, but in fact they typically benefit relatively less from such projects than do men. Evaluation workshops commonly become an occasion for women to air their complaints and frustrations. The PDAOK is an exception in this regard. Women do not hesitate to say openly: "It is thanks to the project that we have been able to discover ourselves (...) the real beneficiaries of the project have been the women of



Kanem”; “The project has made it possible for us to become more and more financially independent from our husbands”; “I just have one thing to say: the project has done a lot to help women.”²

80. Although the beginnings of a positive impact are evident, **the conditions necessary in order to ensure sustainability do not exist in practically any area of the project.** The beneficiaries of the project can see this very clearly, and are surprised that anyone would consider letting the project come to an end in 2002.

81. According to the appraisal report (1994), the “immediate” objective of the PDAOK was “to encourage farmers gradually to take charge of their own development and become more and more independent of assistance structures (group formation, extension and technical assistance activities), which will make it possible bit by bit to curtail such activities and to reduce recurrent costs after the project”. Some progress in this direction is evident today, particularly in regard to changes in behaviour, in capacities and in basic organization in the villages. But the objective is far from being achieved. Not only that, but the objective itself now seems too ambitious and even anachronistic for a project spanning six years in a region such as Kanem. The reality is that, apart from the food aid to which the villages had become accustomed for 20 years, there were no “assistance structures” from which the people could become “more independent” other than a very few projects and a small number of NGOs active in the region.

82. The extreme vulnerability of the rural populations, coupled with the grave deficiencies and sometimes even the total absence of essential public and private services, has always meant and still means that **a public development effort is needed over the very long term to develop institutions and services, especially community services and private services.**

83. In addition to a time frame that is clearly inadequate, a number of errors are evident in the project’s design and implementation. The most striking example concerns credit. Making a complete break with previous interventions in the area, and with a view to ensuring that the project would have lasting results, the initial project design called for all financing to be in the form of credit and nothing in the form of financial assistance grants, for all investments and productive and commercial activities. The GDF managed by the Lead Operator had to cover the financing of loans to EIGs whose repayments were to be retained by each EIG in the form of a revolving fund. Part of each EIG’s GDF was to be paid into a canton credit union, as the precursor of a mutual credit system. The initial project design thus sought to ensure that the project would have lasting results by setting up a microfinancing institution.

84. The arrangement as proposed had a number of flaws at the technical and social levels, but the fundamental error lay elsewhere: **the establishment of a microfinancing institution was not presented as a development objective *per se*,** and there were no plans in place for a specialized operator to take charge of this area. The organization of the GDF and the granting of credits formed part of the rural group formation component in support of activities relating to agricultural development, marketing and environmental protection. Under these conditions, credit became simply a means of distributing inputs. The ONDR workers devoted the major part of their time to administering the workings of this arrangement, to the detriment of agricultural extension services and training. In a context of severe poverty, there is strong pressure (from the population, from the local authorities and from the Government) to bring about immediate benefits quickly. The idea of setting up a viable financial institution – with all that implies in terms of advance training, financial prudence and progressivity in the granting of loans – was thus relegated to the background. Seen from this perspective, the objective interest of the ONDR was, and no doubt remains, contradictory. Indeed, the first four self-administered local credit unions were not set up until 2001, and the operator responsible for supporting them (SECADEV) was not recruited until 2002.

² Statements by women’s representatives at the evaluation workshop held in Mao on 25 February 2002.



85. Missteps in implementation, to the detriment of long-term investments and the potential for the project to have lasting results, can be seen in other areas. This is particularly true of the action-research activity, which was totally neglected, and by and large is also true of training. Of the volume of loan resources originally allocated to training and studies (17% of the total amount of the loan), only one third was used. So far as the BSF grant is concerned, the allocation for training (28% of the total amount) was not used, and in the reallocation in 2001 this was reduced to a negligible level (3%).

86. With regard to research and support for innovation, the PDAOK provided clear evidence of **the risks and limitations inherent in an approach consisting simply of transferring innovations from elsewhere** (the double tilting-can system, the Valerani technology). In very specific agrarian systems facing a wide range of constraints, innovation is essential; but it must have local roots, and be based on local knowledge, local practices and the capacities of the local population. Facilitating a process of this kind – and perhaps introducing outside ideas – requires specialized competence in action-research applied over a sufficiently long period.

87. The principle that there should be one Lead Operator functioning as a “service provider” on behalf of a PMU that has little presence in the field tends to create conflicts as to prerogatives, and weakens project leadership. The function of giving strategic direction – as opposed to simply ensuring that administrative and financial management activities are properly taken care of – must clearly be assigned to the Director, along with a strong monitoring and evaluation capability and genuine decision-making power; and this should be supported by the Ministry responsible for overseeing the project, by the cooperating institution and by IFAD.

88. The PDAOK suffered greatly from the many changes that took place in the management team, but the excessive complexity of the project and the large number of supporting bodies, components, ministries and operators also resulted in the energies of successive administrators being focused on immediate administrative challenges, to the detriment of strategic management. In such a difficult environment as Chad, it seems essential that projects and procedures be simplified. The principle of renewing agreements with operators every year should be reviewed. Although this practice does have the advantage of requiring them to report regularly, it gives rise to disproportionate administrative costs and delays.

V. RECOMMENDATIONS

A. Justification for a New Project in Kanem

89. Despite the strong demand expressed by the Government and by the local population in Kanem for there to be a second phase of the PDAOK, the evaluation mission set about its task without any preconceptions as to whether the project should continue. After investigating the situation in the field, however, the evaluation mission unanimously recommended the preparation of a new IFAD project in Kanem. This recommendation is based on five main considerations:

- The PDAOK has made it possible for a number of basic groups to become established which have been performing functions that are important for the population, and particularly for women. A process of social transformation that will support economic development is under way. However, these basic groups are still fragile and there is no likelihood that the services they have been able to provide will survive unless there is a new project to support development and institutional consolidation.



- The self-administered local credit unions, which are still at a nascent stage, offer a credible basis for developing microfinancing institutions in the region. Demand is strong, and it is already to some extent organized and acquainted with handling microcredit. There is a competent Chadian NGO, SECADEV, which is willing to become involved in developing self-administered local credit unions. This represents an entirely new opportunity for the region and there is no chance it can come about unless there is new IFAD financing extending over a sufficient period of time.
- With regard to water-lifting technologies in support of crop growing in the *ouadis*, some basic technologies are now available (bore wells using PVC tubing, the single tilting-can system) but – as in the case of village water supply equipment – it is important to build up private sources for supplies and maintenance work. As well, investments will require some degree of financial assistance in order to provide the poorest members of the community with access to these technologies.
- The Government seems to have decided to maintain a minimum presence of the ONDR in the region, and to refocus the agency's activities on agricultural and rural extension services, while ceasing its involvement in providing supplies and credit. Extension services are essential, and need to be supplemented with research and innovation capabilities. In the short term, the government will probably not have the necessary resources to provide high-quality agricultural services without financial support from abroad. Over time, government oil revenues should open up new opportunities for ensuring that these activities are pursued on a sustainable basis.
- Major physical investments have been made in the area of health and water supply infrastructure, but the health staff and management committees have not been adequately trained to ensure that this infrastructure and these services can continue in operation over the long term. Work is essential to strengthen and consolidate this activity.

90. Lastly, if first IFAD and then the BSF considered it worthwhile to support the work of the Government of Chad in this area in 1994, there can be no doubt that the chances of success are greater today. There has been a strengthening of the human-resource base and social capital, lessons have been learned from past experience, and the gradual improvement in project execution shows that the obstacles to implementation are not insurmountable.

B. Transition

91. Although a new IFAD project would appear to be justified, it should not be simply a renewal or expansion of the PDAOK. Fundamental changes are essential in the approach and institutional structure. For this reason, the PDAOK needs to be brought to a conclusion under the best possible conditions, bearing in mind that the new project would not be able to get under way until the beginning of 2004 at the earliest, if it is approved in April 2003.

92. The interim evaluation mission has formulated a number of short-term operating recommendations relating to this concluding phase of the PDAOK and the organization of the transition between the two projects. In view of the volume of loans outstanding and the volume of arrears, the most delicate issue is to assure the continuity of loan recoveries whilst providing for the simultaneous transition to a new organizational structure based on self-administered local credit unions and supported by SECADEV. The principal stages in a transition scenario were covered in a series of detailed recommendations and an agreement signed upon completion of the evaluation between the Ministry responsible for overseeing the project, the ONDR, IFAD and SECADEV, on 27 February 2002.



C. Recommendations with Regard to the New Project

93. The new project will need to take a much broader view of participation by involving the local population right from the initial conception, and then genuinely involving community groups in designing the project and carrying out the activities it comprises. Project design and implementation will need to be carefully formalized in a procedures manual and will require specific support activity to ensure that it is not ignored.

94. The organizational structure of the EIGs should be preserved, but they should have a more professional focus and be geared towards greater market integration. Alliances between EIGs in neighbouring areas should be facilitated so that they might benefit from joint purchasing and perhaps joint marketing.

95. The impact of the PDAOK on the growing of millet demonstrates that one should not underestimate the advances that are possible in rainfed agriculture and the importance of this kind of farming in assuring the stability of a family's finances. At present, however, the advances that can be made lie not so much in improving crop-growing techniques as in resolving obstacles in the production sequence (particularly establishing inventories of seeds, and making credit available).

96. Generally speaking, the Chadian Sahel has very rarely enjoyed the benefits of agricultural research and innovations tailored to its particular circumstances. So far as Kanem is concerned, there is a clean slate: everything or nearly everything remains to be done, whether for annual crops grown under shade trees in the *ouadis* or for rainfed crops or for the sedentary raising of small livestock. **The new project will have to provide for a significant programme of participatory research** to be carried out in cooperation with research institutions, operators supporting the region's development and producers.

97. From the impact of microenterprise lending operations and the strong demand in this area, it is apparent that support for agricultural production is not the only way, nor even an essential way, to provide for the development of Kanem. **It is important to continue along the same path as the PDAOK in stressing the importance of diversifying sources of income**, particularly to help families to bridge the gap at the beginning of the growing season or during periods of poor harvests. Moreover, local microentrepreneurs and craftspeople have an essential role to play in developing the local economy. For this reason, **the establishment of an independent and economically viable network of nearby financial services based on the existing self-administered local credit unions has to be among the strategic objectives of the new project.**

D. Recommendations Relating to the Self-Administered Local Credit Unions (CLAs)

98. Establishing a self-administered rural financing organization on the scale of the southern Kanem that is institutionally viable demands the participation over a period of at least seven or eight years of a supporting operator that is competent and motivated. Within the new project, this would amount to an independent subproject. The operator would be a Chadian NGO that would receive international technical assistance when necessary. SECADEV has already participated in this work, which is one of its own strategic priorities. It is recommended that this NGO assume the role of **a full partner in the design and implementation of the new project** – and that it be recognized as such by the Government and by IFAD – rather than being simply a “service provider”.

99. The by-laws and regulations of the existing CLAs will need to be reviewed jointly with the CLAs' managers in order to correct any inconsistencies, ensure that they are complete and bring them into line with the regulatory provisions in force, so that they can receive official sanction. In particular, it is hard to see how a lasting organizational structure can be established if the CLAs are restricted to having EIGs as their sole clients. **Membership of the CLAs should therefore be**



opened to individuals. With credit being made available to individual clients, it will be necessary for specific guarantee mechanisms to be examined.

100. **The establishment of new CLAs will need to be studied quickly** in order to achieve economies of scale and consolidate the achievements of the PDAOK in the majority of the 78 villages included under the project. Holding round-table discussions amongst the managers of the existing CLAs will develop the basic outline of an eventual umbrella structure, to be established gradually as the CLA network is expanded. This umbrella structure will need to be designed so that it can be operated successfully by the CLAs making it up, once all outside support has been withdrawn.

101. Given the income level of the local inhabitants, **it would be inconceivable that a microfinancing institution could operate in Kanem solely on a deposit-taking basis.** Under the supervision of the supporting NGO, resources will need to be made available to the CLAs either as loans or as equity capital. The funds repaid on loans granted under the PDAOK could be used for this purpose.

102. In order to guarantee the financial viability of the CLAs, the financing of investments associated with the exploitation of *ouadis* that entail a high level of risk, particularly for water-lifting systems, should be avoided in the beginning. **During their first few years of operation, the CLAs should not become involved in medium-term financing.** Consideration will have to be given to finding ways to provide medium-term financing by other means.

103. Credit is a powerful tool for meeting people's needs, and it needs to be placed on a sound footing to ensure that it can continue to be provided on an ongoing basis. However, **other forms of financing and particularly matching grants are also essential** for operations that will have a positive impact but can only be profitable over the very long term, such as reforestation activities, or for innovations that imply a significant risk for producers (e.g., water-lifting systems in *ouadis* with a deep-lying water table). Resources to be used to provide partial grants (local development funds) will need to be established under the new project, **entirely separate from the savings-and-loan operations of the CLAs.**

E. Institutional Arrangements

104. The continual turnover of staff on the PDAOK project team and certain instances of "political" interference in its management greatly hampered operations. For that reason, the implementation of the new project should be entrusted to a PMU that is more independent and whose staff has been recruited on the basis of a call for tenders in the private sector rather than being civil servants. The PDAOK's supervisory bodies (the NKDC and the RKDC), which did not work well, should be replaced by a single steering committee chaired by the Ministry responsible for overseeing the project.

105. The difficulties encountered by the PMU in carrying out its functions appropriately show that particular attention needs to be paid to the administration of finance and accounting activities in the new project by providing managers with the assistance of an accounting firm (selection of a chartered accountant, establishment of procedures, monitoring and evaluation of those procedures). On the other hand, the specialized operators to which certain operations will be subcontracted – among them public services – should be given greater autonomy (agreements covering a two- or three-year period, independence in their use of vehicles and staff) so as to avoid the shortcomings that could affect the PMU.