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Aid to Entrepreneurs: An Evaluation of the Partnership for Productivity Project in Upper Volta

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PREFACE

Development Alternatives, Inc. was contracted by the Agency for International Development's Office of Private and Voluntary Cooperation (AID/FVA/PVC) and the Office of Urban Development to conduct this evaluation of the Partnership for Productivity (PfP) project in Upper Volta. PfP chose this project to be evaluated because it is considered a model for future PfP projects. This evaluation is part of a comprehensive review of private voluntary agencies that have received PVC matching grants to support small-scale enterprise (SSE) development.

This evaluation has had several objectives: to provide useful information to PfP, provide policy guidance to the PVC office, and test methodologies to evaluate the impact of SSE projects.

The three-member team worked in Upper Volta from mid-April to mid-May 1982. The first week involved discussion with USAID/Upper Volta and PfP/Fada N'Gourma staff, questionnaire design, sample selection, and pretest of the questionnaire. The evaluation team spent the next two weeks examining Fada and Diapaga office documents, interviewing with the questionnaire 74 clients, and conducting four-hour discussions with an additional 20 clients. Voltaics hired in the field as well as PfP Fada and Diapaga field staff provided translation and coding assistance. During the fourth week, the team analyzed data and then two members met with the former general manager in Paris for one full day of discussions. Throughout the next month, the team further reviewed documents and held discussions with PfP/ Washington staff.

Our thanks to all who graciously assisted us in this effort. PfP/Upper Volta staff generously provided help in all aspects of the evaluation team's field work and AID/Ouagadougou made crucial logistical arrangements. Many suggestions from the PVC office, AID/Ouagadougou, and PfP Washington and Upper Volta staff have been incorporated into this report. The evaluation team, however, retains sole responsibility for all perspectives and conclusions presented herein.

Susan Goldmark
Team Leader

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AVERAGE EXCHANGE RATES

(Number of FCFA to US $1.00)

1975	214
1976	239
1977	246
1978	226
1979	213
1980	210
1981	300

Source: USAID/Ouagadougou economic officer

CHAPTER ONE
EXECUTIVE SUMMARY

EVALUATION FINDINGS

Project Background

PfP received a $617,000 Operational Program Grant (OPG) from AID/Ouagadougou to promote enterprises in the Eastern Department of Upper Volta from 1977-81. PfP received a second grant of $2.3 million to continue and expand its activities until 1986.

The objective during Phase I was to determine through field experimentation the best program design to foster rural enterprise development. PfP advisers were to design and test credit delivery mechanisms and appropriate technical assistance packages to upgrade business practices. Their findings were used to recommend strategies for subsequent enterprise development activities in Upper Volta.

PfP advisers, working in an extremely difficult environment, accomplished a great deal during the project's first phase. Instead of disbursing 40 loans and upgrading the business practices of 80 entrepreneurs, as projected, they disbursed more than 400 loans totaling about $275,000. This achievement, however, is marred by credit fund decapitalization, high administrative costs, and an insufficient data base upon which to build future enterprise development strategies.

Project Focus

The focus of PfP's Upper Volta project shifted significantly during Phase I from the promotion of rural enterprises to the provision of rural credit to small-scale economic activities. Given the low level of development in the Eastern Office of

Regional Development (ORD), the PfP staff thought that the project's initial focus on developing self-sustaining, perennial enterprises excluded many potential clients who only sporadically engage in small, informal commercial activities to meet temporary cash shortfalls.

Also, even among established enterprises, profitability and sustainability are often subsidiary concerns to overall familial economic security. Profits from one business are therefore used for other economic activities or consumption rather than reinvestment. Constant infusions of capital are often required to keep these activities going since the development of a single, self-aggrandizing enterprise is not the entrepreneur's primary objective.

The evaluation team agrees with PfP that an enterprise development project is inappropriate in a area without the requisite infrastructure and consumer purchasing power for business expansion. Although a small-scale enterprise development project that can generate self-sustaining community benefits is at least another generation away, a rural credit fund for commercial activities is filling a current need of Eastern ORD entrepreneurs.

However, the tenet that credit rather than technical assistance is the most effective way to assist Eastern ORD entrepreneurs may lead to a legal complication with the Government of Upper Volta (GOUV). Although PfP's project proposal for its first OPG stated that the "credit fund provided by the project will not be used to create another credit system," precisely the opposite has occurred. More than 400 loans were dispersed during Phase I rather than the 40 loans projected in the Project Paper, and administering this loan program has become the PfP staff's principal activity. While PfP's agreement with the GOUV says that PfP will work to improve the standard of living of inhabitants of the Eastern ORD, it does not recognize PfP's legal authority to disburse interest-bearing loans. This matter should have been clarified with the GOUV as soon as it became apparent that the project focus had shifted from technical assistance to credit, and when PfP decided it wanted to transform this pilot project into a more durable institution.

Nonetheless, the evaluation team thinks PfP's loan program is meeting a large local demand for commercial credit. Furthermore, the team agrees that most management training techniques, developed expressly for Voltaic entrepreneurs by the PfP staff, are inappropriate for all but the larger enterprises with more sophisticated entrepreneurs. Rudimentary planning assistance, for example, should be emphasized rather than training entrepreneurs to keep written business accounts. Unfortunately, no controlled experiments were conducted to test the value of management training as opposed to the extension of credit by itself, and an opportunity both to meet Project Paper objectives and to contribute field knowledge on this subject was missed.

Project Administration

The PfP/Upper Volta project actually encompassed two different subprojects, one in Fada N'Gourma and another in Diapaga. Project administration at each site was left to the discretion of the area manager, who was free to develop the management structures and systems he deemed necessary for effective project implementation.

Fada operations were largely unmonitored, undocumented, and unassessed. Management decisions were dependent upon the general manager's instincts and energy rather than incoming data, and the information system that evolved was inadequate to manage a credit program or fulfill the requirements of an experimental project. As a result, the credit fund in Fada dramatically decapitalized; yet the general manager was not even aware that this occurred.

Diapaga's management information system, although far superior, was still inadequate to monitor the overall programmatic impact of a pilot project whose principal objective was to enable "PfP to recommend upon the basis of experience and experimentation...appropriate follow-on programs, strategies or activities that would be most effective in fostering the development of rural enterprises." Little longitudinal information on Phase I activities exists upon which to gauge the impact, cost, and changing status of the pilot project.

PfP has begun to address some of these deficiencies and has designed a more systematic, comprehensive management information system for Phase II. This system, however, still needs to be translated into an operational plan and budget and closely tied to clearly articulated project objectives.

Credit Program

A reported 90 percent loan repayment rate was the principal reason the PfP/Upper Volta project was hailed as a model for promoting small-scale enterprise development. This figure, cited as an indicator of project success in PfP's application for a second OPG, was based on the hopes of the staff rather than on hard data.

In reality, 77 percent of the amount of outstanding loans was not delinquent at the end of Phase I. Almost all of these delinquent loans were overdue by more than six months; the evaluation team estimates that about 9 percent of outstanding loans are unrecoverable. The loan fund in Fada was in far worse condition than the one in Diapaga: almost 30 percent of the value of the Fada loan fund (representing 50 percent of the number of outstanding loans) was delinquent at the end of Phase I, whereas in Diapaga, 16 percent of the loan fund value was delinquent (representing 7 percent of loans outstanding). In fact, when

Diapaga management techniques were introduced to Fada in July 1981, 60 percent of Fada loans (in value and number) were delinquent. Since no records exist, it is still unclear what percentage of experimental fund clients are delinquent at either location.

The difference in Fada and Diapaga delinquency rates can be attributed to two factors. Diapaga staff members frequently visit clients and would track them down to collect payments. Also, 10-15 percent of Diapaga loans were rescheduled. In contrast, Fada management expected clients to travel to the Fada office to repay loans, and did not reschedule loans.

During Phase I, PfP made 416 loans from the loan fund, totaling $275,000, to 313 clients. Almost half of the loan funds went to clients in the commercial sector; one quarter went to artisans; and the remainder were divided among agricultural production and livestock, agricultural processing, and transport sector loans. About one quarter of the loans were less than $250 and more than half were less than $500. Loan size ranged from $35 to $3,170, with an average loan size of $670. Loan size amounts were determined by the client's ability to manage outside resources and the potential return on investment rather than any artificially established quotas.

About 22 loans were distributed to groups. Although this mechanism cut administrative costs and enabled smaller loans to be disbursed, cultural factors inhibit giving many group loans. The success of group loans is directly related to the presence of strong, responsible, community-minded, charismatic leadership -- a rare commodity in the Eastern ORD.

Three quarters of Phase I clients received only one loan, although no limits presently exist on the number of loans each client may receive. The number of repeat borrowers will increase during Phase II. Indeed, any attempts to limit the number of loans a client might receive would probably adversely affect the loan repayment rate, since the expectation of receiving another loan provides the prime incentive for many to repay outstanding loans.

The average cost of administering and providing technical assistance for each disbursed loan and grant was $1,200. This amount is almost twice the average loan size disbursed from the credit fund during Phase I. In 1986, if the PfP project is staffed solely with Voltaics, the loan portfolio expands, and costs are incurred as projected by the evaluation team, then the average cost per loan could drop to $291. Servicing widely dispersed small-scale borrowers using PfP's approach is an expensive business. These high administrative costs, however, may be necessary to maintain high repayment rates in the Eastern ORD. But until such costs are reduced, it is unlikely that any Voltaic financial institution will use PfP's project as a model.

Technical Assistance to Clients

PfP initially took a traditional approach to management training, attempting to teach disciplines such as elementary bookkeeping, inventory control, and completion of monthly balance sheets and profit and loss statements. Few PfP clients learned these techniques, however, and almost none used the information they so painstakingly recorded as a management tool to analyze what was happening in their business. Books were kept, explained several clients to the evaluation team, only to please PfP staff and visitors -- the clients claimed they instinctively knew all they needed to know about the status of their business. Even the innovative management and accounting systems, designed for illiterate Voltaic entrepreneurs -- including pictographs and color-coded boxes -- were not found to be useful.

Based on these observations, PfP decided to concentrate its technical assistance in two areas: general business planning and working capital management. This change in focus applied primarily to Diapaga; the staff in Fada made little effort to promote traditional management techniques at the project's outset or to try an alternative approach later in the project. Credit was seen as the primary constraint in Fada, whereas in Diapaga the management of credit was perceived as important as the credit itself.

General business planning was promoted by requesting prospective PfP clients to perform some task, such as preparing a budget, surveying a market, or identifying a source of supply. This task was used as both a training device and a sign of entrepreneurial commitment and competence. PfP also used its clients as business extension agents, as they could often anticipate problems that a new enterprise in their specialty was likely to encounter.

According to the 74 enterprises surveyed by the evaluation team, Diapaga had a much more active technical assistance program than Fada. Sixty percent of Diapaga entrepreneurs received two PfP visits per month, as opposed to 32 percent in Fada, and only 3 percent of Diapaga entrepreneurs had no PfP follow-up visits, versus 16 percent in Fada. The term "visit" however, was very loosely defined and included casual, program unrelated encounters.

Regarding the value of these visits, 41 percent of Fada entrepreneurs thought that PfP credit helped them more than the technical assistance they received, as opposed to 19 percent of Diapaga, whereas 19 percent in Fada though a credit/technical assistance package was the most helpful, versus 65 percent in Diapaga. Only 3 percent of the entrepreneurs overall ranked record-keeping systems as the most helpful assistance PfP extended.

Project Impact on Clients

About half of the 74 entrepreneurs interviewed by the evaluation team had used their loans exclusively for working capital; about one quarter used their credit to purchase equipment, furnishings, fixtures, and accessories. The impact of these loans upon clients is difficult to assess. On-time loan repayments cannot be used as a proxy for enterprise success since unsuccessful or abandoned business owners often have better repayment rates than their more successful colleagues. Also, since many entrepreneurs are reluctant to have any one economic activity become too large, the assisted enterprise may not grow significantly after loan receipt. Diversification among smaller economic activities often occurs to reduce the entrepreneur's overall risk and potential jealousy from neighbors. Finally, many entrepreneurs do not intend to establish self-sustaining enterprises, but rather temporarily indulge in an activity when additional income is needed.

According to the PfP/Upper Volta staff, about 50 percent of Fada clients and 40 percent of Diapaga clients have improved their net worth position since receiving PfP loans. About 37 percent diversified into new businesses. Almost 30 percent of clients in both areas were bankrupt or had abandoned their enterprises.

About half of 74 surveyed clients increased their sales volume, clientele, and disposable income, as well as diversified their product lines. About 10 percent were worse off but still functioning, 15 percent were at the same level of operations, and 16 percent ceased operations. The remaining 9 percent could not provide information on these subjects. However, since this sample underrepresents the number of clients whose enterprises no longer exist, it surely overstates the project's positive impact.

The PfP project had almost no effect on net employment in the project area. The 25 new full-time jobs created by the 74 interviewed clients would have occurred even without the loans. This finding is to be expected, because most loans were used for working capital rather than to purchase equipment that might require additional labor to be hired. Also, most entrepreneurs had such a high level of underemployment that any sales increase resulting from purchase of additional inventories or diversification of product lines could be met by the existing labor force. Thus, the project may have contributed to increased employee productivity by reducing underemployment.

Community Impact

The most tangible impact of PfP-assisted enterprises upon their local communities is that they have increased access to goods and services. Local economies benefited little from the increased purchases made with PfP loans (backward linkages), since most goods were bought in Ouagadougou. Also, since most enterprises sell finished goods or offer personal services, they failed to generate significant forward linkages to other enterprises. Increased competition among local merchants may have contributed to a decrease in profit margins and relatively slower consumer price increases, but not to a reduction in real prices. Furthermore, since entrepreneurs often did not contribute their own funds to help finance new investments, the evaluation team thinks that the project did not generate substantial local investment.

Experimental Fund

In addition to funds lent through PfP's loan fund, $23,000 was disbursed from an experimental fund. This fund, totaling $30,000, was originally established to finance innovative, high risk ventures that could demonstrate their profitability to other interested entrepreneurs. Despite this initial distinction, the loan and experimental funds were commingled early in the project; thus, costs and revenues generated by experimental fund ventures were not tracked, and the viability of replicating such ventures could not be calculated. An evaluation team analysis of the Tiparaga Demonstration Farm, the principal experimental fund project, reveals a negative 90 percent return on PfP's investment. This conclusion, together with preliminary analyses of other PfP-funded agricultural activities, does not generate confidence in PfP's income-producing agricultural activities planned for Phase II.

Policy Implications for Phase II

The objectives for the project's second phase (1981-85) are to expand the credit activities, introduce income-generating activities to enable the project to be financially self-sufficient, remove all expatriate advisers from the project staff, and transform PfP/Upper Volta into an incorporated Voltaic institution.

The income generating activities proposed in the OPG proposal are underbudgeted, understaffed, and extremely high risk -- they have the potential to destroy the entire PfP/Upper Volta project. It is also unlikely, in both the evaluation team's and PfP/Upper Volta's opinion, that the project will be able to function successfully after 1986 without the continued presence of an expatriate manager. It is unlikely that a Voltaic general manager would not be able to resist the social and political pressures to disburse loans to special interests or for unprofitable ventures. The time frame for completely indigenizing the project may therefore have to be reassessed.

Given the high risk nature of the income-producing activities and the likelihood that they may lose rather than earn income for the project, the costs of the credit fund could be covered by raising the real interest rate. The 10 percent interest rate charged during Phase I was too low; the current rate of about 15 percent could still be raised without affecting loan repayment rates. Informal credit sources, when available, charge 180 percent annual interest; the Prêts et aide pour les femmes de Fada (PAFF) women's credit group created by PfP considered 60 percent annual interest a fair rate. The evaluation team estimates that if current default rates were maintained and the project were fully indigenized, the project would have to charge an effective interest rate of about 27 percent to cover administrative costs. A premium to cover the prevailing inflation rate, currently 10 to 15 percent, should be added to this break-even rate to maintain the real value of the fund.

But although a 40 percent interest rate would not be considered unreasonable by local entrepreneurs, it may be politically infeasible to charge an interest rate even close to this figure. Interest rares set by the GOUV for small enterprises are now 13-15 percent, excluding fees. Unless the GOUV grants a special exemption to PfP, it is unrealistic to suppose that the government will more than double its official interest rates within the next four years.

PfP management, USAID/Ouagadougou, and the GOUV must resolve these pressing issues during the course of the project's second phase. Otherwise, any benefits to the Eastern ORD that have been achieved by the PfP project will quickly dissipate if the credit fund is suddenly exhausted or subject to mismanagement.

The results of these negotiations may lead AID/Ouagadougou to reflect upon the relative merits of using a small expatriate organization with no Voltaic institutional base as a vehicle for promoting small-scale enterprise development. A possible alternative would be to incorporate a small-scale enterprise development program within an existing Voltaic institution such as a development bank. In the short run, the more efficient, innovative private voluntary organization will outperform a Voltaic institution. The Voltaic financial institution may be less politically vulnerable, however, and in a better position to reach greater numbers through its branch offices. In the long run, it may be a more effective and self-sustaining mechanism for providing small enterprises with credit and complementary financial and technical services. It may also serve as a development vehicle with a built-in means of national coverage.

A third alternative would be to develop credit projects through both a private voluntary agency and a Voltaic financial institution. The former could introduce small enterprises to outside assistance and service their credit needs until they are ready to enter the formal credit sector.

EVALUATION RECOMMENDATIONS

Partnership for Productivity

The evaluation team suggests the following recommendations to PfP:

- Provide more supervision and guidance from Washington staff to field staff;
- Establish consistent rescheduling and write-off policy for delinquent loans;
- Continue the newly instituted practice of collecting balance sheet information on clients as a staff training tool and to serve as base-line data;
- Design an experiment to test the impact of certain management practices on selected entrepreneurs;
- Define loan criteria that match project objectives;
- Require clients to contribute equity to fixed capital investments;

- Institute an accounting system that will allow PfP to evaluate the cost of administering its loan program and estimate the average administrative costs per loan;

- Analyze the loan fund's portfolio quality by comparing the number and value of delinquent loans with total outstanding loans. Maintain an aging schedule of delinquent loans. Discontinue the current method of calculating payments made to payments due;

- Undertake comprehensive feasibility studies of all proposed income-generating activities; and

- Isolate the management and financial requirements of any potentially profitable income-producing activity from the credit fund operations.

Agency for International Development

The evaluation team suggests the following to AID:

- Maintain stricter monitoring and evaluation standards for credit projects;

- Analyze feasibility studies of the income-generating activities and reallocate funds to the credit operations if these activities are not thought to have a reasonable chance of success; and

- Investigate the possibility of instituting a small enterprise development fund within an existing Voltaic financial institution to bridge the gap between PfP's more successful clients' needs and current minimum eligibility loan requirements.

CHAPTER TWO
PROJECT BACKGROUND

Project Area

Upper Volta

Upper Volta, an arid, landlocked country, covers 274,000 sq km in Sahelian West Africa. Rainfall varies from more than 1,000 mm per year in the southwest to less than 600 mm in the northeast. The rainy season runs from June to September.

In mid-1979 the World Bank estimated the population at 5.6 million, the majority residing in rural areas. Because insect-borne diseases have rendered some of the more fertile areas uninhabitable, there is considerable population pressure on the central (Mossi) plateau. Agriculture and livestock sustain about 80 percent of the population of Upper Volta, account for approximately 40 percent of its gross domestic product, and generate 90 percent of its official exports. The country, however, is not self-sufficient in food; between 1977 and 1980 it received over 160,000 tons of food aid.

With an average gross national product per capita of $180 in 1979, Upper Volta has been classified by the United Nations as one of the 25 least developed countries in the world. Many Voltaics emigrate to coastal countries, expecially Ivory Coast, as a result of pressure on the land and lack of economic opportunity at home. The remittances they send home contribute significantly to Upper Volta's balance of payments.

Upper Volta's rural development potential is constrained by lack of natural resources and by limited fiscal resources to develop them. To address these problems, the GOUV has adopted a relatively decentralized institutional structure by creating ORDs. Eleven ORDs are located throughout the country, with each ORD director responsible for implementing the development activities of the Ministry of Rural Development.

The Eastern Region

PfP operates in the eastern region. This area covers 18 percent -- 50,000 sq km -- of the land area but has only 7 percent of the population, about 420,000 inhabitants. Approximately 72 percent of the people are Gourmantche; the remainder are Fulani and Mossi. The amount of land under cultivation depends on rainfall conditions, and ranges from 130,000 to 210,000 ha. The region's 350,000-400,000 cattle and 450,000 sheep and goats. represent the second highest livestock to population ratio in the country.

PfP began its operations in Fada N'Gourma and in Diapaga. Fada is the Eastern ORD headquarters and is the only village in the Eastern ORD with a population (1980) of more than 10,000. It is also the site of the district government. Diapaga is one of four villages with 5,000-9,999 inhabitants. The Eastern ORD is also an area of major USAID involvement.

> Communication and travel...[between Fada and] Ouagadougou, Upper Volta's capital, for equipment supplies, liaison with importers, banks, government agencies and USAID are possible all year round...Diapaga was selected because of its proximity to the important traditional Namounou market and because it has the potential to become a major secondary distribution and storage center.[1]

The 1975 census reported the existence in the eastern region of 645 villages, the majority being both self-contained and relatively self-sufficient. Only 18 percent of these villages have more than 1,000 people, yet they contain 58 percent of the region's population. Where a market does exist, it attracts buyers and sellers from other places, depending on its particular activity and importance. Dispensaries and maternity centers attract patients from as far as 30 km away; primary schools, however, usually serve only the villages in which they are located.

The road system, which links the principal villages of the region, is poor and represents a significant constraint on rural development. The official highway map prepared in 1978 by the Institut Géographique d'Haute Volta showed 368 km of all-weather roads, 555 km of dry weather roads, and 1,990 km of motorable trails. USAID recently financed an all-weather road between Namounou and Logobou. Although the Ministry of Public Works is responsible for maintaining the basic road network in the region, its efforts are heavily constrained by budgetary limitations and tend to be sporadic and unpredictable. Few people own vehicles. According to a 1980 Michigan State University (MSU) survey,[2] there are scattered throughout the region 1,773 motorcycles and mopeds, 1,087 donkey carts, 157 private cars, and 35 private trucks.

The ORD, which employed 343 people in 1979, provides agricultural services. About two-thirds of the ORD's personnel are stationed at sectoral, subsectoral, and village levels. Those assigned to sector headquarters theoretically include a director (chef); a superintendent responsible for storage, marketing, and distribution; a livestock supervisor; a statistician; and a credit and cooperative specialist. Often, however, the ORD does not provide some of the personnel. The subsector is staffed by a director, who is responsible for other extension agents in the area. Theoretically, each extension agent is responsible for the entire process by which farmers are exposed to and adopt technical changes. Each agent oversees an extension unit that includes three to six villages. The ORD credit program is directed toward village groups that are primarily precooperative institutions.

Other credit facilities in the Eastern ORD are limited. The public National Development Bank (BND) and the private Banque Internationale des Voltas (BIV) recently opened branches in Fada. These are the only banking facilities in the project area. To qualify for credit, a borrower must either have a monthly salary of 30,000 FCFA ($100) or be a merchant with sizable assets.

The MSU survey indicated the existence of almost 12,000 small-scale enterprises. These include agricultural processing as well as small manufacturing such as weaving, pottery, blacksmithing, cloth dyeing, tailoring, welding, carpentry, and leather working. Although the 21,000 persons engaged in these activities represent only 5 percent of the region's population, 15-20 percent of the region's households draw income from employment of one or more of their members in these small-scale enterprises.

The population of the eastern region suffers from a variety of diseases, including measles, malaria, whooping cough, meningitis, and diarrhea. Responsibility for health care often falls on senior members of communities, who treat the sick with traditional methods. In addition, 28 dispensaries and 26 maternity clinics offer modern health care and sanitation services. The region's only hospital is in Fada N'Gourma. Modern facilities are usually located in villages with populations of 1,000 or more. The dispensaries, which treat patients from as far away as 35 km, lack sufficient drugs.

Almost all villages draw water from wells. According to the MSU survey, however, only 60 percent of the villages have a year-round water supply; 32 percent of all village wells reportedly run dry in April and May.

There are between 32 and 38 primary schools in the region, enrolling in 1979 about 6,900 students, or 7.8 percent of the school age population. Almost 30 percent of the enrollment is in the canton of Fada N'Gourma, with most of that within the town itself. Equipment and supplies are inadequate. In addition to the primary schools, eight Young Farmer Training Centers offer classes on farm work, arithmetic, a local language, and French.

The 180 markets in the eastern region are located in 28 percent of the villages, usually the larger ones. (See Figure II-1.) Most market activities involve trade of primary agricultural commodities and small-scale manufactured and processed goods.

Project Purpose

The purpose of PfP's first OPG in Upper Volta, according to the OPG proposal, was as follows:

> to determine by experimental implementation on a pilot basis, the best program design to foster the development of rural enterprises which have a beneficial impact on the incomes and living standards of rural farmers and other residents in the area served by the Eastern ORD; and to provide in the village market a means of increasing farmer self-determination and commercial independence.[3]

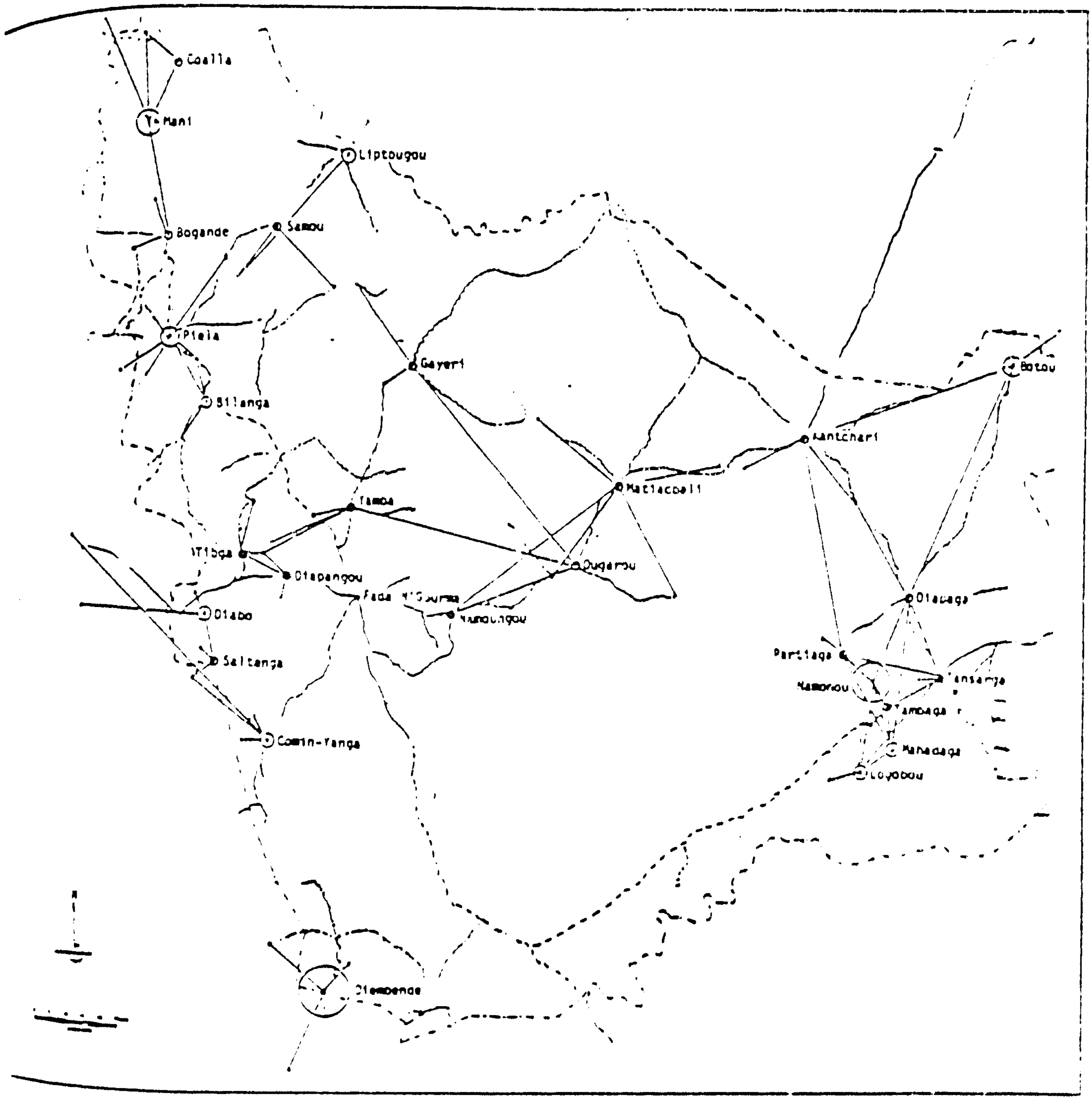
The project as originally conceived in 1977 was for two years, during which two expatriate technical advisers would manage "a $32,000 revolving credit [loan] fund to finance development capital requirements of rural entrepreneurs...and a $50,000 [experimental] fund to support opportunities perceived by the adviser to introduce new enterprises, techniques, facilities, equipment, etc."

The original proposal and grant agreement outlined the following functions the advisers were to perform:[4]

- Design and test a credit vehicle by which entrepreneurs already in business, new entrepreneurs, and entrepreneurial associations proposing loanworthy projects can acquire operating capital. This will include

FIGURE II-I

HIERARCHY OF PRINCIPAL MARKETS IN THE EASTERN REGION: BASED ON NUMBER & MOVEMENT PATTERNS OF SELLERS, 1980



Number of Sellers

- More than 1,500
- 1,251 - 1,500
- 1,001 - 1,250
- 751 - 1,000
- 501 - 750
- 251 - 500
- 250 or less
- Other markets

Source: Urban Functions in Rural Development: Final Report of a Field Demonstration in Fada N'Gourma and [illegible] Regions of [illegible] 1978-1980: Office of Urban Development, AID, Washington, June 1981 examining existing and proposed credit systems; determining the social/economic acceptability of alternate credit structures including limitations on the size of loans, the optimum ratio of loan to investment, the level of cash versus "in-kind" loan payments and repayments, appropriate time frame and terms for repaying, and the probability of repayment; and determining an acceptable and viable institutionalization means;

- Design and test an appropriate technical assistance package to upgrade business practices. This will include selecting groups or individuals as test subjects; determining a viable and effective means for motivating entrepreneurs; expanding such entrepreneurial activities as market analysis and market development; introducing an appropriate level of record keeping, inventory control, accounts; increasing the profit potential; and procurement of stocks/equipment;

- Determine whether new entrepreneurial activities are needed in the ORD and selectively support such development as opportunities arise within the framework of experimental introduction of new enterprises;

- Provide support to the ORD, and GOUV agencies and/or private groups by conducting seminars, giving lectures or working with selected groups of individuals who have designated responsibilities for rural enterprise development;

- Determine the extent to which services to entrepreneurs (BND, GOUV Agencies, etc.) are available, their current use in the ORD, and if not used, facilitate such use;

- Install and test at least one market infrastructure improvement to determine its impact on increased market utilization and aggregate turnover, and to determine its replicability on a commercial basis (i.e., improvement cost to be covered by increased rental fees); and

- Recommend upon the basis of experience and experimentation in consideration of ORD US [sic] and other donor country projects (planned or implemented), appropriate follow-on programs, strategies, or activities that would be most effective in fostering the development of rural enterprises utilizing to the maximum extent the existing resources and institutions of the ORD. PfP will also identify and establish an indigenous management group to work with. If PfP determines that its work in Upper Volta is to be extended, this group could form the basis of a Governing Council for a PfP Foundation in Upper Volta.

The original proposal explicitly stated that the "credit fund provided by the project will not be used to create another credit system."[5] The experimental fund, as originally envisioned, was to be "used at the discretion of the project leader to selectively test market infrastructure improvements and to finance such things as would lead to the introduction of new enterprise within the markets and ORD in general."[6]

As outlined in the Logical Framework included in the original proposal, a "viable credit program that could be implemented" and a "defined viable technical assistance package" would provide the verifiable indicators that the project's purpose had been fulfilled. A "plan for a second stage project" would provide the verifiable means to show the project had fulfilled its purpose.

The project went through a number of significant changes from the time PfP expatriate staff arrived in the field in September 1977 to September 30, 1981, when a Grant Agreement for a second phase was signed. Major changes involved the loan and experimental funds, personnel, and the project's time frame.

The first major change concerned the use of the two loan funds. Although the loan fund and the experimental fund were originally designed to cover different project activities, the distinction between them became less clear as the project progressed. By the end of the project, the loan fund and experimental fund became, in effect, a single credit fund.

The following loan fund criteria were established in June 1978:[7]

- Eligibility: Any entrepreneur or group of entrepreneurs proposing projects that satisfy the following conditions:
    - Are profit making and therefore self-sustaining;
    - Contribute to the general economic and social well-being of the area; and
    - Emphasize increased productivity and self-sufficiency of the area.

- <u>Documentation required</u>: Existing entrepreneurs must submit a PfP/Upper Volta loan application form accompanied by an up to date Balance Sheet, a Profit and Loss Statement, and an analysis of how the loan will affect income and costs. New entrepreneurs must submit the loan application form with statements detailing capital investment needs and estimates of monthly income and operating costs.

- <u>Collateral</u>: In keeping with the experimental nature of the project and in order to encourage high risks but potentially productive and useful enterprises, loan collateral is not required. However, in order to emphasize the importance of timely loan repayment, each project proposal will be the object of a thorough feasibility study, and entrepreneurs receiving loans will receive regular PfP management consultation. A follow-up service for all loan recipients will discourage late repayments and defaults.

- <u>Ratio of loan to total investment</u>: Projects in which the entrepreneur furnishes less than 20 percent of the total investment will generally not be considered. However, in exceptional cases this rule may be waived when the PfP adviser believes the project worthy or that it has a reasonable likelihood of success.

- <u>Interest rate and repayment terms</u>: Money is lent at an annual rate of 10 percent with repayment terms to be arranged by PfP adviser based on the expected finanical performance of the enterprise.

No similar criteria, however, were ever established for the experimental fund. Instead, the OPG proposal set forth the following considerations as "guidelines for the use of the experimental fund":[8]

- Economically viable ventures for which more or less reliable feasibility studies are possible in the areas of a) new enterprises, b) expansions or improvements of existing enterprises;

- Ventures or methodologies utilizing existing structures and potential, such as the traditional market or money lender; existing private and governmental institutions and credit facilities;

- Enterprises such as repair, storage, or transportation that remove obstacles to agricultural or other business development;

- Enterprises that create wealth or add value through the production or manufacture of new goods or services;
- Enterprises that require an appropriate management component to complement an appropriate technology;
- Basic on-going businesses, retail, wholesale, and other, which would benefit from training or extension assistance; and
- Enterprises or schemes which create the conditions for further investment from other sources, i.e., agribusiness that could create the market for certain kinds of appropriate manufacture; or businesses and services that could help to persuade investors to develop local resources such as tourism or mineral deposits.

The proposal went on to state that "a firm set of prioritized criteria will be developed during the course of the project. A preliminary set will be submitted to AID for review at the end of the first year and a final set at the end of the second year...." The evaluation team, however, saw no concrete evidence that either a preliminary or a final set of experimental fund criteria was ever established.

The loan fund and experimental fund were quickly commingled. By the end of 1978 the entire $50,000 of the experimental fund but only $5,000 of the credit fund had been drawn down. Yet the six-month report for July-December 1978 stated that "PfP had granted 59 loans totaling 11,690,963 CFA" ($50,392). In fact, during Phase I, only $23,248 was spent on experimental fund activities.

The second major change concerned personnel. Neither the original OPG proposal nor the project's budget provides for the hiring of local staff. Nonetheless, a Voltaic associate was hired in Diapaga in November 1978. In Fada, a Voltaic volunteer (and PfP client) acted as an interpreter and offered technical advice on projects involving agriculture and artisans.

The third important change was the amount of time necessary to complete Phase I. As early as February 1979, PfP field staff members began to discuss the need to extend the project "on the grounds that it was unlikely that [they] would accomplish everything necessary to develop a comprehensive program design for the promotion of rural enterprises by the end of the OPG period, December 21, 1979."[9] PfP requestd a year's extension to December 31, 1980. An additional funding of $110,000 was made in July 1979 and formally approved on April 30, 1980. Subsequently, the project was extended to June 30, 1981, and eventually August 30, 1981, although it did not really end until a month later. A proposal for a second phase was first sent to the AID mission in Ouagadougou on May 5, 1980, and the Grant Agreement for the second phase was signed on September 30, 1981.

By the end of Phase I, the project's main activities were to make loans to new and existing enterprises and small income-producing activities and to follow up on these loans. By the end of Phase I, the expatriate advisers were spending most of their time managing their respective staffs as they analyzed loan applications, collected payments, and tracked down delinquent clients. In effect, the project had established two separate and independent subprojects in the Fada and Diapaga regions of the Eastern ORD.

<u>Project Outputs</u>

Project accomplishments during Phase I were significant, and the PfP advisers and staff fulfulled most of the functions outlined in the proposal and Grant Agreement. The original Logical Framework called for improving business practices of 80 enterprises, disbursing 40 loans, and financing the start-up of 20 enterprises. As a result of much hard work, in a little more than three years the advisers, and their local staff, made 416 loans totaling over 61 million FCFA (about $275,000) to 312 clients. In addition, PfP was able to graduate two clients to other sources of credit, most notably the BND. Overall, the PfP program has a good reputation in the Eastern ORD. Both expatriate and local staff members are well respected in the community. Furthermore, and perhaps most important, the proposal for Phase II was able to recommend another follow-on credit program based on PfP's Phase I experience and experimentation.

Project Inputs: Budget-Proposed versus Actual

The OPG covered 99.3 percent of the project's costs during Phase I. The OPG proposal presented an overall project budget of $652,850. Of this sum, $506,850, or 77.7 pecent, was to be provided by an AID grant. The remainder, $246,000, was to come from other sources. These included project participants, who were to contribute $96,000 in "equity for loan fund" and $22,000 for office expenses, and the private voluntary organizations and development institutions, including ICCO, Brot Fur die Welt, Africare, Volunteers in Technical Assistance, Peace Corps, World Bank, and PACT, which were to contribute $28,000 toward personnel costs. The project extension in April 1980 confirmed that the AID grant would be the sole source of project funds. As the accompanying tables show, however, the total life-of-the-project costs came to $621,205, of which $617,000 was provided by the AID grant. (See Tables II-1 and II-2.)

FOOTNOTES

1 Partnership for Productivity, Operational Program Grant Proposal: Rural Enterprise Development-Eastern ORD (hereafter cites as OPG I), Upper Volta, December 20, 1976, p. 2.

2 See Fass, Simon, Urban Functions in Rural Development: Final Report of a Field Demonstration in Fada N'Gourma and Koudougou Regions of Upper Volta 1978-1980, Office of Urban Development, Agency for International Development, Washington, D.C., June 1981.

3 OPG I, p. 1.

4 Ibid., p. 2-3.

5 *Ibid*., p. 3.

6 *Ibid*., p. 5.

7 "Loan Fund Criteria-June 1978," Partnership for Productivity, Upper Volta.

8 *OPG I*, p. 6-7.

9 Letter of John Schiller to Richard Meyer, USAID/Ouagadougou director, July 20, 1979.

PIP Upper Volta

Financial Data

Table I-1

Direct	Original Proposal (12/20/76)		Amendment (4/30/80)		Actual Expenses	
Personnel (US)	$ 278,000	42.6 %	$ 141,300	22.9 %	$ 165,557	26.7 %
Benefits			37,300	6.0	17,803	2.9
Personnel (local)			54,000	8.8	31,191	5.0
Other Personnel			14,700	2.4	0	
Total Personnel	278,000	42.6	247,700	40.1	214,551	34.5
Vehicles	30,000	4.6	38,000	6.2	60,007	9.7
Credit Fund	32,000	4.9	57,000	9.2	55,794	9.0
Experimental Fund	50,000	7.7	50,000	8.1	50,000	8.0
Consultants & Travel	40,000	6.1	44,200	7.2	43,619	7.0
Pre Implementation	6,750	1.0	7,002	1.1	2,991	0.5
Housing			58,000	9.4	51,463	8.3
Office	22,000	3.4	0	0.0	18,844	3.0
Other direct	0	0.0	3,000	0.5	3,703	0.6
Subtotal	438,750	70.3	304,500	81.8	500,972	80.6
Overhead	98,100	15.0	112,500	18.2	120,223	19.4
Equity for Loan Fund	96,000	14.7	0	0	0	0
TOTAL	$ 652,850	100.0 %	$ 621,205	100.0 %	$ 6[illegible]1,205	100 %

PfP Upper Volta

Sources of Funds

Source	Original Proposal (12/20/76)		Amendment (4/30/80)		Actual	
AID	$ 506,850	77.6 %	$ 617,000	100.0 %	$ 617,000	99.3 %
other	146,000	22.4	0		4,205	0.7
TOTAL	$ 652,850	100.0 %	$ 617,000	100.0 %	$ 621,205	100.0 %

Expenses to be met by "other" sources:

Personnel	$ 28,000
Equity for loan fund	96,000
Office (materials, equipment, storage)	22,000
TOTAL	146,000

CHAPTER THREE
PROJECT ADMINISTRATION

One expatriate adviser was assigned to Fada N'Gourma and another to Diapaga. Each was free to develop the management structure and systems necessary to administer the project in his respective area. PfP/Washington provided little guidance on the administrative procedures because it did not want to impose restrictions on the field staff members and inhibit them. As a result, different management structures developed in Fada and Diapaga.

The management structure in Diapaga was more highly defined than in Fada. Early emphasis was placed on the development of documented procedures to track loan applications and progress of loan repayments. The Diapaga operations also put more emphasis on technical and management assistance for clients. Early in the project, the staff developed and tested bookkeeping and inventory control systems. The six-month reports show the greater emphasis on documentation and information systems in Diapaga. That office provided more detailed information on loan repayment rates and on the impact of loans on recipients. In fact, it was not until the Diapaga adviser replaced the Fada adviser (who was on sabbatical from July 1981 to August 1982), that the six-month reports in Fada contained any quantitative data on the repayment of loans.

The Fada operations paid less attention to documenting credit operations and more to supervising and directing experimental fund activities. Expenditures on experimental fund activities in Fada were nine times those in Diapaga. A major portion of the experimental fund expenditures went to the demonstration farm at Tiparga, six km north of Fada. Including the purchases of a self-help tractor, these expenditures totaled almost 2.8 million FCFA, or 57 percent of the total spent in the Fada area. Although the work at Tiparga provided the basis for the agricultural component of Phase II, there is no documented analysis of the results and their cost.

Besides emphasizing different activities, the Fada and Diapaga programs followed different staffing patterns. The project adviser in Diapaga hired his first staff member, Beogo Boama, in November 1978, after only four months of operations. Mr. Beogo had been a primary school teacher for 10 years before joining PfP. He was to take over gradually "the business extension part of the project as well as participate in feasibility studies, do market research and translate bookkeeping and accounting forms into Gourmantche."

The second Voltaic staff member, Ouali Diergou, was hired in Diapaga in May 1979. Mr. Ouali comes from an agricultural family, has six years of primary education and, worked as a clerk typist volunteer at the government office in Diapaga prior to joining PfP. Mr. Ouali was hired as an experiment to learn what minimum requirments in terms of education and experience were needed for an extension agent. Although he requires further training in financial management, he does provide useful assistance to farmers.

A third local member, Ouali Ali, joined the staff in Diapaga in February 1981. "He had previously worked with an ORD/Swiss Technical Cooperation project as an interpreter and adviser to village groups engaged in income generating projects."[1]

Early in Phase II, Mr. Beogo was assigned to manage operations in the Piela area. A third adviser was hired in Diapaga in January 1982, and an assistant manager, who replaced Mr. Beogo, started work in March. With this management structure, an expatriate adviser and four local staff members run a decentralized credit operation. The three extension agents each have their own territory and are supervised by the assistant manager, who works closely with the adviser to prepare monthly payments lists, check the agents' receipt books and record payments, and process loan applications.

In contrast, the adviser in Fada did not hire his first local staff member, Thiambiano Rigobert, until February 1980. Prior to that time, Mr. Thiambiano had spent a year assisting the Fada adviser as a volunteer. He was assigned to take charge of the demonstration farm at Tiparga, help process loan applications, monitor a number of clients, and run the loan collection operation when the adviser was on home leave.

Dahani Jean joined the Fada operations in June 1981 as assistant regional director. His prior experience included directing the Statistics Bureau at the Fada ORD and managing of his own wholesale/retail business in Fada. Since Phase II, Fada has added a third local staff member.

During most of the project's first phase, the adviser in Fada served as general manager and the adviser in Diapaga, as operations manager. The distinction between these titles, however, was never made clear. The operations manager signed the Government Agreement on behalf of PfP and authored most of the correspondence to AID/Ouagadougou. Each adviser was responsible for a section of the semiannual reports, although the operations manager prepared the final documents. The general manager took the lead in preparing expense reports for PfP/Washington.

Management Information System

An experimental project needs a mechanism to collect and assess information systematically, both for effective field management and improved project programming. This management information system (MIS) should be based on decision-making needs, project resources, and staff capabilities. When necessary, it should be designed with substantial home office technical input.

In this case, PfP/Upper Volta staff had had little experience in designing an information system for either implementing a credit fund or evaluating its effects for future project programming. Moreover, the field managers spend considerable energy resolving everyday project crises and should not have been expected to design a system without considerable outside help. Such guidance was needed from PfP/Washington throughout Phase I. This institutional capability is, after all, the primary advantage of contracting projects through an organization such as PfP, rather than individuals.

Instead, PfP's MIS was developed by the field staff through trial and error. Thus, it was a series of improvisations rather than a consciously predesigned system for tracking the processes and outcomes of an experimental project.

The result was an insufficient and inappropriate MIS for monitoring either the daily operations or the overall programmatic impact of a pilot project whose principal objective was to enable PfP to "recommend upon the basis of experience and experimentation...appropriate follow-on programs, strategies, or activities that would be most effective in fostering the development of rural enterprises...."[2] Moreover, the MIS gradually adopted in Fada was different from that in Diapaga, but was inconsistently applied at both locations. Although the situation has improved considerably since the beginning of Phase II, there is a paucity of longitudinal information on Phase I activities upon which to gauge the impacts, costs, and changing status of the pilot project. Furthermore, what data there are often lack comparability between project sites.

The Phase I MIS falls into four categories: credit fund, experimental fund, project operations, and project impact. The credit fund MIS consisted of the following documents:

Document	Fada Utilization	Diapaga Utilization
Interview Notes	Seldom	Regular
Loan Application (Fiche d'interview)	Regular	Regular (initially)
Balance Sheet (Bilan)	Seldom	Regular (initially)
Profit and Loss Statement (Compte de profit/perte)	Seldom	Regular (initially)
Loan Agreement (Accord de prêt)	Regular	Regular
Monthly Listing (Liste mensuelle)	Regular	Regular
Repayment Schedule (Tableau des échéances)	Regular	Regular

The Fada office relied on the general manager's instincts for selecting bankable projects, whereas the Diapaga office initially used the loan application, opening balance sheet, and profit and loss statement as an informal feasibility analysis. Diapaga eventually abandoned profit and loss statements, however, deciding that they were not worth the time and effort their tedious construction required. Diapaga then relied on the loan application process (the application, an interview, a balance sheet, and preliminary tasks performed by the entrepreneur) to determine a project's feasibility. Both Fada and Diapaga plan to complete periodic balance sheets and, perhaps, profit and loss statements for the remainder of Phase II, thus requiring clients to keep the necessary support records to serve as a staff training device and project data base.

Both offices kept chronological files of loan agreements and completed monthly listings of payments due, along with client repayment schedules. In Fada the latter two lists were entirely preprogrammed, however, and therefore did not allow for de facto loan rescheduling or for loan repayments made after the agreed-upon loan repayment period. If Client X, for example, agreed to pay back a PfP loan in six monthly payments from January through June, the general manager in Fada would list Client X on each monthly repayment list for these six months. If Client X made a monthly payment on time, his or her name would be checked off on that month's list. If, however, Client X skipped one or more payments, he or she still disppeared from the monthly repayment list after June, with no mechanism for further tracking or pursuance of this delinquent loan. If Client X made a payment on this loan in September, the first skipped payment from the January through June period would be checked off.

In Diapaga, delinquent loans were carried forward, but late payments were not accumulated in the "on-time loan payments" cited in the six-month reports. The repercussions of using this inaccurate calculation method were mitigated in Diapaga by actively pursuing delinquent loans. On-time loan payments were nevertheless overstated. Several missed payments on one loan were counted as a single delinquent loan past due and not as several payments past due. Tracking that rather than payment status would have increased the accuracy of the credit fund's MIS.

The inappropriateness of Fada's credit fund MIS was dramatically demonstrated by Fada's loan portfolio status, as reconstructed by the operations manager upon his arrival in Fada in June 1981. He discovered that 60 percent of loans due in Fada, in terms of both number of loans and their FCFA value, were delinquent.

The ineffectiveness of the Phase I credit fund MIS was compounded by the project's fragmented filing system. There was no single source of a client's loan and enterprise history, nor was there a common organizational format or integrative mechanism for cross-referencing disparate filing systems. Loan agreements and loan repayments records, for example, were chronological by loan number, with each loan entered separately. Client dossiers, however, were alphabetical and combined multiple loans into a single client dossier.

The experimental fund MIS was essentially nonexistent. The credit and experimental funds were commingled within the project's first six months, and the experimental fund as a separate entity existed only as lists of experimental fund expenditures and receipts, one each for Fada and Diapaga. The evaluation team could find no record, in either Upper Volta or Washington, describing the experimental fund as a program or detailing its component parts, in terms of project selection criteria (other than the OPG), enterprise and client histories, subsidized and recoverable costs, return on investments, and future potential (other than some general letters and a summary description of the Tiparga Demonstration Farm by the project's general manager).

The project's operations MIS consisted primarily of the submission of monthly expense reports to PfP/Washington for conversion to AID vouchers. PFP/Washington, however, did not file its first voucher until spring 1980, approximately two and one-half years after the project began. As a result of this lack of financial accountability during the project's first phase, it was incumbent upon the field staff to monitor project expenditures, as the operations manager was able to do. Unfortunately, financial data were not collected or reported by functional line items, so project expenditures cannot be related to project components. The evaluation team was unable to isolate, for example, the cost of providing technical assistance to PfP clients or of processing and monitoring a loan.

In addition, it is difficult to gauge the project's socioeconomic impact, and thus the project's effectiveness, because PfP had no MIS to gather base-line data or to monitor financial and social changes throughout the life of the project. The sole written course of project development and impact are qualitative descriptions by PfP staff in project semiannual and final reports and in four special studies, the most helpful being an analysis conducted in Phase I of 19 village stores PfP had assisted in the subdistricts of Diapaga and Kantchari. Several interviews were never published or distributed, and they contained little base-line data with which to compare current evaluation findings. A review of client change in assets was also undertaken early in the project, but the finding that a client's assets increased shortly after receiving a capital infusion from PfP is more of a tautology than a revelation. An interesting study of the change in 11 enterprises' net worth and enterpreneurs' personal assets was completed during the first half of 1980. This effort revealed great promise; it is unfortunate that this exercise was never repeated.

Given the above pilot project MIS, the Fada operation was largely unmonitored, undocumented, and unassessed. It relied on the general manager's instincts and energy, albeit based upon personal preconceptions and assumptions rather than on incoming data flows. As a result, Fada's credit fund rapidly decapitalized. Diapaga's MIS was sufficient to ensure relatively efficient daily operations and maintain credit fund liquidity. However, like Fada's, Diapaga's MIS failed to provide the information required to assess rigorously the cost effectiveness of an experimental project or to document lessons learned from such activities. The evaluation team was thus forced to spend a considerable amount of time and energy reconstructing the past, relying on fragmented records and PfP staff and clientele recall.

PfP's Phase I MIS, including both formal and informal components, is summarized in Figure III-1. Standardized forms used in this MIS are presented in an annex to this report.

A consultant from PfP/Washington visited the project shortly before this evaluation and proposed a much more systematic, comprehensive MIS for Phase II [3]. The system is broad and intricate and would demand considerable managerial resources to maintain, although its costs and feasibility are difficult to predict until it is translated into an operational plan and budget.

The evaluation team suggests that PfP specify its project objectives and policies as clearly as possible and design an MIS around them. The first priority must be given to information essential to run the project in an efficient manner. The utility of the proposed MIS is difficult to justify, whatever its cost and feasibility, until it is closely tied to clearly articulated project objectives and independently verifiable project outcomes. A rural credit fund has a very different management information need and cost-bearing structure than does a small economic enterprise development activity with a prominent training component. The evaluation team is still unclear about which type of activity PfP is now operating in Upper Volta.

<u>Supervision and Feedback</u>

As a result of a conscious decision made by the PfP central management, PfP Washington and USAID/Ouagadougou provided little supervision and feedback to field staff. Total authority was vested in the general manager. No controls on the use of the loan fund or experimental fund existed. Field staff members apparently were able to make whatever loans and expenditures they wished.

Figure III-1

PfP Pilot Project Management Information System

Supplier / User	Client	PfP/UV	AID/Ouagadougou	PfP/Washington	AID/Washington
Client		Loan Agreement; Enterprise Visits			
PfP/UV	Loan Application; Periodic Interviews; Daily Accounts (occasionally)	Balance Sheet & P/L (occasionally); Loan Agreement; Client Repayment Schedule; Monthly Payments Due List; Personal Observations; Notes From Client Interviews; Operations Accounts; Occasional Studies	Site Visits; Correspondence	Mid-Term Evaluation	Impact Evaluation*
AID/Ouagadougou		Six-Month Reports; Correspondence; Visits to Mission; Occasional Studies	Site Visits	Visits to Mission; Correspondence	
PfP/Wash.		Monthly Expenses; Six-Month Reports; Correspondence; Occasional Studies; Annual Visits		Site Visits; Occasional Studies	
AID/Wash.				Expense Vouchers	

*Conducted during Phase II

The evaluation uncovered no evidence to suggest that the field staff received much feedback from its six-month reports. Nor did the home office think it necessary to undertake management and financial audits at any time during Phase I. Although PfP/Washington's program officer designed an appropriate method to calculate loan repayments, for example, no follow-up action was taken to ensure that it was properly instituted. A midterm evaluation was conducted, but it emphasized the problems of future project institutionalization rather than the more urgent project management issues. This evaluation apparently did not examine the financial records of the two subprojects or discuss the quality of the loan portfolio.

PfP/Washington staff made several field visits to discuss the project. The field staff thinks that the visits were valuable from both a programmatic and a morale viewpoint. However, the home office did not provide assistance in designing an appropriate management information and evaluation system that could be used to manage the project as well as fulfill the requirements of an experimental project. This assistance could have greatly facilitated project administration.

It was not until the early stages of Phase II that the field staff received management assistance from the home office. PfP's financial officer visited the field in November 1981 to reconcile the accounts for Phase I and to help design and implement the financial controls that are now inoperative. In addition, in early 1982 a consultant visited the field and worked to develop several of the elements now used in the project's monitoring system.

In the near future PfP/Washington will need to increase its supervision and feedback to provide policy guidance in the following areas:

- First, and foremost, the project needs a write-off policy. The current practice of keeping inactive loans on the books distorts the financial reporting. Inactive loans cause the value of the credit fund to be overstated. In addition, they adversely affect the repayment rate. The project needs a policy of systematically and regularly writing-off bad loans. This will lead to more accurate reporting of the credit funds' operation and condition.

- Second, the project needs a uniform loan rescheduling policy. During Phase I, Fada did not reschedule loans since the manager believed this policy would set a bad precedent and distort the true repayment rate. Diapaga rescheduled 10-15 percent of its delinquent loans. The circumstances under which loans would be rescheduled and procedures by which this occurs should be clear and govern the entire project.

- Third, loan criteria need to be better defined. The loan criteria established in June 1978 are too vague to be operationally useful. Specifically, criteria need to be explicitly stated for the types of activities for which loans will be made available, size of loan, target clients, and repeat customers. This exercise should force both PfP/Washington and PfP/Upper Volta to clarify project objectives and how they may best be obtained.

- Fourth, PfP/Washington needs to develop alternative strategies to address the issues of sustainability and institutionalization.

The first phase of the project created an entirely separate credit system in the Eastern ORD. The PfP credit operations currently have no formal coordination with indigenous institutions. The second OPG proposal states that one of the objectives of Phase II is to "establish a Voltaic foundation capable of playing an active role as a development catalyst." Since the proposal was written, however, a number of events, including the association's president being jailed after the 1980 military coup, have curtailed the early progress made with the leaders of the Association pour le Développement Economique, Social et Cultural de Département de l'Est. PfP needs to develop alternative strategies to address the issues of sustainability and institutionalization and to begin to explore their feasibility. PfP should adopt a policy soon. One expatriate adviser will very likely need to work full time to explore and analyze any likely possibilities, develop an implementation plan, and work with local institutions to create and indigenous organization before current AID funding runs out in 1986.

FOOTNOTES

1 See Thoren, Bengt, and John Schiller, Rural Enterprises Development Project Activities Report, July 1978-June 1981, Fada N' Gourma.

2 OPG I, p. 3.

3 Berenbach, Shari, Alex Brown, and John Schiller, Monitoring System for Partnership for Productivity/Upper Volta, Fada N' Gourma, March 1982.

CHAPTER FOUR
CREDIT PROGRAM

PROFILE OF CLIENTS

Overview

The evaluation team gathered information from PfP documents and interviews to develop a profile of credit fund loan recipients. Large numbers of small loans were disbursed from the credit fund to enterprises in a variety of sectors and of different scales -- all figures below refer to these credit fund loans unless otherwise specified. Almost all loan recipients have no other access to formal credit; most of the 74 entrepreneurs interviewed had never received loans from friends, family, or informal sources. The average loan size was larger than anticipated in the OPG, and the range of loans was also greater. Those interviewed said that most loans were used as working capital to purchase raw materials and merchandise; about one quarter of the loans were used to buy equipment, furnishings, fixtures, and accessories. The average economic activity assisted by PfP was small: annual sales of $7,400, disposable income of $1,800, and a net worth of $2,500. These figures cannot be used as a mechanism to calculate the entrepreneurs' total income since over half of those surveyed admitted they had other sources of income and almost all received their food from family fields.

Experimental versus Loan Fund Clients

As originally conceived, credit from the loan fund was to be granted for conventional enterprises in established economic subsectors using pretested equipment; the main criterion for loan approval was to be the prospective client's ability to repay the loan, along with the proposed enterprise's value to the local community. Conversely, credit from the experimental fund was to be granted for innovative or high risk ventures, such as bas-fond (bottomland) development for rice agriculture or the purchase of untested wood stoves and peanut oil presses; the main criterion for experimental fund disbursement was to be the potential demonstration effect of the profitability of a new methodology or technology. Money from the experimental fund could be given in the form of grants or interest-free loans, whereas money from the credit fund was always to be lent in the traditional form of interest-bearing loans. Despite these initial distinctions, the loan and experimental funds became commingled early in the project, and the difference between the two became largely academic.

In Fada, 12 disbursements totaling 4,851,440 FCFA ($20,911) were made from the experimental fund for agricultural and agroprocessing projects. Of this, 635,050 FCFA ($2,727) or 13 percent was recovered by PfP.

The Diapaga office disbursed 542,165 FCFA ($2,337), much of which was used to buy 35 calculators for local merchants. Of these funds 158,900 FCFA ($684) was recovered. Since PfP's written records do not indicate whether these were loans or grants, a loan repayment rate for the experimental fund cannot be calculated.

Economic Sector

Clients in the commercial sector received almost half of PfP funds. About one quarter went to artisans, and the remainder was divided among agricultural production, agricultural processing, and transport sector loans. (See Table IV-1.) Although agricultural production received only 12 percent of loan funds, it accounted for 25 percent of the number of all disbursed loans. Agricultural production/livestock had the smallest average-sized loans ($322), while agricultural processing had the largest ($1,083), since most of the money was used to purchase equipment.

LOANS GRANTED IN PHASE I

TABLE IV-1

FADA N'GOURMA AND DIAPAGA

(FCFA 221 = $1.00)*

ECONOMIC SECTOR	# OF LOANS	%	AMOUNT DISBURSED (in FCFA)	%	AVERAGE LOAN
AGRICULTURAL PRODUCTION/ LIVESTOCK	104	25	7,408,985	12.1	71,240 ($322)
AGRICULTURAL PROCESSING	27	6.5	6,461,810	10.6	239,326 ($1,083)
ARTISAN CRAFTS	86	20.6	14,318,335	23.4	166,492 ($753)
COMMERCE	148	35.6	28,143,518	46.0	190,159 ($860)
TRANSPORT	51	12.2	4,855,530	7.9	95,206 ($431)
TOTAL	416	100.0	61,188,178	100.0	147,087 ($666)

*This exchange rate represents a weighted average of exchange rates used to convert all the money that went into the Loan Fund plus 7,000,000 FCFA of experimental funds.

The artisan crafts category, as defined by PfP, includes repair shops, photo studios, and tailors as well as the more traditional artisans -- carpenters, blacksmiths, and weavers. Commerce ranges from itinerant peddlers and those selling their wares off a small table in the market to a large wholesaler grossing more than $14,500 per month.

More than one-third of the 22 agricultural loans made in Diapaga went to those who raised guinea fowl. They all went bankrupt when a disease struck their flock. In Fada N'Gourma, 40 percent of all agricultural loans went to vegetable growers. PfP staff members plan to diversify their agricultural project portfolio further during Phase II to reduce their risk.

As Table IV-2 shows, both Fada and Diapaga offices gave about the same number of loans to those people in the commerce and transport sectors. Diapaga gave more loans to the agricultural and agroprocessing sector from the regular loan fund. If the 30 loans/grants to these sectors given from the experimental fund are included, then the volume of loans to the agricultural sector increases to 29 percent of all funds disbursed.

If the retail trade market is becoming saturated, as survey results and discussions with entrepreneurs imply, then the number of loans to the commercial sector should decline in Phase II. Loans to sectors that add value to local products, agro-processing, and artisan activities might then increase their share of loan portfolio funds.

The evaluation team suggests that the performance of loan recipients should be monitored and evaluated by PfP field staff to determine where loans have the most positive economic impact and strongest linkage to the local community. Guidelines concerning which type of projects should receive loans might then be established.

LOANS GRANTED IN FADA N'GOURMA
BY ECONOMIC SECTOR

Economic Sector	Number of Loans	%	Amount Loaned	%
Agricultural Production/Livestock	40	20.6%	3.519.220	10.7%
Agricultural Processing	7	3.6%	1.987.000	6.0%
Artisan Crafts	52	26.8%	10.639.305	32.3%
Commerce	71	36.6%	14.445.340	43.9%
Transport	24	12.4%	2.344.985	7.1%
TOTALS	194	100%	32.945.850	100%

LOANS GRANTED IN DIAPAGA
BY ECONOMIC SECTOR

Economic Sector	Number of Loans	%	Amount Loaned	%
Agricultural Production/Livestock	64	28.8%	3.889.765	13.3%
Agricultural Processing	20	9.0%	4.474.310	15.3%
Artisan Crafts	34	15.3%	3.679.030	13.1%
Commerce	77	34.7%	13.688.173	48.5%
Transport	27	12.2%	2.510.545	8.3%
TOTALS	222	100%	28.242.328	100%

Loan Size

Until June 1, 1981, about one quarter of the loans disbursed by PfP were for less than \$250; more than half were less than \$500. As Figure IV-1 shows, about one-fifth were between \$500 and \$1,000, and about one-seventh were between \$1,000 and \$1,500. The small size of loans reflects PfP clients' low absorptive capacity for outside resources. PfP staff has carefully limited loans to the entrepreneurs to a size they can manage and repay from profits. This is a sound policy. Table IV-3 reveals that the transport and agriculture/livestock sectors have the largest shares of small loans. Not surprisingly, those in agricultural processing and artisans received the largest shares of bigger loans, reflecting the higher costs of their materials and equipment purchases.

PfP's OPG proposal stated that \$20,000 of loan funds be used for small loans of \$100-\$300. An additional \$12,000 would be for loans from \$1,000 to \$3,000. Although the loan fund has established no minimum or maximum amounts, the smallest loan during Phase I was for about \$35 and the largest was about \$3,170. Recently \$11,790 was lent. Both the smallest and largest loans went to the transport sector, the former to purchase a donkey to pull a cart, the latter to purchase a minibus to transport passengers between Fada and Ouagadougou.

The average loan size was also greater than that indicated in the OPG. PfP expected that an average loan would be \$296 in late 1976; in fact, the average size was about \$670. Inflation accounts for some of this discrepancy, but it mainly stems from the presence of a few large loans that push the average loan size higher than anticipated.

Figure IV-1

Disbursed Loans by Size

FCFA 221= $1.00

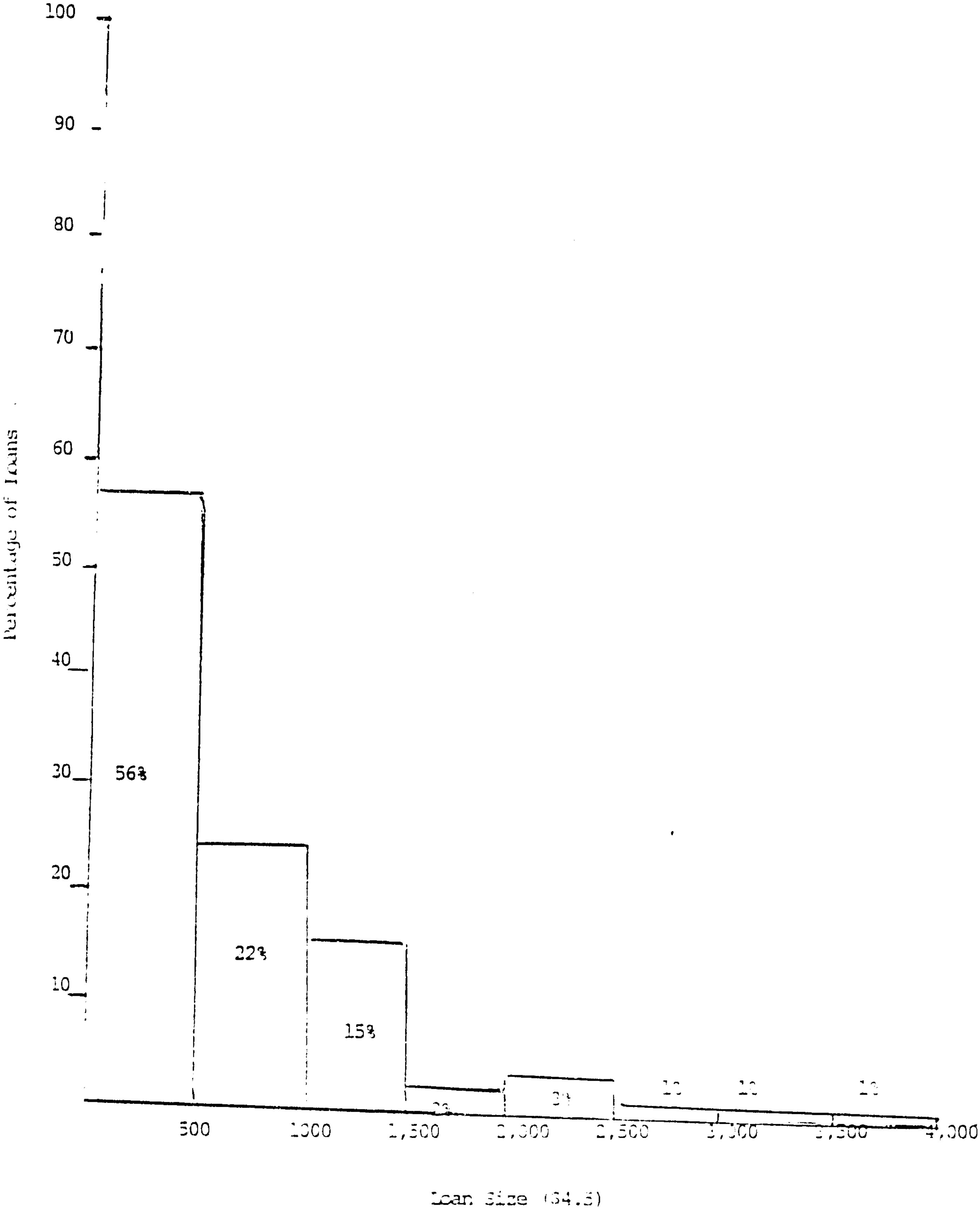


Table IV-3

Loans Disbursed by Size and Sector

July 1978 - June 1981

(FCFA 221 = $1.00)

Sector / Loan Size	Agriculture/ Livestock	Agro-Processing	Artisan	Commerce	Transport	Total
$0-250	44	2	14	21	14	95
251-500	38 } 82 (81%)	8 } 10 (38%)	15 } 29 (39%)	26 } 47 (38%)	24 } 38 (84%)	111 } 206 (56
500-1000	13 (13%)	7 (27%)	26 (36%)	32 (26%)	2 (4%)	80 (22%)
1001-1500	6 (6%)	3 (12%)	11 (15%)	33 (27%)	3 (7%)	56 (15%)
1501-2000	0	2 (8%)	4 (5%)	3 (2%)	0 (0%)	9 (2%)
2001-2500	0	2 (8%)	2 (3%)	5 (4%)	1 (2%)	10 (3%)
2501-3000	0	2 (8%)	1 (1%)	0 (0)	0 (0)	3 (1%)
3001-3500	0	0	0	1 (1%)	0 (0)	1 (0%)
3501-4000	0	0	0	2 (2%)	1 (2%)	3 (1%)
Total	101 (100%)	26 (100%)	73 (100%)	123 (100%)	45 (100%)	368 (100%)

Source: Compiled from PFP Semi-Annual Reports. Information on size of loans disbursed during July-September [illegible] was not readily available.

Group versus Individual Loans

The PfP final report states:

> Our perception is that people in the Eastern Department tend to work best as individuals....There is a general cultural trait which manifests itself in a mistrust of others, especially where money matters are concerned, and a spirit of jealousy that outsiders might learn the secret of one's success and therefore pose a threat to one's economic well-being....There are other people in the region whose outlook on this issue has evolved. That is, they see that there might be economic advantages in cooperating with others in order to further the interests of the group as a whole. The key here is that this perception comes from the people themselves, that they perceive it is in their interest to form a group.[1]

Incomplete records on the number of group loans disbursed through the experimental and loan fund make it difficult to determine the number and amount of such loans. An examination of PfP's semiannual reports indicates that approximately 22 such loans have been disbursed; about half were given to those with agricultural or livestock projects.

PfP lent 160,000 FCFA to a women's group -- PAFF -- in Fada to relend to its members. The success of this group loan indicates that a similar mechanism might be attempted to reach other groups that require smaller loans than usually disbursed by PfP. This mechanism has the advantage of cutting PfP's loan administration costs and, if the group is cohesive and has strong, responsible leadership, risk. Since only one such lending group has been established to date, it is premature to propose it as a model. Similar models established under AID's PISCES program suggest that it is an idea worthy of more support and experimentation.

Number of Loans per Client

During Phase I, three quarters of PfP clients received only one loan from the credit fund. Twenty-one clients received three or four loans. (See Table IV-4.)

No limits exist on the number of loans that each client may receive. Thus, a good credit record will improve a client's chances for subsequent loans. Unless PfP favors new clients, a higher percentage of loans will be given to those who have received previous loans. Indeed, the expectation of receiving additional loans at comparatively low interest rates may be an important incentive for some clients to repay their loans.

Originally PfP thought that its management training would help develop businesses become eligible for commercial credit. Unless certain banking regulations are changed to favor small businesses, however, this process will take much longer than expected. Currently, a gulf exists between the first-time loan recipient aided by PfP and the minimum criteria that recipient would need to meet to receive loans from Voltaic financial institutions. Thus, those who have had a successful loan experience with PfP still have no other financial institution to assist them; the local bank in Fada, for example, requires that a loan recipient have a minimum salary of 30,000 FCFA per month and fully collateralize the loan.

The evaluation team therefore recommends that the GOUV and donors institute a program to encourage financial institutions to lend to small-scale enterprises in rural areas. Then PfP-assisted enterprises would at least have the possibility of graduating into the formal financial sector.

TABLE IV-4

NUMBER OF LOANS RECEIVED
PER CLIENT
FADA N'GOURMA

Number of Loans Received	Number of Clients	Percentage of Clients
1 Loan	108	74.5%
2 Loans	28	19.3%
3 Loans	6	4.1%
4 Loans	3	2.1%
104 Loans Received	145	100%
More than 1 Loan Received	37	25.5%

NUMBER OF LOANS RECEIVED
PER CLIENT
DIAPAGA

Number of Loans Received	Number of Clients	Percentage of Total
1 Loan	128	76.2%
2 Loans	28	16.7&
3 Loans	10	6.0%
4 Loans	2	1.1%
222 Loans Received	168	100.0
More than 1 Loan Received	40	23.8%

Source: Final Report, PfP

Participation of Women

About 10 percent of loans, by amount and number, went to women in the Fada and Diapaga areas. Women are active primarily in selling spices, fruits, and vegetables in the market and as dressmakers and restaurant owners. Since few cultural restrictions prevent women from owning their own businesses, their share of loan funds may increase during Phase II.

Loans to New versus Established Economic Activities

Diapaga began to report on the status of clients only in January 1980 and Fada, in June 1981. Of the 141 loans during those periods, almost half went to new economic activities. However, the number of entrepreneurs who had previously been involved in similar economic activities prior to receiving their loans is unknown. Of those interviewed by the evaluation team, 75 percent said that they were involved in the same economic activities prior to receiving their PfP loan. In any case, over four-fifths of those interviewed said they had never before received a loan from other sources. PfP thus is fulfilling its mandate of initiating entrepreneurs into a credit system and giving them a credit history, which should be useful to other financial institutions should PfP clients ever graduate to that level.

Loan Purpose

Since PfP does not keep records on the purpose of loans it disburses, it is necessary to rely exclusively on survey results. Of loans received by those interviewed, over 48 percent were to pay for raw materials or merchandise and 23 percent, equipment. Sixteen percent of the recipients said that they had not used their loans to buy raw materials, equipment, or tools; many constructed buildings or hired short-term workers with their loans. About 5 percent of loans were used for multiple purposes, such as buying raw materials, equipment, and tools. Thus, about 28 percent of the 122 loans were used to purchase equipment. The term "equipment," however, included furnishings (for example, shelves, fixtures, and accessories) as well as productive equipment.

Ethnic Group

One purpose of the loan program, according to the PfP/Upper Volta staff, is to give the local ethnic group the opportunity to compete with outsiders who dominate retail trade. Accordingly, survey results show that 80 percent of loans went to members of the Gourmantche tribe, 14 percent to Mossis, and only 7 percent to those of other ethnic groups, mostly Yorubas who had emigrated from Nigeria.

Financial Profile of Surveyed Clients

Survey results show that PfP clients usually fall within the smallest scale of enterprises in Upper Volta. Annual sales average only about $7,400, ranging from $2,700 in the agriculture/livestock sector to $13,500 in commerce. (See Table IV-5.) From mid-1981 to mid-1982, gross profits averaged $3,000 for surveyed enterprises. Entrepreneurs' disposable income was about $1,800, with artisans and merchants, on average, earning the highest cash income from their enterprises. The average net worth of enterprises was $2,500; it ranged from about $1,000 for artisans to $4,300 for those who engaged in agriculture and livestock raising.

These figures, however, understate the total income of the entrepreneurs interviewed. About 55 pecent said that they also derived income from other economic activities; most, in addition, received their food from fields cultivated by family members.

Table IV-5

Financial Profile of Surveyed Clients

(FCFA 300 = $1.00)

Sector / Category	Agriculture Livestock	Agricultural Processing	Artisan	Commerce	Transport	Total Weight Average
Sales	$2,655	$3,754	$4,904	$13,496	$2,876	$7,389
	(n=12)	(n=4)	(n=12)	(n=21)	(n=6)	(n=55)
Gross Profits	$1,757	$1,633	$3,060	$ 3,843	$2,856	$2,937
	(n=11)	(n=4)	(n=12)	(n=19)	(n=6)	(n=52)
Disposable Income	$1,052	$1,062	$2364	$ 2,194	$1253	$1,796
	(n=11)	(n=4)	(n=12)	(n=19)	(n=6)	(n=52)
Net Worth	$4,328	$3,520	$ 973	$2,124	$3,236	$2,542
	(n=11)	(n=4)	(n=12)	(n=19)	(n=7)	(n=57)

SOURCES AND USES OF CREDIT FUND

The commingling of credit and experimental fund monies and imprecise bookkeeping make it difficult to reconstruct a precise statement of sources and uses. The original OPG proposal and Grant Agreement called for a credit fund of $32,000. An additional $25,000 was added to the credit fund when the project was extended in April 1980. In total, the credit fund should have totaled $57,000. However, PfP/Washington records show that four deposits totaling only $52,000 were made to the credit fund between July 1977 and October 1980.

As Table IV-6 shows, on August 21, 1981, the credit fund balance totaled 22,963,918 FCFA. The sources of this sum are detailed in the table. Between July 31, 1977, and October 4, 1980, $52,000 of grant money was converted into FCFA at a weighted average exchange rate of $1 to 214 FCFA, and deposits of 11,139,000 FCFA were recorded. Interest income was another source of credit funds. During Phase I the credit fund operations earned more than 2.9 million FCFA in interest. (See Table IV-6.)

The total of three sources — original and extended grant monies, interest income, and experimental funds -- fail to account for the total credit fund balance as of June 9, 1981. Several possible sources might have contributed 1,883,179 FCFA to the credit fund. The interest income for Fada does not include interest earned during September 1981. This might account for 30,000-50,000 FCFA. Another possible source is commingled operating funds. PfP/Washington records show that on June 11, 1979, $15,000 of operating funds were converted at a rate of $1 to 221 FCFA, and 3,315,000 FCFA flowed into the credit fund coffers. No records are available to determine if and how these funds flowed back into the operations account. PfP needs to reconcile this discrepancy to close the books on Phase I operations.

TABLE IV-6 42

PfP Upper Volta

Credit Fund Summary

Credit Fund Balance (9/30/81):

Fada	11.537.439
Diapaga	11.426.479
TOTAL	22.963.918

Sources of Credit Fund:

Source:	Date	$ Amount	Exchange Rate	FCFA Amount
-AID	7/31/77	5,000	232	1,160,000
	2/14/79	6,000	214	1,284,000
	4/10/79	16,000	220	3,520,000
	10/4/80	25,000	207	5,135,000
	sub-total	$52,000		11,139,000
-Interest Income				
Fada				1,171,480
Diapaga				1,759,916
Total				2,931,396
Experimental [1] Fund				7,010,343
Other				1,883,179
Total				22,963,918

[1] This interest was only earned through 3/31/81

Commingling the experimental and credit funds from the start of the project would produce the following statement of sources and uses present in Table IV-7.

PORTFOLIO QUALITY

The quality of the loan portfolio was much poorer than cited by PfP in their second OPG proposal. This document states that 90 percent of loans were repaid on time. In reality, only 77 percent of the amount of outstanding loans were not delinquent at the end of Phase I. Almost all of these delinquent loans were overdue by more than six months. The evaluation team estimates that about 9 percent of outstanding loans are unrecoverable. These high delinquency and default rates should be a cause for alarm.

Table IV-8 summarizes by region the financial status of the loan fund at the end of Phase I. The loan fund in Fada was is far worse condition than in Diapaga. Almost 30 percent of the value of the Fada loan fund (representing 50 percent of the number of outstanding loans) was delinquent at the end of Phase I. In Diapaga, 16 percent of the value of the fund was delinquent (representing 7 percent of loans outstanding). Diapaga had a higher repayment rate because its staff frequently visited clients and would track them down to collect payments. Also, about 10-15 percent of the loans in Diapaga were rescheduled and thus would not be considered delinquent. In contrast, Fada management did not even know the true extent of delinquent loans due to an inadequate management information system. The Fada office also expected clients to travel to the PfP office to repay loans and did not reschedule loans.

Two factors contributed to this discrepancy between a 90 percent and a 77 percent repayment rate. First, PfP chose a poor indicator to reflect the loan portfolio's financial condition.

TABLE IV-7

Credit Fund: Sources and Uses

Sources:		
AID		
Experimental Fund ($50,000)		11,600,000FCFA
Credit Fund ($52,000)		11,139,000
	sub-total	22,739,000FCFA
Income and Receipts		
Experimental Fund Receipts		803,950FCFA
Credit Fund Interest Income		2,931,396
	sub-total	3,735,346FCFA
Unaccounted Sources		1,883,179FCFA
	Total Sources	28,357,525FCFA
Uses:		
Experimental Fund Expenditures		5,393,607FCFA
Credit Fund Balance 9/30/81)		22.963.918FCFA

Since PfP has not written-off any bad debts, this overstates the credit fund's actual financial assets. As discussed in the following section, the evaluation team estimates that approximately 9% of the total loan portfolio is unrecoverable; the actual credit fund balance is thus about 20,897,166.

TABLE IV-8

PFP Upper Volta

Loan Portfolio Summary

September 30, 1981

	Fada N'Gourma		Diapaga		Total	
	Number	Percent	Number	Percent	Number	Percent
Loans Outstanding	91	100.0	113	100.0	204	100.0
Total Delinquent Loans	45	49.5	8	7.1	53	26.1
Loans more than 6 months overdue	23	25.3	5	4.4	28	13.7
	FCFA	Percent	FCFA	Percent	FCFA	Percent
Loans Outstanding	10,726,000	100.0	10,207,496	100.0	20,934,296	100.0
Total Delinquent Loans	3,226,935	30.1	1,644,814	16.1	4,871,769	23.3
Loans more than 6 months overdue	3,012,750	28.1	1,229,290	12.0	4,042,040	20.3

The primary indicator was the ratio of payments made to payments due. The methodology used by PfP to make this calculation was incorrect. If a borrower missed several payments, PfP records would, show only one payment due. Similarly, if a client made one payment to cover several outstanding payments due, the records would, show only one payment made. In other words, the methodology understated the actual number of payments due as well as payments made. If a borrower, for example, was required to make six monthly payments of 10,000 FCFA each between January and June, but missed the January and February payments, then the calculations for March would show that this borrower had one 30,000 FCFA payment due rather than three 10,000 FCFA payments. If this borrower paid 20,000 FCFA in March, the PfP system would have reported one on-time payment made for one payment due. The value of the payment made, however, would be less than the value due. Because this methodology was used, this indicator has no value.

The indicator that should have been used to describe the repayment rate is the value of loans outstanding being repaid ontime (that is, current) divided by the total value of loans outstanding. This ratio gives a more accurate measure of the flow of funds back into the credit fund. Diapaga started to report this figure as of December 1980. At that time only 69 percent of the loans outstanding (in value terms) were being repaid ontime. In comparison, 87 percent of the payments due as calculated by the method discussed above were reported ontime.

The second factor contributing to an erroneous PfP repayment rate is that Fada's loan repayment rate was not included in this calculation of the entire project's repayment rate. No statistics on the loan repayment rate were calculated or reported during the general manager's stay in Fada. He assumed that Fada's repayment rate was the same as that in Diapaga. The general manager's system of estimating the loan repayment rate involved adding up the number of payments made each month and dividing by the number of payments originally due. If a payment was missed one month, it was not carried forward and added to the payments due for next month. But even when this inaccurate method of calculating loan repayments is used, as shown in Figure IV-2, Fada's loan repayment rates are still consistently less than those in Diapaga. The belief that both regions had the same repayment rate is not substantiated by any method of calculation.

To illustrate how misleading the Fada method of calculating loan repayments can be, the evaluation team recalculated the Fada repayment rate after adjusting for late payments -- that is, the number of delinquent loans were added to the number of original loans due each month. This "adjusted rate" plotted in Figure IV-3 counted only one payment due for each delinquent loan. If the actual number of payments due to payments made had been calculated, a lower repayment rate would result.

A sound financial reporting system should have been designed before the first loan was disbursed in September 1978. Those supervising the project should have required that this reporting system be used in both Fada and Diapaga. For example, no evidence exists to suggest that project supervisors questioned why only the Daipaga office supplied loan repayment data. The midterm evaluation conducted in December 1979 did not examine the loan records and thus did not discover this problem. Instead, the myth of the 90 percent repayment rate was perpetuated.

Table IV-9 shows how the follow-up of delinquent clients can affect the quality of the loan portfolio. Sixty percent of Fada loans (in number and value) were delinquent when John Schiller, the operations manager, arrived in Fada. Within three months he cut the delinquency rate in half. By February 1982, the delinquency rate had increased to 37 percent in Fada and 17 percent in Diapaga.

PfP Upper Volta

FIGURE IV-2

Loan Repayment Rate

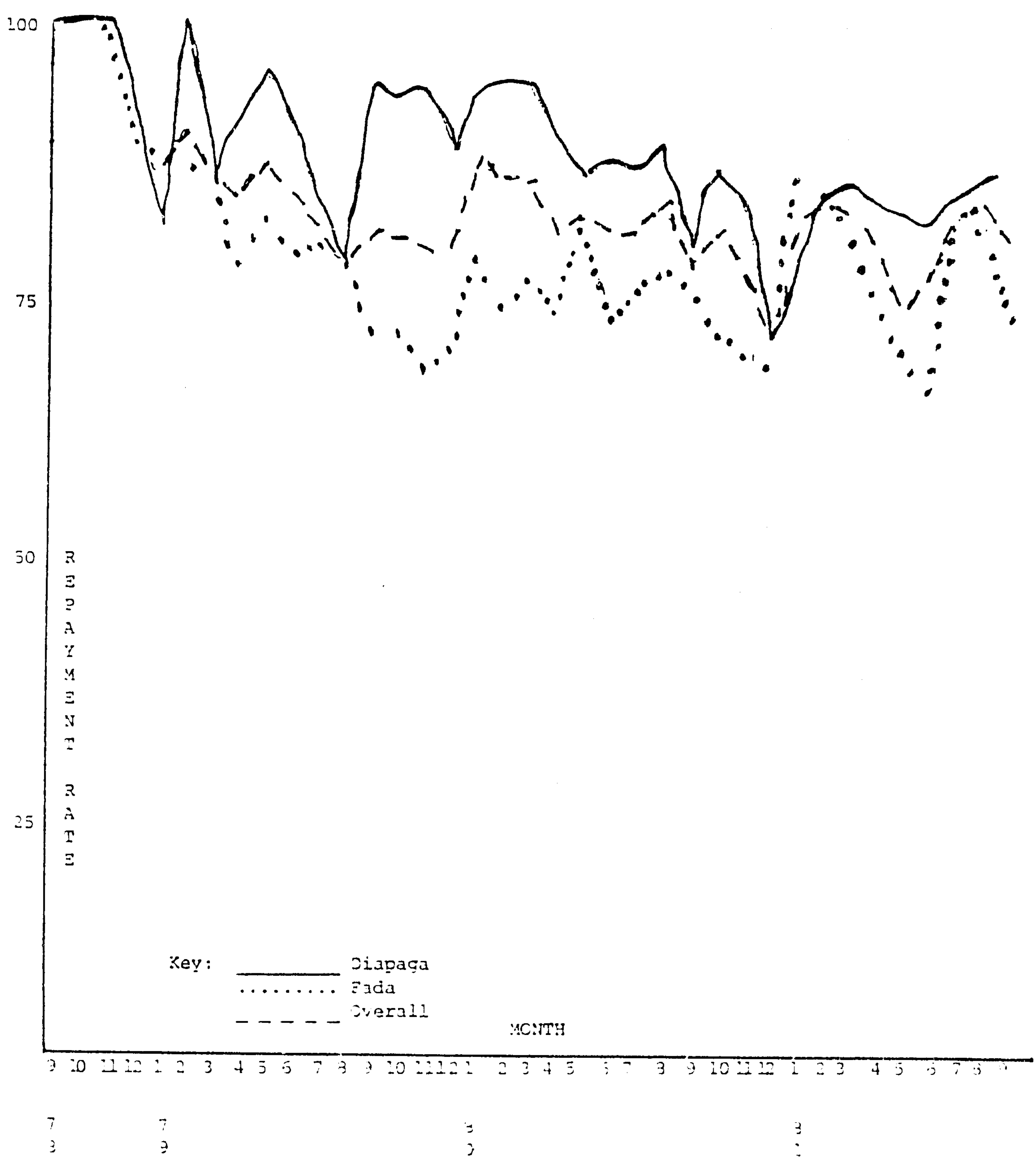


FIGURE IV-3

FADA REPAYMENT RATES

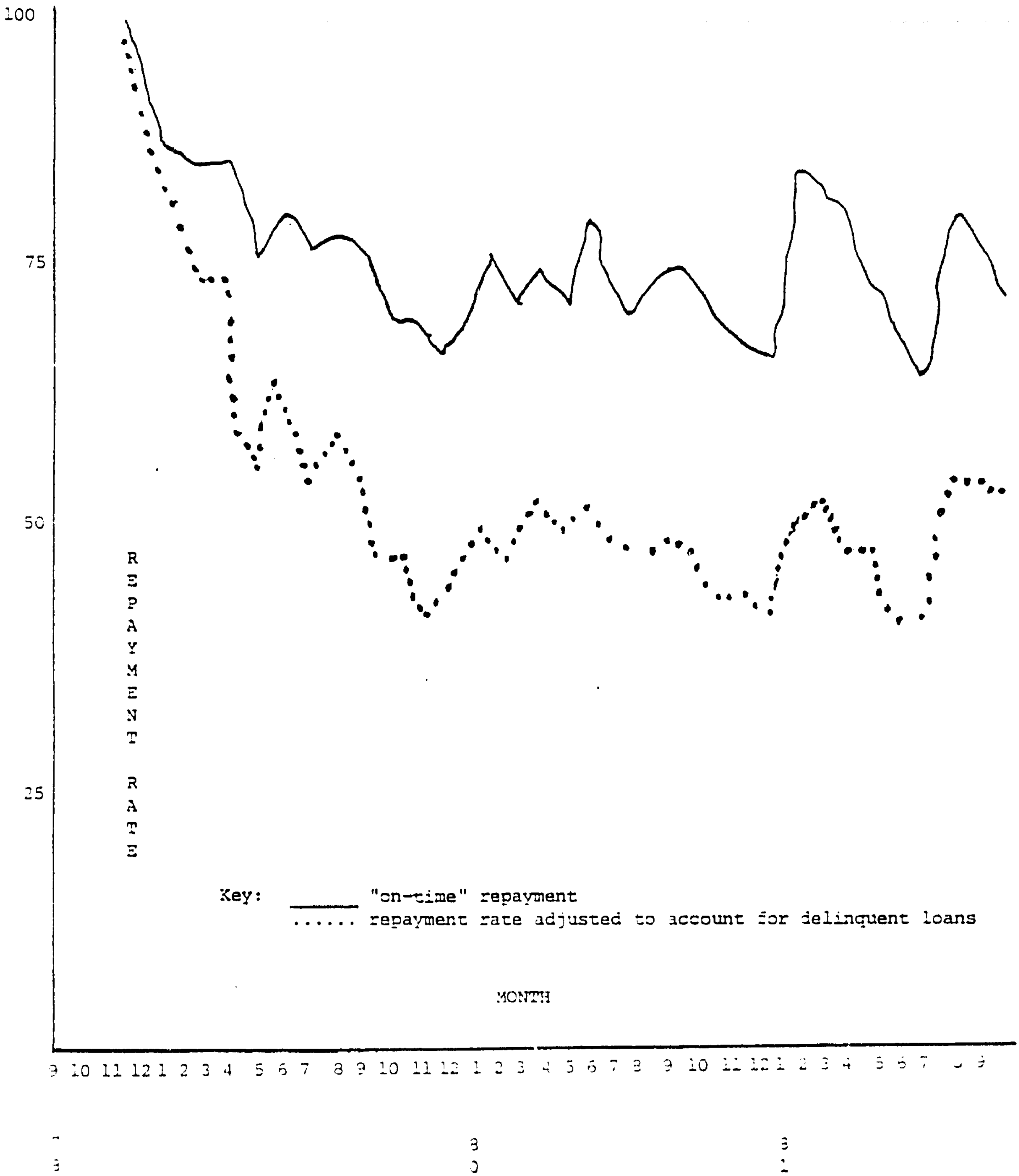


TABLE IV-9

Partnership for Productivity
Number and Value of Delinquent Loans

Month	Fada						Diapaga					
Phase I	# Loans Outstanding	# Loans Delinquent	% Loans Delinquent	Value Loans Outstanding	Value Loans Delinquent	% Value Delinquent	# Loans Outstanding	# Loans Delinquent	% Loans Delinquent	Value Loans Outstanding	Value Loans Delinquent	% Value Delinquent
[illegible] 81	85	51	60.0	8,804,220	5,281,445	60.0	107	11	10.3	10,248,658	1,873,706	18.3
7 81	87	46	52.9	10,692,485	5,000,270	46.8	108	10	9.3	9,942,386	1,940,491	19.5
8 81	92	36	39.1	10,855,210	3,921,675	36.1	106	12	11.3	9,673,436	2,131,161	22.0
9 81	91	45	49.5	10,726,800	3,226,955	30.1	113	8	7.1	10,207,496	1,644,814	16.1
Phase II												
10 81	93	37	39.8	10,657,005	4,407,925	41.4	105	13	12.4	9,661,520	1,742,548	18.0
11 81	89	33	37.1	10,438,440	4,164,490	39.9	110	12	10.9	10,184,320	1,852,261	18.2
12 81	82	32	39.0	10,242,655	3,959,680	38.7	116	17	14.7	9,973,972	2,225,514	22.3
1 82	95	32	33.7	12,667,750	4,790,115	37.8	113	19	16.8	10,279,541	2,851,473	22.9
2 82	104	36	34.6	14,109,715	5,233,115	37.1	120	17	14.2	11,305,078	2,241,176	19.8
3 82							138	20	14.5	13,379,425	2,314,780	17.3

These high delinquency rates reduce the amount of expected cash inflows and thereby the amount of funds available for new loans. If a sizable percentage of delinquent loans is not repaid, then the loan fund will gradually dwindle away. This fund then will require periodic infusions of outside capital to sustain it.

The evaluation team suggests that PfP field staff discard their current method of calculating on-time payments to total payments due and instead report:

- Total number and value of loans repaid to total number and value of outstanding loans;
- Total number and value of loans in default to total number and value of outstanding loans; and
- Aging of delinquent loans.

It would also be useful to know the number and amount of delinquent loans that have been rescheduled. Policies to reschedule and write off loans should be determined and applied to the entire PfP/Upper Volta program. These changes should help improve the financial integrity of the loan fund and provide a more accurate assessment of its status.

LOAN/GRANT ADMINISTRATIVE COSTS

The cost of administering the 416 credit fund loans and 12 loan/grants from the experimental fund during Phase I was $515,411. Over $1,200 was necessary to administer and provide technical assistance for each loan/grant. This amount is almost twice the average loan size disbursed during Phase I from the credit fund.

This administrative cost for each Phase I loan includes project start-up costs and some nonrecurring expenses. This figure represents the cost per loan, not cost per client (which would be higher) or cost for each direct and indirect beneficiary (which would be much lower). In addition, the PfP staff did provide services other than loan/grant disbursment to the Eastern ORD. However, since operating costs are not segregated according to function, all have been included in this estimate.

In 1986, if the PfP project is staffed solely with Voltaics and the loan portfolio expands and costs are incurred as projected in Chapter Eight, then the average cost per loan could drop to $291. Servicing widely dispersed small-scale borrowers using the PfP approach is an expensive business. However, these high administrative costs may be necessary to reach rural clients and maintain high repayment rates.

This standard indicator to determine the efficiency of loan fund administration has been calculated as a mechanism for comparison with similar small enterprise development projects in other countries and to indicate whether the PfP model might be replicated by a Voltaic financial institution. The 1986 cost per loan is not uncommonly high for a small enterprise development project. But, unless administrative costs are reduced or interest rates substantially increased, a Voltaic financial institution could not afford to duplicate this strategy.

FOOTNOTES

1 Schiller, John, Rural Enterprise Development Final Report, PfP/Upper Volta, Fada N'Gourma, March 1982, p. 17.

CHAPTER FIVE
TECHNICAL ASSISTANCE TO CLIENTS

Evolution of Technical Assistance

PfP initially took a traditional approach to management training, basing its strategy on the following mandate of the first OPG proposal:

> The two advisers financed by the project will...design and test an appropriate technical assistance package to upgrade business practices. This will include selecting groups or individuals as test subjects; determining a viable and effective means for motivating entrepreneurs; expanding such entrepreneurial activities as market analysis and market development; introducing an appropriate level of record keeping, inventory control, accounts; increasing the profit potential; and procurement of stocks/equipment.[1]

As John Schiller describes it in the project's Final Report: "At the beginning we took a fairly orthodox approach to management, attempting to teach things like elementary bookkeeping, inventory control, and how to fill out monthly profit and loss statements. Some clients proved able to learn these techniques, but we discovered that almost none used the information they so painstakingly recorded to analyze what was happening in their business."[2]

The evaluation team also observed this phenomenon. Clients often kept careful accounts until their last loan repayment and then immediately ceased keeping such records. Books were kept, explained several clients, not as a management tool, but to please PfP staff and visitors. The clients claimed they instinctively knew all they needed to know about the status of their business.

"This phenomenon," writes Schiller, "combined with the fact that most of our clients were illiterate prompted us to take a second look at the range and complexity of the enterprises we were assisting to try to discover what the owners really had to know about what they were doing in order to succeed."[3] Based on this reapraisal, PfP decided to concentrate on two areas: general business planning and working capital management. This reorientation applies primarily to Diapaga. Little effort was made in Fada to promote traditional management techniques at the project's outset or to try an alternative approach later in the project. In Fada, credit was seen as the primary constraint, whereas in Diapaga the management of credit was perceived as important as the credit itself.

General business planning was promoted by requesting prospective PfP clients to perform some task, such as "preparing a budget, doing a simple market survey, finding a source of supply, looking to the question of transport, or perhaps developing further some technical skill."[4] This task was used as a training device; it also served as a sign of entrepreneurial commitment and competence.

Once a loan was granted, PfP occasionally helped a client set up a very simple management or accounting system, based on pictographs, color-coded boxes, and similar nontraditional record-keeping devices:

> A butcher who wanted to separate his working capital from his profits simply used two different pockets to divide his daily receipts. An illiterate carpenter keeps track of customers' orders for doors and windows by taking the measurements with bits of string that he then 'files' in the ceiling of his workshop in the order they are to be produced. And there is a miller who keeps track of the number of clients he receives in a day by tossing pebbles into an old coffee can.[5]

Finally, PfP sometimes used its clients as business extension agents, because they could often anticipate problems in their specialty that a new enterprise was likely to encounter. These clients also proved effective in communicating their expertise to their peers.

Survey Results

According to the 74 enterprises surveyed by the evaluation team, Diapaga had a much more active technical assistance program than Fada. As the following table indicates, 60 percent of Diapaga entrepreneurs received two PfP visits per month, as opposed to 32 percent in Fada, and only 3 percent of Diapaga entrepreneurs had no PfP follow-up visits, versus 16 percent in Fada. The term "visit," however, was loosely defined and included casual encounters not related to the program.

TABLE V-1

Number of PfP Visits	Fada%	Diapaga%	Total%
Twice a Month	32	60	46
Once a Month	30	32	31
Once Every Two Months	11	0	5
Once Every Three Months	11	5	8
None	16	3	10
Total	100	100	100

Regarding the value of these visits, 41 percent of Fada entrepreneurs felt PfP credit helped them more than the technical assistance they received, as opposed to 19 percent in Diapaga, while 19 percent in Fada thought a credit/technical assistance package was the most helpful, versus 65 percent in Diapaga. The preceding discussion on the inappropriateness of Western accounting systems is supported by the finding that only 2 percent of the entrepreneurs ranked record-keeping systems as the most helpful assistance PfP extended. These results are summarized in the following table:

TABLE V-2

Most Helpful Type of PfP Assistance	Fada%	Diapaga%	Total%
Credit	41	19	30
Management	8	3	6
Accounting	5	0	2
General Planning	27	13	20
New Ideas	0	0	0
Other (usually a combination of credit and technical assistance)	19	65	42
Total	100	100	100

The evaluation team also found that those surveyed in Diapaga knew their enterprise's financial status better than their counterparts in Fada. This is because the Diapaga program placed more emphasis on constructing financial statements. Since no base-line information on clients' management capabilities or control group data exists, it is difficult to know what the actual impact of this management assistance has been in the past. Whether clients are able to translate the numbers they have written in their notebooks into management decisions is unclear.

Conclusions

The evaluation team found that although PfP began the pilot project using credit as a vehicle for providing technical assistance, PfP staff gradually adopted the perspective that credit is the primary constraint to business development and that most forms of Western management techniques are inappropriate for the needs of businesses in Fada and Diapaga. Thus, most management time is now spent on providing credit and monitoring and collecting loan repayments, supplemented only by general planning counsel and advice on rudimentary record-keeping systems. However, in Phase II, PfP again prepared balance sheets, for all clients and profit and loss statements for some. Now the financial statements serve as a staff training device, a project data base, and a mechanism to provide management advice to clients. The evaluation team found this approach to be an appropriate use of project resources, given the small scale and relative unsophistication of the business being aided, coupled with the oral tradition of most PfP clients.

FOOTNOTES

1 *OPG I*, p. 2.

2 Schiller, *Final Report*, p. 18.

3 *Ibid.*, p. 19.

4 *Ibid.*

5 *Ibid.*, p. 20.

CHAPTER SIX
PROJECT IMPACT ON CLIENTS

Overview

In its OPG proposal, PfP estimated that 80 entrepreneurs and 400 family members would be directly assisted by PfP.[1] These entrepreneurs were to receive "training, possibly funds to increase the volume or scope of their business, and resulting [in] increased earnings."[1] Standard financial indicators revealing the enterprise's profitability and sustainability, therefore, could serve as an indicator of the project's impact.

During project implementation, however, PfP staff "began to perceive that these objectives were too limited and needed to be restated."[2] Although many loans did not result in the "creation of viable durable enterprises," PfP was convinced that the project was having a favorable impact on assisted individuals. The project objective was thus broadened to be aiding "people in the region achieve a greater measure of their human potential through the pursuit of small-scale economic activities." PfP field staff categorized success by fulfilling PfP requirements, by client satisfaction, and by community satisfaction.

PfP field staff no longer believes that a loan must result in a self-sustaining enterprise to be considered successful. Loans used for a one-time activity or for an unsuccessful business whose failure did not prevent the client from repaying the loan or whose profits were used for consumption are also considered successful. "Less tangible benefits are as important to many clients, like having borrowed money and successfully repaid a loan for the first time o gaining some new insight into management. The novelty of attempting something new, even if it does not work out as expected, can be a very significant experience."[3]

However, the Final Report also states: "Having outlined these indicators of success, we are forced to admit that we have not found a satisfactory way to measure the degree of success that each of our clients attains, particularly the intangibles of personal intellectual development and understanding and we do not as yet know how to communicate the total impact of what we are doing to people who do not live in the Eastern Department."

The evaluation team members therefore worked closely with PfP/Upper Volta staff to determine the indicators and a methodology that could capture the impact of loans. The team gathered data through four methods: long discussions with PfP/Washington and Upper Volta staff, examination of all pertinent documents, survey of 74 clients in Fada N'Gourma and Diapaga, and three to four hour interviews with 12 additional clients. The team's aim was to compare the PfP/Upper Volta staff impressions of how clients were doing with the statistical results of the survey and with clients' own views on their enterprise -- what they had learned and how their hopes had been realized. This would help cross-check results. Large discrepancies could then be further studied. Since accurate financial data could not be collected from a randomly selected group of enterprises numerous enough to draw conclusions about overall project impact, an estimate of the financial status of these enterpises was developed. This simple index, developed with PfP/Upper Volta, covered the possible range of clients' present status. The categories used, their definitions and rationale, are in Figure VI-1.

These definitions imply a long-range view of what constitutes a successful enterprise project. Those that have purchased equipment or inventory and repaid their loan are classified better off -- even if they do not presently use that equipment or cannot sell their merchandise. This is because many interviewed entrepreneurs view such assets as a store of wealth and will use their equipment

Classifications of Current Status of PfP Clients

Classification	Definition	Rationale for Index	Examples
Diversified and loan enterprise working well	Entrepreneurs who re-invested the profits made in the enterprise for which they received PfP assistance in one or more new enterprises. All enterprises currently profitable. (Does not include clients who have constructed rental housing.)	Many entrepreneurs are reluctant to have any one economic activity become too large. Diversification among smaller economic activities often occurs to reduce the entrepreneur's overall risk and potential jealousy from neighbors.	Grain and "karite" nut trader, with campgrounds, bakery and discotheque received loan to purchase refridgerator, but actually used loan to market karite nuts.
At higher level	Enterprises that currently have a higher net worth and, possibly, greater profits and sales than immediately prior to loan receipt. Enterprises with a higher net worth but lower or same profits were also classified as better off.	Statistics on clients' net worth are regarded as more reliable than those of net profits. Many entrepreneurs understated their sales, gross and net profits to avoid paying taxes. Clients who used their loans to purchase assets, repaid their loans who incurred no other liabilities, thus, increased their net worth and were considered at a higher level of economic activity.	Client who used loan to purchase donkey cart that he uses occasionally to sell wood. Wholesale merchant who has increased his product lines and increased sales, gross profits and net worth.

Classification	Definition	Rationale for Index	Examples
Diversified and one or more loan projects abandoned or not working well.	Entrepreneurs who abandoned the enterprise for which they received one or more loan, but began a new enterprise that is currently working well. This does not include those who reinvested in cattle or grain speculation, or real estate and construction.	Many entrepreneurs did not intend to establish a self-sustaining enterprise, but rather would shift resources to new activities when they needed a cash income. Some clients decapitalized the enterprise for which they received a loan to begin another activity; some used their loans for an activity that lasted a short time and used its profits to begin a new activity.	Entrepreneur who received two loans; one to purchase a cart, the other to expand a piggery/ smokehouse business. His wife occasionally uses the cart to transport wood: his second business is not operating.
Same	Enterprises with the same net worth as before the loan.	Some entrepreneurs did not use their loans for their intended purpose but rather for personal consumption (e.g.,acquisition of additional wives). Those that repaid this debt were assumed to be at the same level as before the loan.	Woman who received loan to begin poultry project. She did use the loan for the business but had repaired it prior to her interview with the evaluation team.

Classification	Definition	Rationale for Index	Examples
Lower Level	Enterprises whose net worth has decreased since loan disbursement.	Some clients did not invest their loan funds in an enterprise, but rather used it for personal consumption. Those who have not repaid these loans are considered worse off than prior to loan disbursal. This category also includes those who invested the funds as intended but then mismanaged the enterprise.	Small retailshop owner who said he could not compete against recently established large wholesalers; mismanagement also contributed to the decline in his business.
Bankrupt/ Abandoned	Enterprises that are no longer functioning or never began.	This includes a) enterprises that went bankrupt due to the mismanagement of funds, b) enterprises that were abandoned and the entrepreneur did not reinvest funds in another economic activity, c) enterprises that went bankrupt or were abandoned due to an Act of God (e.g., death of livestock or entrepreneur), and d) enterprises that were doomed to be unprofitable due to market conditions.	Guinea fowl raisers who lost their entire investment when all their guinea fowl died; pharmacy that closed after its owner died; rabbit raising operation that went bankrupt because sale price could not cover owner's costs.

to generate income or sell the merchandise only when they need income. Thus, enterprises classified at a higher level include those that have the potential for using their assets to generate increased profits as well as those that have actually done so.

This method of classification cannot be used to judge the project's community impact. Those entrepreneurs who do not put their assets into productive use will have little effect upon it. That is, the entrepreneur's personal wealth will have increased, but until such assets are used to benefit the local economy through increased goods and services, their current impact will be negligible.

PfP/Upper Volta staff classified every regular loan recipient into one of the categories shown on Chart VI-1. Clients who had received experimental loan funds were excluded since no records on those receiving such funds were available in Upper Volta.

Table VI-1 shows the results of PfP/Upper Volta's own evaluation of the status of all Phase I clients. The table shows that despite different client supervision methods in Fada and Diapaga the loan funds achieved similar results. About 50 percent of clients in Fada and 40 percent in Diapaga are considered to be at a higher economic level. An additional 3% diversified into new businesses but continued their original economic activity. Almost 30 percent of clients in each area were bankrupt or had abandoned their own loan activity. In Diapaga, this category was divided further into the cause for stopping activities. About 45 percent of bankruptcies (20) were regarded as being outside the control of the entrepreneurs or "acts of God." Seventy percent of these (14) were guinea fowl raisers who lost their source of livelihood when disease quickly killed their entire stock of poultry. About 18 percent mismanaged their business, another 13 percent preferred to

PIP/UV Staff Appraisal of Financial Status of Phase I Clients

STATUS OF ENTERPRISE	FADA N'GOURMA % of clients	DIAPAGA % of clients	TOTAL % of clients
Diversified and original business operating well	3.4 (n=5)	3.2 (n=5)	3.3 (n=10)
At higher level than time of loan	49.7 (n=72)	40.8 (n=64)	45.0 (n=136)
Diversified and one or more loan projects not operating	0	5.1 (n=8)	2.6 (n=8)
At same level as time of loan	11.7 (n=17)	17.8 (n=28)	14.9 (n=45)
At lower level than time of loan	0	5.1 (n=8)	2.6 (n=8)
Bankrupt or abandoned	29.7 (n=43)	28.0 (n=44)	28.8 (n=87)
Unknown	100.0 (n=145)	100.0 (n=157)	100.0 (n=302)

abandon the activity, 7 percent were inherently unprofitable ventures, and 11 percent were not classified. PfP could reduce the number of bankrupt and abandoned enterprises by limiting the number of loans to similar high risk ventures.

Table VI-2 indicates the status of the 74 entrepreneurs interviewed by the evaluation team. It should be noted that the evaluation team's sample has under-represented the number of clients who now have bankrupt or abandoned enterprises. This is not surprising since the evaluation team could not find the abandoned enterprises on their randomly selected list of those to be interviewed. Thus, the survey contains only 16 percent bankrupt/abandoned enterprises, whereas 30 percent of all clients actually were in this category. All data based on survey results, therefore, overestimate the positive effects of the credit fund.

The evaluation team used proxies to ascertain how entrepreneurs believed their status has changed. The team knew that asking only whether the enterprise was doing better than before would yield unreliable results. Instead, the team used a combination of four indicators to determine how clients believed their business was operating. These were: amount of net profits, number of clients, volume of sales, and diversity of merchandise sold. Net worth was not included as an indicator since most of the clients did not understand this concept.

A weighted average of these indicators was calculated to determine whether clients believed that their enterprises were better off (increased profits, clients, sales volume, and diversity of merchandise sold), the same, worse, or bankrupt. Table VI-3 shows that when these indicators are used, a greater percentage of those interviewed in Diapaga are at a higher economic level than before their loans. For example, 68 percent of those interviewed in Diapaga believed their profits were higher

Evaluation Team Assessment of Financial Status of Surveyed Clients

Current Status Compared with Before Loan	Fada N'Gourma % of clients	Diapaga % of clients	Total % of clients
Diversified & original business operating well	5.4 (n=2)	0 (n=0)	2.7 (n=2)
At higher level	56.8 (n=21)	70.3 (n=26)	63.5 (n=47)
Diversified and one or more loan projects not operating	2.7 (n=1)	2.7 (n=1)	2.7 (n=2)
At same level	2.7 (n=1)	2.7 (n=1)	2.7 (n=2)
At lower level	16.2 (n=6)	8.1 (n=3)	12.2 (n=9)
Bankrupt/Abandoned	16.2 (n=6)	16.2 (n=6)	16.2 (n=12)
Total	100.0 (n=37)	100.0 (n=37)	100.0 (n=74)

Clients' Perceptions of Changes in Their Enterprises
(in Percentages)

Table VI-1

	Fada					Diapaga					Total				
	more	same	less	bankrupt/abandoned	unknown	more	same	less	bankrupt/abandoned	unknown	more	same	less	bankrupt/abandoned	unknown
[illegible] (n)	35.1	37.8	0	16.2	10.8	45.9	24.3	5.4	16.2	8.1	40.5	31.1	2.7	16.2	9.5
	(13)	(14)	(0)	(6)	(4)	(17)	(9)	(2)	(6)	(3)	(30)	(23)	(2)	(12)	(7)
Volume [illegible] (n)	[illegible]	21.6	8.1	16.2	5.4	64.9	5.4	13.5	16.2	0	56.8	13.5	10.8	16.2	2.7
	([illegible])	(8)	(3)	(6)	(2)	(24)	(2)	(5)	(6)	(0)	(42)	(10)	(8)	(12)	(2)
Number of [illegible] (n)	[illegible]	18.9	10.8	16.2	5.4	59.5	5.4	10.8	16.2	8.1	54.1	12.2	10.8	16.2	6.7
	(15)	(7)	(4)	(6)	(2)	(22)	(2)	(4)	(6)	(3)	(40)	(9)	(8)	(12)	(5)
Amount of [illegible] (n)	[illegible]	[illegible]	10.8	16.2	5.4	67.6	8.1	8.1	16.2	0	55.4	16.2	9.5	16.2	2.7
	([illegible])	(9)	(4)	(6)	(2)	(25)	(3)	(3)	(6)	(0)	(41)	(12)	(7)	(12)	(2)
Average (n)	43.2	27.0	8.1	16.2	5.4	59.5	10.8	10.8	16.2	2.7	51.4	18.9	9.5	16.2	4.1
	(16)	(10)	(3)	(6)	(2)	(22)	(4)	(4)	(6)	(1)	(38)	(14)	(7)	(6)	(3)

Note: Some discrepancies due to rounding than before their loans; only 43 percent of those in Fada were of the same opinion. Unfortunately, the small sample size and the inability to control for outside factors (for example, road construction) that may greatly influence these results, make it impossible to determine with any certainty whether the increased management training provided in Diapaga caused this discrepancy.

These results, as well as those determined by the evaluation team and PfP/Upper Volta staff, are shown in Table VI-4. Enterprises that have diversified successfully were included as "better," while those that had substituted one activity for another ("diversified and loan enterprise abandoned or not working well") were classified as being at the same level of activity. The difference in response between the evaluation team and the surveyed clients reflects two different criteria of success. The evaluation team column shows the results when net worth is the determinant of success; the clients' column reflects a more short-term view of success: sales and profits. Estimation of all clients' status categories are combined to make them consistent.[4] PfP, the evaluation team, and the clients agree that about 70 percent of clients are at the same level or better, while 30 percent are worse or bankrupt/abandoned.

<u>Survey Results -- Financial Indicators</u>

Evaluation team members spent at least one hour interviewing each of the 74 sampled entrepreneurs to get a sense of the impact of PfP loans.[5] Qualitative data, numerous cross checks throughout the questionnaire, conversations with PfP staff, and examination of clients' files were used to complement and determine the reliability of these statistics. Financial data that were not deemed reliable was not included in the analysis. Enterprises that could not provide information on the financial condition of their business activity immediately prior to loan receipt and at present were also excluded. Since income statement information did not exist for those who used their loan to begin

Table VI-4

PfP/UV, Evaluation Team & Client Assessments of Current Financial Status of Enterprises

Current Status Compared with Status Before Loan	Fada PfP/UV	Fada Evaluation Team	Fada Surveyed Clients	Diapaga PfP/UV	Diapaga Evaluation Team	Diapaga Surveyed Clients	Total PfP/UV	Total Evaluation Team	Total Surveyed Clients
Better	[illegible] (n=77)	62.2 (n=23)	43.2 (n=16)	44.0 (n=69)	70.3 (n=26)	59.5 (n=22)	48.3 (n=146)	66.2 (n=49)	51.4 (n=38)
Same	11.7 (n=17)	5.4 (n=2)	27.0 (n=10)	22.9 (n=36)	5.4 (n=2)	10.8 (n=4)	17.5 (n=53)	5.4 (n=4)	18.9 (n=14)
Worse	0	16.2 (n=6)	8.1 (n=3)	5.1 (n=8)	8.1 (n=3)	10.8 (n=4)	2.6 (n=8)	12.2 (n=9)	9.5 (n=7)
Bankrupt/Abandoned	2[illegible].7 (n=43)	16.2 (n=6)	16.2 (n=6)	28.0 (n=44)	16.2 (n=6)	16.2 (n=6)	28.8 (n=87)	16.2 (n=12)	16.2 (n=12)
Unknown	5.5 (n=8)	0	5.4 (n=2)	0	0	2.7 (n=1)	2.6 (n=8)	0	4.1 (n=3)
Total	100.0 (n=[illegible])	100.0 (n=37)	100.0 (n=37)	100.0 (n=157)	100.0 (n=37)	100.0 (n=37)	100 (n=3)	100.0 (n=74)	

an enterprise, they are not included in the analysis of the average change in sales, gross profits, and net profits. New economic activities were part of the analysis of the average change in assets and net worth when their original investment could be used to construct a balance sheet and then compared with the present.

The figures in Table VI-5 can be used to indicate overall trends in the surveyed enterprises' financial situation. Because only a few of the enterprises are represented in each economic sector, no extrapolations to a larger population can be made. Also, the sample underrepresents the number of bankrupt/abandoned enterprises among PfP clients. Since no control group was interviewed for comparison purposes,[5] one cannot presume that changes in the enterprise's status have been due to PfP's intervention. External factors such as paving the road between Ouagadougou and Fada N'Gourma and constructing roads within the Diapaga area might also have caused or contributed to such changes.

Table VI-5 shows that the overall trend among enterprises was positive. Sales, gross profits, net income, assets, and net worth on average increased in real terms.[6]

Clients who used their loans for agricultural production and animal husbandry had the greatest increase in sales. This is due to the escalating cost of food agricultural products as well as increased production. The small sample in the agricultural processing category distorts the results; one loan recipient had misused his loan, thereby producing negative results for the category. The same problem of small sample size is true for the transport category. That those in commerce increased their sales is not surprising since most loans were used to diversify merchandise and [illegible] wholesale trader pushed the general average upward. Artisans, most of whom used their loans to purchase raw materials, also increased their sales.

TABLE VI-5

FINANCIAL INDICATORS OF ENTERPRISE PERFORMANCE
(in percentages)

Sector \ Indicator	Change in Sales	Change in Gross Profits	Change in Disposable Income	Annual Change in Net Worth
Agricultural Production & Livestock	+[illegible] (n=1[illegible])	+46 (n=12)	+83 (n=12)	+3 (n=18)
Agricultural Processing	-56 * (n=2)	-70 * (n=2)	-71 * (n=2)	+42 * (n=6)
Artisan	+46 (n=7)	+15 (n=7)	+22 (n=7)	+71 (n=11)
Commerce	+71 (n=16)	-3 (n=16)	+36 (n=16)	+70 (n=25)
Transport	+12 (n=3)	+37 (n=3)	-39 (n=3)	+110 (n=7)
Weighted Average	+57 (n=40)	+13 (n=40)	+36 (n=40)	+60 (n=67)

* Since only [illegible] enterprises represent this group, no conclusions may be drawn. These negative numbers reflect the influence of one entrepreneur [illegible] his loan.

Conversations with entrepreneurs revealed that many cut their gross profit margin when the cost of the merchandise they sold increased. This would explain why gross profits decreased for merchants; on average, the cost of goods sold increased by about 80 percent while sales went up by only 71 percent. This is an important benefit to customers buying these products. These figures also substantiate the finding that competition among merchants has noticeably increased.

Disposable income rose for those in the agricultural production, artisans, and commerce sectors. Since it was usually impossible to learn how much the entrepreneur withdrew from the business for his own salary, this disposable income figure includes the salary to owner. Also, it was not possible, given time constraints and lack of records, to divide loan repayments into principal and interest. Thus, when entrepreneurs made monthly payments to PfP, the entire sum rather than just the interest accrued on the loan was subtracted from gross profits. Disposable income therefore refers to amount of cash remaining with the entrepreneur.

As Table VI-5 shows, disposable income for merchants rose while gross profits declined. This may reflect the effect of bulk purchasing, which caused transport cost to decline. Some entrepreneurs also replaced salaried workers with unpaid family members.

Unlike the previous indicators, changes in net worth were calculated on an annual compounded rate to control for the different years that clients received loans. The change in net worth is seen as the most accurate indicator in the Table VI-5 and has the largest sample. Clients in all sectors, on average, increased their net worth. The transport sector had the largest percentage gain; this is explained by the fact that many transporters started with a small investment, used their loan to purchase a cart, and then repaid their loan. Thus, in percentage terms, their net worth increased by the dramatic rate of 110 percent per year.

Artisans and merchants increased their inventory of merchandise and raw materials, accounting for their 70 percent annual gain; those in agricultural processing purchased new equipment but many still owed funds to PfP. This explains their less impressive change in net worth. On average, those in agriculture production and livestock did not improve their net worth position. This statistic, however, understates the value of such loans. Since most agricultural land is not owned, it was not included as an asset; agricultural loans that were used to rent equipment or hire labor thus did not have their net worth changed.

To complement calculations of the changes in clients' income and balance sheet statements, the evaluation team also asked the clients hhow other factors affecting their business had changed. Table VI-6 indicates that the cost of merchandise and raw materials has decreased for a sizable percentage of Diapaga clients. Transportation in the area has improved since new roads were recently constructed, and some merchants had begun bulk purchasing to lower costs. Nevertheless, the highest percentage of clients said their costs had increased.

Although almost one quarter of clients in Diapaga said the cost of their merchandise has decreased, a smaller number (13.5 percent) said that they had lowered their prices. Almost 30 percent of clients in Fada and 5 percent in Diapaga claimed their prices had not changed. In both areas, most said that their prices had increased. The volume of production increased for 57 percent of clients overall, about the same in Fada and Diapaga.

Clients' Perceptions of Changes in Their Enterprises
(In percentages)

Table VI-6

	Kala more	Kala same	Kala less	Kala bankrupt abandoned	Kala unknown	Dipaga more	Dipaga same	Dipaga less	Dipaga bankrupt	Dipaga unknown	Total more	Total same	Total less	Total bankrupt	Total unknown
[illegible]	[illegible]	[illegible]	2.7	16.2	10.8	48.6	10.8	24.3	16.2	0	44.6	20.3	13.5	16.2	5.4
(n)	[illegible]	(11)	(1)	(6)	(4)	(18)	(4)	(9)	(6)	(0)	(33)	(15)	(10)	(12)	(4)
Quantity of [illegible]	[illegible]	[illegible]	0	16.2	13.5	51.1	10.8	13.5	16.2	5.4	50	17.6	6.8	16.2	9.5
(n)	[illegible]	[illegible]	(0)	[illegible]	(5)	[illegible]	(4)	(5)	(6)	(2)	(37)	(13)	(5)	(12)	(7)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.8	[illegible]	5.4	13.5	16.2	0	50	17.6	10.8	16.2	5.4
(n)	[illegible]	(11)	[illegible]	[illegible]	(4)	(24)	(2)	(5)	(6)	(0)	(37)	(13)	(8)	(12)	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.8	59.5	5.4	10.8	[illegible]	[illegible]	56.8	9.5	[illegible]	[illegible]	9.5
(n)	[illegible]	[illegible]	[illegible]	[illegible]	(4)	(22)	(2)	(4)	(6)	(3)	(42)	[illegible]	(6)	(12)	(7)
Amount of [illegible]	[illegible]	[illegible]	[illegible]	16.2	5.4	64.9	10.8	8.1	16.2	0	52.7	23.0	5.4	16.2	2.7
(n)	(15)	(11)	(1)	[illegible]	(2)	(24)	(4)	(3)	(6)	(0)	(39)	(17)	(4)	(12)	(2)

Eight percent claimed production had decreased; in addition, a large percentage of those categorized as not applicable have completely stopped production. Half said that their clients had become more numerous; 77 percent said they had fewer clients.

Thus, about half of the surveyed clients have increased their sales volume, clientele, and net profits as well as diversified their product lines. Increases in the price of raw materials or merchandise were in most cases passed on to consumers. About 10 percent are worse off but still functioning, 15 percent are the same, and 25 percent have either ceased operations or did not have information on the indicator.

Survey Results -- Employment

The PfP project has had a negligible effect on net employment in the project area. Table VI-7 shows that almost two-thirds of those interviewed (67 percent) reported no change in any type of employment -- by manager, unpaid family labor, salaried employees, apprentices, or short-term workers. Almost 92 percent of firms had no change in female employment.

Twenty-one entrepreneurs (25 percent) cited some increase in employment, while 12 (16 percent) had a net decrease in employment. However, the evaluation team thinks that any employment increases that occurred were not related to the PfP loan. Many entrepreneurs hired younger brothers to help with the business when their schooling had ended. Thus, the increase in employment is a by-product of the passage of time rather than a reflection of greater employment needs of assisted entrepreneurs. In some cases, short-term workers were replaced with family members as they became available.

Table VI-7

NET CHANGES IN EMPLOYMENT AMONG SURVEYED CLIENTS

category / net change (in person years)	Manager		Unpaid Family Members		Salaried Employees		Apprentices		Short Term Workers		Total		
# of Enterprises	M	F	M	F	M	F	M	F	M	F	M	F	Total
More Than 3 New Employees	1 (n=1)	0	0	0	0	0	0	0	0	0	4 (n=3)	0	4 (n=3)
More Than 2, Up To 3 New Employees	0	0	0	0	0	0	0	0	0	0	5 (n=4)	0	7 (n=5)
More Than 1, Up To 2 New Employees	0	0	3 (n=2)	0	1	1	1	0	1	0	7 (n=5)	1	7 (n=5)
More Than 0, Up To One	11 (n=8)	4 (n=3)	9 (n=7)	1 (n=1)	4 (n=3)	1 (n=1)	4 (n=3)	0	3 (n=2)	0	5 (n=4)	5 (n=4)	7 (n=5)
No Change	84 (n=2)	96 (n=71)	84 (n=62)	99 (n=73)	93 (n=69)	97 (n=72)	95 (n=70)	99 (n=73)	89 (n=66)	00 (n=74)	62 (n=46)	92 (n=6)	67 (n=45)
Decrease in Employment	4 (n=3)	0	4 (n=3)	0	1 (n=1)	0	0	1 (n=1)	7 (n=5)	0	16 (n=12)	1 (n=1)	15 (n=11)
Total # of New Employees (Person Yrs)	14.25	3	5.59	1	5	3	5	-1	-10.24	0	18.84	5	25.34
# of New Employees Per Enterprise	.19	.04	.08	.01	.07	.04	.07	-.01	-.14	0	.25	.07	.34

The interviewed clients[7] created 25 new full-time sustained jobs since receiving their loans. Each enterprise thus created about four months of additional labor -- almost all male. If this figure is extrapolated to the entire program, then an additional 75 jobs were created during Phase I. This, however, would be an overestimate since the survey underrepresents the number of bankrupt/abandoned enterprises that experienced a net decrease in employment.

Because most loans were used for working capital rather than invested in equipment, it is not surprising that the project has little effect on employment. Most entrepreneurs, especially merchants and artisans, had such a high level of underemployment that any sales increase could be met by the existing labor force. Thus, the project may have contributed to a decline in the underemployment of entrepreneurs and their employees. Also, the survey does not include those who may have been temporarily employed because of the loan. Those who used their loan to start an activity that no longer exists are not reflected in these numbers. Rather, the evaluation team was interested in the employment generated and sustained after the short-run resource transfer effect had ended.

The implication of this finding is that if PfP wishes to stimulate the creation of new jobs, it should change the nature of its credit program. More loans would have to be given to purchase equipment that would expand the enterprise's production, and thereby create the demand for new labor. The low level of economic development in the Eastern ORD limits the number of such loan possibilities; thus, the credit program's employment impact is expected to remain small.

If the number of jobs that existed before the PfP loan was disbursed is included in employment figures, then the average enterprise interviewed in Fada and Diapaga employed three full-time people.

<u>Standard of Living Proxies</u>

Most entrepreneurs said they reinvested their profits in the enterprise and used them to feed their families. See Table VI-8. The third most popular use for net income was the construction of family housing. A few admitted to using most of their profits to construct housing that they would rent to government civil servants. Ten percent of those surveyed in Diapaga said this was the third use of their profits. The more traditional store of wealth -- investment in livestock -- also subscribed to by about 20 percent of clients as either the primary or the secondary use of profits from one enterprise to capitalize another.

FOOTNOTES

1 <u>OPG I</u>, p. 12

2 See John Schiller's <u>Final Report</u>.

3 <u>Ibid</u>.

4 The evaluation team and PfP/Upper Volta categorized as better an enterprise whose net worth had increased but whose profits were unchanged; the clients surveyed categorized such cases as being at the same economic level. Thus, when the "same" and "better" columns are combined, the results become consistent.

5 PfP/Upper Volta staff strongly discouraged the evaluation team from attempting to obtain financial information from nonclients, believing it would be impossible to get accurate information. Logistical problems, lack of time, and the desire not to endanger PfP's relationship with the community caused the evaluation team to decide not to interview nonclients. See Annex A for more discussion of this subject.

6 All financial statistics were converted into present value before any calculations were made.

7 A laborer who worked only two weeks each month was considered to have a .50 percent of a full-time job; two such laborers thus would make up one full-time job.

Table VI-8

SURVEYED ENTREPRENEURS' USE OF ENTERPRISE PROFITS

Actual Uses in Fada & Diapaga / Potential Alternative Uses	PRIMARY USE (%)			SECOND USE (%)			THIRD USE (%)		
	Fada	Diapaga	Total	Fada	Diapaga	Total	Fada	Diapaga	Total
Reinvestment in Enterprise	32 (n=8)	27 (n=8)	29 (n=16)	20 (n=4)	36 (n=8)	29 (n=12)	7 (n=1)	10 (n=1)	8 (n=2)
Family Food Consumption	28 (n=7)	27 (n=8)	27 (n=15)	25 (n=5)	23 (n=5)	24 (n=10)	13 (n=2)	20 (n=2)	16 (n=4)
Family Housing	16 (n=4)	20 (n=6)	18 (n=10)	0	14 (n=3)	7 (n=3)	0	0	0
Investment in Livestock	8 (n=2)	10 (n=3)	9 (n=5)	10 (n=2)	9 (n=2)	10 (n=4)	0	10 (n=1)	4 (n=1)
Education	0	0	0	15 (n=3)	5 (n=1	10 (n=4)	13 (n=2)	20 (n=2)	16 (n=4)
Medicine	0	0	0	10 (n=2)	5 (n=1)	7 (n=3)	47 (n=7)	0	28 (n=7)
Miscellaneous Family Needs	8 (n=2)	0	4 (n=2)	5 (n=1)	0	2 (n=1)	0	10 (n=1)	4 (n=1)
Construction of Rental Housing	4 (n=1)	7 (n=2)	5 (n=3)	5 (n=1)	0	2 (n=1)	0	10 (n=1)	4 (n=1)
Investment in Another Enterprise	4 (n=1)	10 (n=3)	7 (n=4)	5 (n=1)	9 (n=2)	7 (n=3)	13 (n=2)	20 (n=2)	16 (n=4)
Health and Sanitation	0	0	0	5 (n=1)	0	2 (n=1)	7 (n=1)	0	4 (n=1)

CHAPTER SEVEN

PROJECT IMPACT ON COMMUNITIES

Introduction

The primary justification for publicly funded enterprise promotion projects is not how they will increase the wealth of local entrepreneurs, but rather their potential for effecting community-wide development. That is, the success of individual enterprises is assumed to trigger a series of income, employment, and standard of living ripple effects throughout the community, by virtue of an enterprise's complex interconnections with the local economy. It was on the basis of these anticipated multiplier effects that the evaluation team examined the impact of PfP's project on the Fada and Diapaga communities.

An enterprise development project can have its greatest impact on local economies by financing investments that increase a firm's production quality or output. Production-enhancing equipment, for example, enables an enterprise to increase the value and/or volume of its output, and thus generate additional jobs as well as employee and corporate income. [1] The firm then would buy more production inputs, and thereby generate more employment and income for suppliers. Finally, the enterprise can sell more, and so serve as a supplier for another producer or wholesaler. It can perhaps also increase consumer savings through price reductions resulting from greater economies of scale in production.

In short, when a firm's production capacity is increased, there is a high potential for a significant direct income and employment impact. In addition, the firm's forward and backward economic linkages can serve to multiply these income and employment effects well beyond their initial impact.

In contrast, if credit is extended for working capital or for enterprises not engaged in product transformation, the potential for achieving a significant income and employment impact is greatly reduced.

PfP's loan criteria limited the project's potential for achieving a significant income and employment increase on the Fada and Diapaga economies. The low level of economic development in the Eastern ORD area, however, may preclude loans to enterprises that would have greater community benefits. Working capital loans to merchants may be the necessary first step. Enterprise growth in the Eastern ORD will be constrained unless the purchasing power of most of its inhabitants -- subsistence farmers -- increases.

Backward Linkages

The evaluation team examined the backward linkages of PfP clients to determine whether there were alternative existing or potential project mechanisms for achieving community income and employment impact, given PfP's sectoral distribution of loans.

The evaluation team found that approximately half of the 74 enterprises surveyed were both buying more in volume and paying a higher price for raw materials or merchandise now than when they received their PfP loan. The results are indicated in the following table:

Table VII-1

	Less (%)	Same (%)	More (%)	Not Applicable (%)
Cost of Raw Materials or Merchandise Purchased	14	20	45	22
Quantity of Raw Materials or Merchandise Purchased	7	18	50	26

The Fada and Diapaga local economies benefited little from these trends, however, because roughly two-thirds of the enterprises in Fada and Diapaga purchased their raw materials or merchandise from Ougadougou. There were three exceptions to this pattern: two sectors with minimal purchase inputs -- agricultural production and transport -- as well as a sector with a high, yet untapped potential for strong backward linkages to local suppliers -- agricultural processing.

These findings, summarized in Table VII-2, suggest two ways PfP might strengthen its current weak backward linkages with local economies. First, PfP could take advantage of an existing strong linkage by increasing the number of loans it makes for agricultural processing, which comprised only 6 percent of its total loan portfolio for Phase I. Second, PfP could encourage new backward linkages by promoting wholesaling in the commerce sector so small boutique owners would have a local source of supply, and by funding local artisan suppliers to wean local craftsmen from their current dependency on inputs from Ouagadougou. Loans have recently been made to commerical wholesalers in Diapaga with positive results, but the profitability of loans to artisan suppliers should be examined further.

Forward Linkages

As shown in Table VII-3, 95 percent of enterprises surveyed by the evaluation team sold their products locally. Moreover, 57 percent of interviewed entrepreneurs said that they were selling more than when they received their PfP loan, despite price increases. These two findings indicate adequate local purchasing power in Fada and Diapaga for the current range of merchandise now for sale in these communities. Unfortunately, there is not much potential for the project to take advantage of this purchasing power through the sale of intermediate goods for further local

TABLE VII-2

Source of Raw Materials or Merchandise for Surveyed Enterprises

Source \ Sector	Agricultural Production (%)	Agricultural Processing (%)	Artisans (%)	Commerce (%)	Transport (%)	Cross-Sectoral Average (%)
Local	93 (n=14)	83 (n=5)	23 (n=3)	37.5 (n=9)	86 (n=6)	57 (n=37)
Ouagadougou	0	17 (n=1)	69 (n=9)	62.5 (n=15)	14 (n=1)	40 (n=26)
Elsewhere in Upper Volta	7 (n=1)	0	0	0	0	1.5 (n=1)
Outside Upper Volta	0	0	8 (n=1)	0	0	1.5 (n=1)
TOTAL	100 (n=15)	100 (n=6)	100 (n=13)	100 (n=24)	100 (n=7)	100 (n=65)

Table VII-3

<u>Markets in Which Surveyed Enterprises</u>
<u>Vend Their Finished Products or Merchandise</u>

Project Site / Market	Fada (%)	Diapaga (%)	Average (%)
Local	97 (n=28)	94 (n=33)	95 (n=51)
Ouagadougou	0	0	0
Elsewhere in Upper Volta	0	3 (n=1)	2 (n=1)
Outside Upper Volta	3 (n=1)	3 (n=1)	3 (n=2)
TOTAL	100 (n=29)	100 (n=35)	100 (n=64)

transformation, as most PfP clients sell finished products or offer personal services. The only current prospect for significant forward linkages from project funding is to promote commercial wholesaling; future prospects include financing more businesses that produce primary or intermediate goods.

Consumer Surplus

PfP had hoped that increased local competition resulting from new businesses the project helped finance would lower prices in the Fada and Diapaga markets and thus benefit the community in the form of consumer surplus. However, the evaluation team found the creation of consumer surplus only in terms of relative price changes: merchants, for example, did not lower their prices, but raised them less than increases in the cost of goods sold. In other words, competition has forced a decrease in profit margins and relatively slower consumer price increases, but local enterprises have not found it advisable or feasible to reduce prices.

Access

PfP's activities in Fada and Diapaga have widened local citizen access to credit, management assistance, and general business opportunities. Most PfP clients had not received formal loans before, and thus their PfP loan was an introduction to a formal credit system. The interest rates for personal loans were much higher than PfP's 10 percent, and most clients did not qualify for bank or ORD loans because of salary, asset, and collateral requirements for bank loans, and group guarantee requirements for ORD loans. Most PfP clients also did not have access to a viable formal savings institution.

Moreover, PfP tried working through a women's credit group -- PAFF -- in Fada, when it realized it was not reaching the female population, whose needs were often for small, short-term cash infusions more efficiently administered through a self-run credit group. PfP loaned money to this group, which took responsibility for making and collecting loans from its members. (See "Enterprise Profiles" for a detailed description of this group.)

An indication of widened general business opportunities is the transformation of the composition of the Diapaga market during the life of the project. A Peace Corps volunteer canvassed the Diapaga market in 1979 to assess its structure and competition, the evaluation team did the same while in Diapaga. Table VII-4 summarizes observed changes from June 1979 to May 1982; complete merchant listings and detailed market maps, from which this table was compiled may be found in an annex to this report.

In terms of increased market access, the most significant development in Diapaga is the increased participation of Gourmantche entrepreneurs, the Gourmantche being the predominant tribe in the region. The number of Gourmantche in boutiques has risen from a quarter to a third of the total, while 50 percent of the new enterprises in stalls are Gourmantche establishments.

The diversity of enterprises has not changed much, with the loss of the only bookstore but the addition of two new types of food businesses, a bread shop, and two restaurants. Competition has increased significantly, however, with a 39 percent increase in the number of stalls. For example, commerce has increased from 29 to 41 stalls, a 41 percent increase.

This growth in competition was confirmed by the evaluation team's survey, which found that over half of the entrepreneurs interviewed thought competition had increased, and approximately one-fifth thought the market was now saturated with goods they sold. PfP should take note of this trend, so that it does not

TABLE VII-4

CHANGES IN THE DIAPAGA MARKET

	Before (6-7/79)	Today (5/82)	Change
Number of Boutiques			
Active	18	19	+1
Empty	8	7	-1
Total	26	26	---
(by race)			
Gourmantché	6	8	+2
Mossi	4	7	+3
Yoruba	2	1	-1
Haoussa	1	1	---
Djerma	2	1	-1
Etat	1	1	---
Peulh	1	0	-1
Dioula	1	0	-1
Total	18	19	+1
(by activity)			
Commerce	11	11	---
Butcher	3	3	---
Pharmacy	1	2	+1
Spare Parts	1	1	---
Bookstore	1	0	-1
Tailor	1	2	+1
Total	18	19	+1
Number of Stalls			
Active	38	53	+15
Empty	3	5	+2
Total	41	58	+17
(by race)			
Gourmantché	10	17	+7
Mossi	2	6	+4
Yoruba	18	25	+7
Haoussa	4	2	-2
Djerma	1	0	-1
Dioula	3	0	-3
Beninoise	0	1	+1
Unknown	0	2	+2
Total	38	53	+15
(by activity)			
Commerce	29	41	+12
Kola Nuts	4	6	+2
Tobacco	3	2	-1
Mechanic	1	1	---
Tailor	1	0	-1
Bread	0	1	+1
Restaurant	0	2	+2
Total	38	53	+15

force existing firms to fail when establishing new enterprises. As John Schiller writes in the project's <u>Final Report</u>: "From the beginning of the project one of our selection criteria has been that the proposed project could not benefit the borrower at the expense of the community, but rather had to add something to the community."

Local Investment Generated

The original OPG proposal presented an overall project budget of $652,850, of which $96,000 (15 percent) was to come from PfP client equity contributions to the loan fund. Further, PfP's initial loan requirements called for a minimum of 20 percent client equity contribution.

However, these budget requirements were dropped when AID extended the project in April 1980. Regarding the 20 percent requirement, PfP did not document the equity contributions of clients to projects for which they received loans, although few clients surveyed by the evaluation team said they contributed any funds of their own. The issue is further complicated by PfP's calculation of owner equity contribution, since total personal assets were often cited as the entrepreneur's contribution to an enterprise, even if they had nothing to do with the business in question. Or, previous investments in the firm were counted as the owner's contribution to the new investment. For example, if an entrepreneur built a store several years ago, the value of that building would be counted as the owner's contribution to purchasing a new piece of equipment. In reality, PfP had financed 100 percent of the equipment cost; the building's value should serve as the collateral for that equipment.

The PfP method of calculating owner's equity contribution does not reflect the amount of money withdrawn from savings and put into productive use. The evaluation team thinks that the project probably did not generate substantial local investment. Nonetheless, the evaluation team strongly encourages PfP to require a minumum client contribution to a proposed project, as these contributions both heighten incentives to succeed and serve as a mechanism for rural savings mobilization.

FOOTNOTES

1 Equipment that increases output by improving productivity can of course eliminate jobs; nonetheless, the income of remaining employees should still rise, as would corporate income, and worker underemployment would be decreased.

CHAPTER EIGHT
PROFILES OF CLIENTS

After interviewing 74 clients with questionnaires, the evaluation team selected an additional 20 entrepreneurs for more informal, in-depth conversations. Clients were primarily chosen from lists prepared by PfP staff. These are clients with interesting stories to tell. They are articulate and have been particularly successful or have provided a needed service to the community.

Because most have had unusual experiences, it must be remembered that these entrepreneurs are not representative of all PfP clients. Given the diversity in economic sectors and sizes of enterprises, it would be difficult to find a typical loan client. All clients have their own stories to tell -- their hopes for the future, disappointments, why they established their businesses, their family backgrounds -- so that it was difficult to choose illustrative cases.

The evaluation team engaged in these unstructured, long conversations to try to learn some of the less tangible effects of receiving a PfP loan. Did the clients feel more secure about their future? Had their expectations at the time of the loan receipt been fulfilled? What were their plans for their children? Did the successful entrepreneurs have some special, common characteristics? The team members tried to use these profiles to add meaning to the statistics presented in previous sections. When possible, their own words are recounted.

One unsurprising finding was that succeessful entrepreneurs felt more optimistic about realizing their future expectations than those who had been unsuccessful. Also, the largest, most successful businesses were run by unusually capable entrepreneurs.

Some, such as the wholesale merchant in Namounou, probably would have succeeded even without PfP's loans. But its advice, according to PfP, helped transform his small retail shop into a large wholesale business.

The Tiparga Demonstration Farm, the Kikidoni farm, and Thiambiano Madia's rabbit-raising project reflect the high risk nature of agricultural projects and the importance of including the cost of all inputs before deciding whether they should be replicated. The PAFF credit group experience suggests that a strong, charismatic community-oriented leader is a prerequisite for the success of such groups.

Some clients, such as the Cereals Bank, are highly dependent on PfP loans. Each season these clients require new loans to begin operations. The poorer entrepreneurs cannot reinvest their profits in their enterprises so that they may expand. The donkey cart owner, for example, will require another loan when his donkey dies or cart falls apart. It is unrealistic to think that these entrepreneurs will be candidates for commerical credit in the near future. The gap between their level of operations and that which any existing Voltaic banks can reach is far too wide.

Thus, for many to continue their operations, a constant source of credit must be available. If the credit fund ceased to exist, the stream of benefits accruing from previous loans would soon be dissipated.

Tankoano Robert

Tankoano Robert was born in the village of Tambaga in 1944 and has lived there all his life. He is the oldest of four children, one girl and three boys. His father, who must have been a prosperous farmer, he had four wives. The same woman is the mother of all four children. His father served in the French military for seven years, from 1925 to 1932, and was stationed at Marseille.

Robert began working before he started his formal education. There is no primary school in the village. As leader of the village Boy Scout troop, he caught the attention of the Catholic mission. He went to work in the mission's dispensary on February 1, 1965, spending his first year as a trainee, learning to care for the sick. In January 1966 he was employed as a nurse's assistant. That year Robert began attending the mission's three-year adult education program. He studied French and arithmetic. In 1972 Robert spent three months in a program at the only hospital in the Eastern Department to complete his training.

Life in the village and work at the dispensary continued without significant changes until the end of 1977. At the end of December, the nuns running the dispensary left the country, and the government took charge of operations on January 1, 1978. Robert became a Ministry of Health civil servant with the title of orderly (garçon de salle) and a salary of 33,600 FCFA (approximately $112) per month. His major responsibility was to give shots.

In February 1978 the newly appointed head of the dispensary arrived and changed Robert's assignment. Since the doctor was Mossi and unfamiliar with Gourmantche, the local language, he had Robert work as an interpreter for his lectures in public health education. Robert helped conduct seminars on health, sanitation, and infant care at the dispensary.

The women for whom he translated the doctor's advice gave him the idea for his enterprise, a grain mill. According to his story, although the women thought that the seminars presented fine ideas, they were already too occupied gathering water, pounding millet, and taking care of other household tasks to take on additional burdens. Robert figured that if the women were ever to be able to devote time to improve sanitary conditions at home, they needed to be freed of some of their traditional burdens. A grain mill would help. A diesel-powered mill can grind in a matter of minutes the same quantity of grain that required about an hour's pounding with the traditional mortar and pestle.

It would be a while, however, before Tanbaga had its mill. There was no available source of credit in the village to purchase such machinery or advice on how to run it. It was not until Robert learned that his friend, Beogo Boamo, was quitting his job as a teacher in the elementary school at Mabradaga, where Robert's children were enrolled, to go to work for PfP -- "an American organization that gave credit" -- that a source of funding appeared. As a civil servant Robert might have been about to obtain a loan from the public National Development Bank or the private Banque International des Voltas. But the closest offices of these two institutions are in Fada N'Gourma, almost 200 km from the village, and a four or five hour trip on Robert's motorbike.

Robert met with John Schiller, the PfP representative in Diapaga, for the first time in October 1978. They discussed Robert's idea. Schiller explained that to qualify for a loan Robert would have to construct a building to house the equipment and put up 200,000 FCFA toward the purchase price of the equipment. The diesel motor cost 350,000 FCFA and the milling unit, 243,000 FCFA. Robert began construction in November, raising the necessary cash contribution by selling four head of cattle to merchants in Namounou, the site of the area's largest traditional market.

Development was slowed because Schiller took a vacation in late 1978 and early 1979. However, Robert purchased a mill for 180,000 FCFA in May 1979, and was awarded a 593,000 FCFA loan to purchase the rest of the machinery in September. Technical assistance to set up the operations was provided by another PfP client, who also bought a grain mill, and the doors opened to customers on October 4, 1979.

Since that time things have gone well. During calendar year 1981 the mill produced gross revenues of 1,018,345 FCFA. Robert doubled his final two loan payments and paid off his obligations in August, two months in advance. Unfortunately, the minute the loan was paid he stopped keeping track of expenses. Therefore, it is impossible to calculate the business' profit. However, profits are likely to be substantial. When books were kept, operating expenses -- diesel fuel, oil, spare parts, and labor -- averaged less than 18,500 FCFA per month. With average monthly sales of almost 85,000 FCFA, the mill probably generates a gross profit of 66,500 FCFA per month. This amount is more than enough to cover depreciation and compensate Robert and his wife, who is supposed to be the bookkeeper. With his profits Robert is again buying cattle, which he will sell when the machinery needs to be replaced.

It is impossible to measure the impact of Robert's mill on the village, but it is likely to be significant. On market day, every Tuesday, the mill may serve as many as 100 customers. Robert continues to work at the dispensary, but is unable to tell whether the mill has freed time for women to devote to family health and sanitation practices.

Couldiati Yerfumba Dzarkari

Couldiati Yerfumba Dzarkari is one of the important figures in Diapaga. Lately, his fortunes have been up and down. He is trying to overcome the adverse effects of having been tried and convicted as an accessory to a murder and of having served a jail sentence. The evidence that is common knowledge in Diapaga suggests that Dzarkari would never have been convicted in an American courtroom. But that's getting ahead of his story.

Dzarkari was born in Diapaga in 1925. His father is still living and reigns over an extended family unit that includes more than 100 people. Dzarkari himself has four wives and 18 children. His father is a farmer and also dyes cloth. However, his father never taught his trade to Dzarkari or to his brother and two sisters.

Dzarkari's knowledge about enterprise is largely self-taught. He left home for Niamey in 1939, when he was 14 years old. He got a job as a cook's apprentice. He saved until he was able to buy a bicycle. After taking the bike apart and putting it back together, he decided he knew all he needed to know to go into the bicycle repair business.

He must have done well. By 1954 Dzarkari had obtained a driver's license (a four or five month ordeal) and bought an old broken down truck for 53,000 FCFA. With another 45,000 FCFA in spare parts, he was able to put the truck into running order and began to haul wood into Niamey. This, too, was a profitable venture.

In 1958, Dzarkari began a transport service between Niamey and Namounou, the site of the large traditional market south of Diapaga. He hauled passengers, mostly traders, and their wares and baggage. His routine was simple: leave Niamey on Saturday night and arrive Namounou on Sunday, and return to Niamey on Monday. This left Tuesday through Friday for repairs and maintenance. With the coming of independence, Dzarkari moved back to Diapaga in 1959.

In 1960 he bought a Peugot 403 pick-up truck and started to market pigs. Twice a month he would haul 12 pigs (about 800 kg) to Niamey. On the return trip he would bring passengers to the Namounou market. As he accumulated profits, Dzarkari added to his post office savings account and invested in other businesses.

These savings must have been ample, for in 1970 Dzarkari paid 1.6 million FCFA for a 3.5 ton truck. He used the truck to expand his pork trade until 1976 when, he claims, smugglers, who avoided paying custom's taxes, undercut the market in Niamey and forced him out of business.

Other sources might attribute Dzarkari's problems to having run afoul of the law, but the facts are unclear. What is known is that one of Dzarkari's former friends, Couldiati Georges, is diabetic. Georges went to the sandreader to learn what he had to do to cure himself of this condition and was told that he would have to kill a man of power and eat his liver. Working with an accomplice, Georges chose the son of the chief of Tansarga as his victim. The story goes that Georges and his henchman got the victim drunk in Dzarkari's bar, slit his throat, carved out his liver, and then in the middle of the night dumped his body in the lake at Tapoa, 4 km north of Diapaga.

The chief of Tansarga became frantic when it seemed that his son had disappeared into thin air. He even sent messages to France to inquire after him. But nothing happened until the dry season and the body surfaced. A witness who claimed to have seen Georges and his accomplice "do something" came forward to testify. Despite the fact that he was in Niamey at the time of the murder, Dzarkari was convicted along with the others and served six months to a year in jail.

In 1976, Dzarkari went into the general transport and grain trading business and established Air Gobmangu. (The Gobmangu mountain chain, with its 500-600 foot peaks, predominates the topography of southeast Upper Volta.) Like other transporters in the region, Dzarkari followed a circuit of weekly markets. The schedule was demanding: Saturday, Diapaga; Sunday, Namounou; Monday, Diapaga; Tuesday, Ndiabau; Wednesday, Tansarga; Thursday, Nampoanli; and Friday, Logobu. Air Gobmangou specialized in buying and selling millet and rice. According to Dzarkari, "Large-scale commerce means large-scale profits." For example, he said that today he could buy a 100 kg sack in a village 20 km from Diapaga for 6,000 FCFA and sell it for 7,000 FCFA in Diapaga.

When Dzarkari applied for and obtained his first PfP loan he was still prosperous. His personal assets -- a mango orchard, several buildings, the bar, and a grain mill -- were valued at 4.3 million FCFA; fixed assets -- goats, cattle, three trucks, and 70 sacks of millet -- valued at 3.2 million FCFA; and savings accounts and cash at 301,300 FCFA. His total assets were 7.8 million FCFA ($26,000 at today's exchange rate).

Dzarkari was one of PfP's first customers in Diapaga. He used first loan of 330,000 FCFA to buy spare parts for a newly acquired 4-ton Saviem truck. In the nine months immediately following this loan, Air Gobmangu reported profits of over 735,000 FCFA, after monthly repayments of 30,250 FCFA. Apparently, Dzarkari had no difficulty repaying this loan, and he established his credit worthiness by doing so. He received three more loans from PfP, one in March 1980 for 120,000 FCFA to market yams. Instead, it went to expand his rice marketing operations. He received in November 1980 another for 252,000 FCFA to market rice, and a fourth in December 1980 for 160,000 FCFA to buy spare parts for his three vehicles. All the loans have been repaid, but Dzarkari needs another loan to repair his four-ton truck. In May 1982, only the pick-up truck was working and Dzarkari was using it to haul beer to local markets on the Air Gobmangu circuit.

Despite his success, Dzarkari does not expect his children to carry on the business. His oldest son is in technical school in Ouagadougou, and Dzarkari thinks it would be better if he found work as a civil servant. According to Dzarkari, civil servants may make less money than businessmen, but being a civil servant is more secure. "If you start with 100 merchants, 50 are going to go bankrupt. But there may be a deeper reason. Although Dzarkari never went to school, he feels obligated to make sure that his children have a formal education. However, he thinks that the children become lazy once they go to school. Dzarkari concluded in a matter-of-fact way: "I'm stronger than my children." He has had to be strong to keep his commercial activities going.

Ouoba Diamoadi

Ouoba Diamoadi's orchard and garden cover several acres and include a wide variety of trees, such as mangoes, grafted mangoes, lemon, grafted lemon, cashew, and guava. He has had the orchard for six years, although a fire set him back some during his first year of operations. Diamoadi does not, however, own the land the orchard and garden occupy. Nobody owns land in Goumantche country; anyone who works and improves a piece of land has rights to it.

Diamoadi comes from a large family. His father, who died in April 1981, was the chief of Kantchari, had 10 wives and 24 children, 19 boys and 5 girls. He has two older brothers, one works for the customs service, the other for the water and forestry service of the Ministry of Rural Development. He is his mother's only son.

Unlike his two older brothers, Diamoadi has never gone to school. By his own admission he has been a farmer since the age of five. Since the death of his father, Diamoadi has become responsible for supervising the work on the family's land. He has to make sure that there is enough food to feed the 32 people who still live in his father's compound, plus his two wives and two children who live with him in an adjoining compound.

Diamoadi is unsure just how large the family's plot is. It takes 12 people about 15 days to seed the field. The bulk of the land is planted in millet, and rice grows in the bas-fond. Peanuts, okra, and soumbala, a pungent smelling vegetable used to make sauce, are also planted. The harvest is stored in common. The harvest in 1981 was good for the family. It filled two granaries, which hold 30 100-kg sacks of rice, two sacks of peanuts, and some vegetables. Millet is ground up into a thick porridge, called "tô," and eaten with sauce made from peanuts, tomato paste, vegetables, and sometimes meat. Diamoadi claims to spend 10,000 FCFA per month on food to liven up this traditional, staple dish.

All the food he grows now is consumed by the family, but this has not always been the case. Before his father's death, Diamoadi cultivated some land on his own and sold peanuts and rice to the local ORD, which acted as the agent of the National Cereals Office. With this money, he purchased seeds and seedlings to start an orchard and garden.

Diamoadi's explanation for getting into the fruit and vegetable market is simple: it is a way to make money during the dry season. Vegetable gardening begins in October or November, at the end of the rainy season and after the harvest, and continues into April or May.

Diamoadi grows tomatoes, lettuce, cabbage, carrots, radishes, onions, eggplants, and potatoes in small beds, about one meter by three meters. He has two wells that provide water. Prior to his loan, he had only a single, earthen well that often ran low. There was not enough water to keep his single laborer busy in the garden, so most of the time he hauled things with Diamoadi's cart. The loan from PfP helped to change that, however.

In June 1980, Diamoadi borrowed 141,000 FCFA to dig and cement a second well in his orchard-garden. His loan agreement was structured so that it could be repaid in six-month installments over two years. Thus far, Diamoadi's payments have been on time. With the second well, he has added more trees and increased his vegetable output. (Diamoadi did not grow any vegetables during the 1981-82 season. He claims he was too busy dealing with the aftermath of his father's death and supervising the construction of the recently opened PfP office in Kantchari.)

Diamoadi can easily sell in the local market all he produces. Although he keeps no written records, he believes his operations are profitable, and to date he has had more than an ample cash flow to meet his debt service. His method of saving is traditional. He turns over the profits from his sales to one of his older relatives living in the family compound. The relative holds the money until Diamoadi needs it, for whatever purpose. Apparently, everybody in the compound with a cash income uses this method, which encourages savings and also ensures the compound of adequate cash reserves.

Lompo Tadoia

The pharmacy Lompo Tadoia has built in Mahadaga is a profitable business that is providing the community a much needed service. The dispensary run by Protestant missionaries had been the only, and a limited, source of medicines. Today, Tadoia's pharmacy meets the needs of a steady stream of customers who hand the proprietor their prescriptions from the dispensary through a window on the side of his small store. Tadoia quotes a price as he reaches across to the shelf on the far wall to pick the appropriate medicine. After the customer pays, he marks the quantity sold in his notebook in such a way as to be able to obtain sales and inventory control data from the same page.

The pharmacy appears to be a simple business to manage. Staff members at the mission dispensary regularly suggest the types of drugs Tadoia should stock. Government regulations require him to buy from a single supplier in Ouagadougou, over 450 km away, and fix the product's selling price. Tadoia's major business decision seems to be when to send his apprentice to Ouagadougou with another order.

Tadoia had to cut his way through a great deal of red tape, however, and he fought the bureaucracy for over a year to obtain the necessary authorization. But his story really begins several years before he started that process.

Tadoia was born in 1952 in the village of Nagare, where he was enrolled in the young farmers' training school from 1961 to 1964. He studied agriculture and French. After farming with his father for two years, he was sent to primary school in Mahadaga for four years. He received his certificate in 1970 and went to work at the mission as a cook/houseboy. From spring 1971 to the end of 1972 he was enrolled in the mission's bible study program and also studied woodworking.

In December 1972, Tadioa took off for Abidjan, Ivory Coast, where he worked as a night watchman and cook. Of his 14,000 FCFA monthly salary, he tried to send 5,000 FCFA by postal money order to a friend in Mahadaga. The friend's instructions were to guard the money until Tadiou's return. The money would eventually go to meeting a bride's price.

Tadioa returned to Mahadaga in November 1974 and went to work helping his future father-in-law with the harvest. After that he built a house and made a formal request to the <u>chef de terrain</u> -- the village elder responsible for assigning parcels of land -- to cultivate some land. The request was accompanied by several kola nuts.

Tadioa married in January 1975 after paying his father-in-law 30,000 FCFA plus gifts (cloth, kola nuts, and other small items) worth about 10,000 FCFA. Later in the year the 30,000 FCFA reverted to Tadioa in the form of a loan, as yet unpaid, from his father-in-law, to buy a sewing machine. Tadioa taught himself to sew and could earn 500 FCFA per market day to supplement the family's income. He continued to farm, and his wife worked at the dispensary.

In 1976 the mission asked its local advisory committee to open a pharmacy. One member of this committee asked Tadioa if he were interested. He was; and with the committee's approval, he began the arduous task of seeking approval to open a pharmacy. The entire process took 15 months.

While discussing the idea with the sous-préfet (district commissioner) in Diapaga, Tadioa learned that before he could submit an application, he would have to have some training. With help from the Protestant mission in Ouagadougou, he spent a month during summer 1976 in Ouagadougou at the Pharmacie Nouvelle. With training certificate in hand, Tadioa returned to Mahadaga and typed up a formal application complete with birth certificate, identity card, certification of nationality, and primary school diploma. The typed version was not acceptable. Upon arrival at the sous-prefet's office, Tadioa was informed that such requests had to be hand written. He copied his typed document in the sous-prefet's office and submitted his request in September 1976.

The dossier would have remained in Diapaga if Tadioa had not followed it vigorously. In March 1977, having heard nothing, he went to Ouagadougou to check on the progress of his request and was shocked to learn that it had not been received at the Ministry of Public Health. Upon his return to Diapaga, the sous-prefet informed him that the dossier had been sent to the gendarmerie (national police office) in Diapaga for an investigation. Rather than pursuing the dossier directly, Tadioa asked the head nurse at the dispensary to request a status report on the application from the police. Two days later Tadioa was called to appear before the police, cleared, and the dossier was sent back to the sous-prefet.

The application was then transmitted to the <u>préfet</u> (departmental governor) in Fada N'Gourma. With some help from the head physician at the Fada hospital, it was approved by the prefet in a day and forwarded to the Ministry of Public Health in Ouagadougou.

Tadioa expected little difficulty once the ministry had his request. After all, he knew the ministry's director of public health, who was from his wife's village. Tadioa went to visit him in Ouagadougou in November, but was disappointed when the director did not agree to help him. The director had been in his job only a short time and did not want to make trouble. Undaunted, through the mission network Tadioa contacted the director of special programs at the treasury. Her mother was a member of the Protestant community in Fada. After hearing his story, she agreed to telephone the Minister of Public Health, a former classmate. He agreed to check up on the request. Tadioa returned to Mahadaga.

A month later, a letter addressed to Tadoia, bearing authorization No. 505 SPP.AS.SDPH, was delivered to the Mahadaga mission. The authorization granted permission to open <u>un dépôt des médicaments</u>, (medicine depot) six months hence and required Tadioa to buy all his supplies from Ouagadougou's Nouvelle Pharmacie, where he had done his training.

To get the operations going, Tadioa sold several of his pigs to raise the 80,000 FCFA he needed to build a store. The mission granted him a 100,000 FCFA, interest-free loan to purchase supplies. The sous-prefet waived the six month waiting period, and Tadioa opened his pharmacy on January 11, 1978. That day his sales totaled 1,000 FCFA.

Despite some adversity, the pharmacy has developed steadily since then. Tadioa used a quarter of the profits to repay the mission.[1] In October 1978 he got a 250,000 FCFA from PfP to increase his inventory. He paid back this loan as planned over 36 months, despite the fact that he was seriously injured in an automobile accident in Niamey in October 1980. While he was in the hospital, his wife carried on the business. She took medicines with her to work at the mission and sold them from there.

Today, the pharmacy is thriving. Tadioa carries 36 types of medicines, double the number with which he started. From February through April 1982, his monthly sales have averaged almost 250,000 FCFA. With a profit margin of 15 percent, the business earns about 37,000 FCFA per month, which is more than enough to cover the 28,500 FCFA due on his second PfP loan. When this loan is repaid in another 22 months, the pharmacy will have no debt and about 600,000 FCFA worth of inventory. Thus, Tadioa will have earned an annual return of about 40 percent of his initial investment, a fair remuneration for his labor.

Tiparga Demonstration Farm

Approximately five miles north of Fada, spread out over 17 acres of a low-lying water catchment, lies PfP's principal experiment in bas-fond development -- the Tiparga Demonstration Farm. Previously unused because it was always either too swampy or too arid for cultivation, Tiparga is now the site of rice cultivation, sheep and goat raising, and beekeeping.

According to PfP's general manager, the project started in 1978, when the village of Tiparga asked for PfP's assistance in starting a vegetable growing project:

> Rigobert Thiombiano [then a PfP volunteer] and I visited the village several times and had discussions with the elders. They wanted to fence in about 1 hectare [2.47 acres] of land, located in the village itself, where they could grow vegetables during the dry season. Just next to the village, a small bas-fond is located, land that was actually unused because it is too swampy during the rainy season. We pointed out to the village elders

> that this land was suitable for rice growing, but since the farmers of Tiparga had little experience growing rice, they were not interested in trying to grow rice. They were, however, willing to turn over the land to PfP, so we could develop it and show them how to grow rice. In exchange for this they wanted help to start their vegetable growing project.

PfP agreed to this exchange, and assisted the vegetable project by helping to form a village group. PfP gave this group $615 from the experimental fund to rent a tractor and purchase fencing, tools, and seed.

In January 1979, PfP rented a bulldozer from the Ministry of Public Works in Fada, and began leveling land and building embankments for rice paddies; land preparation was completed with a Public Works mechanical shoveller/packer, and a tractor rented from the Eastern ORD. Finally, PfP hired farmers to plant rice in June and to maintain this rice until they harvested that November.

Since Tiparga's initial harvest, which yielded 50 sacks of rice, the demonstration farm has experienced two additional successful harvests: 70 sacks in 1980 and 100 sacks in 1981. Moreover, Tiparga's operations have expanded to include beekeeping, which yielded 12 quarts of honey in 1979, 18 quarts in 1980, and 30 quarts in 1981. Dichouari Motandi, a local farmer, also uses the land during the dry season for grazing approximately 100 sheep and goats. However, although two 40-foot wells have been added to Tiparga, the cultivation of vegetables and tobacco during the dry season has not continued beyond initial experimentation, because the amount of water is still insufficient to support such crops.

Other than increased rice and honey production, Tiparga's principal change since its inception has been in the way participating farmers are organized. PfP first operated the farm with monthly laborers. This caused many problems. "We soon learned," recalled the general manager, "that a Gourmantche farmer is most comfortable when he works for himself." He continued:

> There were constant problems between the hired persons, all stemming from the fact that they did not function as a group. Everybody kept watching the next person to make sure that he himself did not work more than the others. There was also the problem of leadership. The person in charge was no doubt the most skilled and competent in the group. But his authority was not recognized by the other persons in the group, who resented taking orders from him. The group was sometimes mixed (Gourmantche and Mossi), which further complicated matters.

Thus, for the 1980 season, PfP invited interested farmers to grow rice at Tiparga on a sharecropping basis. PfP would take responsibility for soil preparation and general supervision in return for one-third of the rice harvest; each farmer would be allocated a specific rice field, once prepared by PfP, for which he and his family would be responsible, and from this field he would retain two-thirds of the harvest.

Twelve families accepted this offer, nine millet farmers and three farmers previously without fields. Combari Tiembengo, a participant in Tiparga both before and after the sharecropping system was establshed, is happy with the current arrangement. In 1978, Tiembengo moved to Tiparga from Potyamanga, about eight miles away, at the suggestion of his long-time friend, Rigobert. Since moving to Tiparga, Tiembengo has made a new life for himself: he met and married his present wife, Combari Bundi, soon after his arrival in Tiparga, and this proud 50 year old has since added Tiparga's first child, Combari Pascal. Tiembengo likes Tiparga's mix of group and personal responsibilities: "I know exactly where I must work, but belonging to a group also gives me the courage I lacked when working alone."

This perspective seems indicative of the attitude of those families now participating in Tiparga. Three consecutive good harvests have added rice to their traditional annual millet and sorghum harvest, whose cultivation they have continued at a reduced rate.

Moreover, Tiparga has proved to be financially profitable for participating farmers, as it has been heavily subsidized by PfP. The farmers have given PfP 142,260 FCFA worth of rice and vegetables over the past three years,[1] only 10 percent of the value of Tiparga's cumulative three-year harvest, whose market value the farmers place at 1,370,000 FCFA.[2] Even if the 832,500 FCFA in lost millet production is subtracted, the farmers have still made approximately 400,000 FCFA over the past three years, a nominal 40 percent return on investment.[3] (See Table VIII-1).

Table VIII-1

(in FCFA)

Year	Rice Yield From Tiparga	Millet Yield Loss From Other Fields	Value of Harvest Sold to PfP	Total
1979	50 sacks @ 5,000/sack = 250,000	30 sacks @ 6,000/sack = 180,000		+70,000
1980	70 sacks @ 6,000/sack = 420,000	45 sacks @ 7,000/sack = 315,000		+105,000
1981	100 sacks @ 7,000/sack = 700,000	45 sacks @ 7,500/sack = 337,500		+362,500
Unknown			142,260	-142,260
TOTAL NET PROFIT TO FARMERS				+395,240

PfP's return on investment, however, is another story. PfP invested 1,722,163 FCFA in the Tiparga Demonstration Farm,[4] most in 1979:[5]

Table VIII-2

Item	Amount (in FCFA)
Rental of Public Works Bulldozer	225,000
Rental of Public Works Mechanical Shovel	150,000
Rental of ORD Tractor	320,000
Farmer Labor	60,000
Well Construction	300,000
[illegible]e Boxes	70,000
Other[6]	597,163
TOTAL	1,722,163

But, PfP recovered only 142,260 FCFA of these costs, which left it with a nominal <u>negative</u> 90 percent return[7] on its investment in Tiparga. Even if PfP had collected its hypothetical one-third of Tiparga's harvest each year, that is, had taken in 456,667 FCFA, it would still have had a negative 70 percent return, while the farmers' return would have dropped from positive 40 percent to positive 10 percent.

Thus, Tiparga has been very successful in converting an unused bas-fond into productive rice paddies, but at a cost that, given current yields (no bad harvests) and PfP offtakes, will take just in nominal terms 36 years to recover.

Nonetheless, PfP's general manager concluded that Tiparga has taught PfP that "the return on investments in land improvement (rice paddies, wells, small dams, and fencing) has generally been very high and invested capital can usually be recovered in three to five years, depending on the size of the investment. The future Voltaic PfP foundation should therefore make investments in land as part of its income generating activities."[8]

Given that Phase II's agricultural component rests primarily on such claims, one cannot help but be alarmed at the future prospects for farmers in Upper Volta's eastern region.

Ninjala Dam

The setting could be any village in Upper Volta's eastern region. Although located only 15 miles north of Fada, Ninjala is a 45 minute motorbike ride away, as no roads connect Ninjala to Fada. Situated on a barren terrain occasionally covered by shrubbery and small trees, Ninjala is little more than a collection of hut-enclosed family compounds. Ninjala has no school, dispensary, market, or electricity.

Three years ago, Ninjala had a problem common to much of Upper Volta: it did not have a year-round source of water. Thus, the further into the dry season the year crept, the farther Ninjala villagers and their livestock had to roam in search of water. And the sicker they both became.

In 1979, PfP volunteer Thiombiano Rigobert visited Ninjala to see what might be done to improve the situation. After holding prolonged discussions with the village elders, PfP and Ninjala agreed on a "partnership" to construct a dam across a seasonally filled waterway near the village. PfP would supply cement using experimental fund resources, along with Rigobert's services as a trained mason; Ninjala would provide the necessary labor by invoking the services of local villagers.

Three weeks and three tons of cement after Rigobert's return to Ninjala later that year, the village boasted an imposing stone dam. During the following rainy season, the dam contained an elongated lake three and one-half miles long and 15 feet deep. In the dry season, the lake grew shorter and shallower, but failed to dry up completely.

This body of water now serves the 800 people and 2,000 head of cattle inhabiting the Ninjala area year-round, and has given most in the area considerable satisfaction. The village chief, Lompo Swafandi, estimates that the cattle, Ninjala's main store of wealth, are an average of 20 pounds heavier. At the current market price of 100 FCFA per pound, each head is worth an additional 2,000 FCFA. Multiplied by 2,000 head of cattle, this 4,000,000 FCFA return on a 126,000 FCFA investment is remarkable.

Moreover, Chief Lompo says the villagers are ready to offer their services to enlarge the dam, for they are happy with the results to date and would like to build on this success: "Now there is water where before there was none -- with more water, our village could make even more progress."

None in Ninjala seems concerned about health or sanitation problems this new body of water might cause, given its stagnation and mixed use. As Yiri Tigaba explains, "Water is the most important material for building a life and making improvements for the future. Without water, you have nothing, but with water, you have unlimited opportunities for the future."

Koulouga Cereal Bank

In 1978, Diabri Ahandi of Koulouga village heard about PfP's loan program through a good friend of his, General Manager Bengt Thoren's cook. Ahandi then traveled to Fada to meet with Thoren and to present his proposal for a loan to expand his commerce in sheep and goats. After explaining PfP's program objectives, Thoren rejected Ahandi's proposal, but then suggested Ahandi consider establishing a cereal bank in Koulouga. Located a one-and-a-half hour's ride down little more than a rutted dirt trail extending north from Fada, Koulouga often had a surplus of unmarketable grain just after the harvest and a shortage of grain just before the harvest.

Bengt then traveled to Koulouga with PfP volunteer Thiombiano Rigobert to discuss this proposal. Bengt suggested that Koulouga build one storage house out of cement, toll, and brick for 35,000 FCFA and then buy about 50 sacks of millet for 600,000 FCFA. Ahandi rejected this idea as too extravagent, and said he would try to establish a millet cereal bank using an abandoned mud and thatched house, and a starting fund of 75,000 FCFA.

Ahandi's scaled-down version proved advisable for when he tried to purchase millet after the 1979 harvest he could buy only 54,000 FCFA worth (12 sacks at 4,500 per sack). Because of the millet shortage, he then invested the remainder of his loan in livestock. Although Ahandi did not keep records this first year, he made enough from livestock and millet sales to repay his PfP loan.

In 1980, Ahandi received another loan from PfP, but this time there were two major differences. First, he decided to join with seven other people (from three different families), because he wanted to expand the cereal bank and felt a group would be the most effective way to achieve this growth. Second, the loan was for both millet and karite nuts, 100,000 FCFA for each. Again the bank did well, buying in January and February and selling in August and September. The PfP loan was fully repaid.

The bank diversified even more in 1981, although its membership remained the same. PfP granted it a 400,000 FCFA loan for millet, peanuts (karite nuts failed to grow this year), and beans. As the bank's complexity grew, however, Ahandi found it necessary to begin keeping some rudimentary records so he would know when to buy or sell a product and what price, and still maintain his 750-1,000 FCFA per sack profit margin. He then separated his commodities in storage by their purchase price.

Table VIII-3 summarizes the cereal bank's transactions for the past three years.

As the Koulouga Cereal Bank increases in scope and complexity, and profits depend increasingly on volume over margin, Ahandi is reassessing the concept. He knows it has helped Koulouga, for now village residents can buy and sell millet, nuts, and beans locally, rather than travel to OFNACER (National Cereals Board) offices in Fada N'Gourma, an arduous, time-consuming journey. Ahandi also knows that his prices are the same as those of OFNACER -- his bank does not exploit the community. And Ahandi likes the idea of villagers pooling their resources for the common good. Finally, Ahandi feels his own personal poverty has been lessened a bit, as he had been able to buy more meat and clothes for his family, without having to sell off his cattle.

However, Ahandi is very busy. Not only does he run the bank, but he also cultivates millet, raises livestock, and runs a tailor shop. Moreover, he must supervise other economic activities within his family compound. These include pottery making, leather working, dolo (beer) brewing, and (karite) butter making. Ahandi is also a member of an ORD agricultural credit group and a Swiss-sponsored village reforestation group.

Thus, unless Ahandi can find a way to make the bank more profitable without becoming exploitative, it probably will not be worth his while to continue the endeavor. Although he has always

TABLE VIII-3

KOULOUGA CEREAL BANK SUMMARY

	MILLET		KARITE		PEANUTS		BEANS		LOAN	PROFITS
	Bought (FCFA)	Sold	Bought (FCFA)	Sold	Bought (FCFA)	Sold	Bought (FCFA)	Sold	(approximate) (FCFA)	(approximate) (FCFA)
EAR										
979	54,000	67,500							75,000	Unknown Because of Livestock Sales
980	99,750	131,250	115,000	161,000					200,000	77,500
981 timate)	150,000	170,250			100,000	129,000	100,000	116,000	400,000 (50,000 unused)	65,250

paid PfP back on time, he feels he is now caught in a vicious circle of dependency. Because of family obligaations and ORD debts, his group can never seem to plow profits back into a revolving fund so that their PfP loans would be reduced. Thus, the group must return to PfP annually simply to mount the venture at all and generate even short-term profits.

Although 31-year-old Diabri Ahandi is thankful for the PfP loans, he is nonetheless now looking for another way to pull himself, his two wives, two children, 17-person extended family, and 70-person family compound a bit more out of poverty.

PAFF: Loans and Assistance to Fada Women

Voltaic women work an average of 90 hours per week during the wet months; men work only about 40 hours per week. During the dry months, women work the same amount of time, whereas men who remain in the village hardly work at all. Most Voltaic women lead strenuous lives, rising before dawn to grind and cook the morning meal of millet. They tend the children and sometimes small animals; collect firewood; walk long distances to fetch water that they carry in large earthen jugs upon their heads; and help seed, weed, and harvest crops from the family field. Sometimes they also have small businesses on the side to earn some extra money for themselves and their children. Traditionally, the money that women earn from these activities must not be shared with their husbands. They frequently earn outside income by making the traditional millet beer, or dolo. Over 1,500 micro-enterprises produce dolo in the Fada region. However, three domestic breweries seem to be cutting into the demand for this traditional type of beer. Other common activities are the production of soumbala, which is used in sauces and peanut oil processing. And, although men dominate the marketing of merchandise in the region, women occupy many of the smaller hangars in the market and control the fruit, vegetable, and spice retail trade.

Several women approached the PfP general manager in 1980 for short-term loans averaging $100 each. Rather than assume the administrative burden and cost of managing such small loans, the general manager suggested that a female Peace Corps volunteer (PCV) help organize these women into a credit group. In the Fada market the PCV contacted two female vendors who formed the initial core lending committee of PAFF. In December 1980, PAFF received its first loan from PfP: 160,000 FCFA at 10 percent effective annual interest. The women decided to charge 5 percent simple interest per month because they thought that would be a reasonable amount. They opened a savings account in the local bank branch; signatures of two women were required to withdraw funds, while the signature of only one was necessary to make deposits.

During 1981, the credit group gave 39 loans to six women who sell goods in the local market. Loans ranged from working capital to buy additional fruits and vegetables, to peanut butter and peanut oil processing, to weavers and small cereal storage activity. The criteria established to receive a loan were that the women must prove a need for the loan, that it be used in a profit-making activity, and that she must be recommended by a PAFF committee member. Two committee members decide, on the basis of community reputation, who receives a loan. After receiving a loan, the women must attend PAFF bimonthly meetings.

At the end of its first year, PAFF repaid its loan to PfP and received another for 450,000 FCFA at 13.5 percent interest on 350,000 FCFA plus an additional charge of 5,000 FCFA for the first 100,000 FCFA. Only one of the 39 loans made was not repaid to PAFF. From December 1980 to January 1982, 850,000 FCFA was lent, indicating that the fund revolved over five times.[9]

In January 1982, several changes were made to lessen PAFF's dependence on foreign technical assistance and improve its services to clients. One committee member, the only women who had not repaid her loan, had been caught trying to embezzle PAFF funds. She was replaced by another market woman. The PCV was replaced by a literate Voltaic woman who assumed the responsibility of keeping the organization's books. The PCV continued to advise the group until her departure in June 1982.

PAFF's founder, Madame Da ney, who is probably the most powerful and charismatic woman in the region, remains on the committee. Her leadership is responsible for the group's success. She has been involved in other group activities, including a batik-making operation that was tremendously successful until the women decided to stop about a year ago. She sells spices in the local market and her son, also a local merchant, works for PfP. She is active in the Protestant church in the area and believes that "God teaches that you should help your neighbors and not only your family." She says her religion has inspired her to become a community leader. "That woman over there," she said, while pointing to an elderly woman, "has the great misfortune not to have any children. Her husband died and now she has no one to take care of her. She sells spices in the market but from time to time needs extra money. And that other woman over there has a crippled foot and cannot walk as far as the rest of the females."

Originally it was assumed that women would save and reinvest their profits in their small enterprises. PAFF members could receive only three loans. After the first year of operations, committee women saw that very few had saved any money from their activities, but rather had used these earnings for family consumption. PAFF leadership decided to begin a forced savings program. If the members deposit their profits in the group account, then they are not obligated to give this money to extended family members.

Each loan recipient is now required to deposit 1,000 FCFA ($3.33) in the PAFF cashbox every two months while her loan is being repaid. These savings earn 3 percent per month interest;

when the loan is repaid then the principal plus interest is given to the client. This savings plan is based on the traditional "tantine" association, prevalent in many parts of West Africa. Each tantine member gives a sum of money each month to the group; based on need and on a rotating basis, one member is then chosen to receive the sum. Thus, the idea of a savings association is well established in the Fada area. It is believed that women would participate in this plan even if interest were not given on deposits.

Loans are now disbursed every two months so that interest charges can be easily calculated. Recipients are chosen in open meetings attended by all existing and perspective clients. When demand for funds exceeds supply, then each loan applicant is questioned about her true need for funds. Loan sizes are often reduced through a process of group consensus until all requests can be satisfied.

The success of PAFF indicates that it might be a model worthy of replication in other areas served by PfP. Several unique factors, however, have contributed to its success. First, the female PCV was probably instrumental in the early months of the group's operation. It will be interesting to follow the group's progress after her departure. Even more important is the presence of a strong, charismatic leader who uses her influence to gain access to PfP and ensure a higher repayment rate. Without Madame Dahaney, the group would collapse. Third, the current policy of paying 3 percent on savings increases the need for efficient management of the fund to repay its PfP loan. Since demand for loans drops during the wet season when most women abandon their petty commerce activities to cultivate the fields, significant interest income is forgone. PAFF may be forced to lower the interest paid on savings, in order to repay its PfP loan.

Finding individuals who are as dynamic and community oriented as PAFF's leader will not be an easy task. However, PfP wishes to reach a larger numbers of clients requiring small loans, then this group mechanism may prove to be indispensable.

Kikidoni Farm

About 10 miles west of Fada N'Gourma lies an 18-acre testament to the perils of rice agriculture in Upper Volta: a nine-family farm that has had two successful harvests in the past eight years.

As recounted by Kikidoni Chief Thiombiano Kuonja, the rice farm was established in 1975 as part of the Eastern ORD's initiation of collectivized agriculture throughout the region. The farmers, all millet cultivators, organized themselves around a then 13-acre section of a bas-fond on the outskirts of Kikidoni village, and then hired ORD to prepare the land for planting. ORD plowed the land and built a dike as planned, the farmers successfully raised and harvested the rice, and 1975 was a very good year.

In 1976, however, there was insufficient water in the bas-fond for rice cultivation. In 1977, ORD came later than scheduled, and the farmers thus had no time to divert their labor to rice cultivation -- labor demands were such that at least a month's lead time in rice paddy cultivation was needed if the farmers were to raise both rice, and millet, their traditional staple. In 1978 ORD refused to come at all, saying it was not worth the time or effort.

Thus, in 1979, the Kikidoni farmers turned to PfP for assistance. They took out a 150,000 FCFA loan to rent PfP's self-help tractor, and plowed the fields for another attempt at rice cultivation. The harvest was good: 58 sacks of rice, of which 29 were sold to repay the loan and 29 distributed among the participating farm families.

But Kikidoni farm's luck did not last. In 1980 there was a terrible flood, and the farm's dikes burst. In 1981, there was not enough rain. And in 1982, the rains came too early. To salvage this growing season, the farmers will have replow the field at considerable additional expense.

In short, the Kikidoni farm vividly illustrates the devastating impact of bad weather, poor engineering, and irresponsible technical assistance. It could well serve as primer for the PfP agricultural activities planned for the project's second phase.

Thiambiano Madia

Thiambiano thought he had a money-making idea that could not fail. Demand for rabbit meat was high, so he reasoned that with some careful planning he might make a lot of money by meeting that demand. The first step was to obtain a 314,000 FCFA loan.

As with most PfP clients, before receiving his loan Thiambiano had to perform a task to determine whether he was sincere about his project and had carefully thought it through. Thiambiano's task was to take a training course on how to raise rabbits. He read many books and even ordered from France three "starter rabbits" and medicines. He used his loan to construct four large cages that could hold about 110 rabbits. Today, his cages are empty, a reminder of an idea that Thiambiano now says could never have worked. Rabbit breeding is an unprofitable business.

Rabbits, Thiambiano says, are very delicate. They require grain, hay, and legumes each day. In France, special cheap food is available for rabbits. But in Upper Volta, they compete for food used for human consumption. When legumes were not available on the local market, his rabbits would quickly die. When it would grow too hot, they would die. If their young were not separated from their mothers at birth, then they were eaten. Although the 30 female rabbits and three males that Thiambiano started with quickly multiplied to his maximum of 110, 50 died within a matter of days.

But even if his mortality rate were reduced, Thiambiano says that the business could not be profitable. He can sell each rabbit for only 1,000 FCFA; he says it costs more than that to feed them. According to Thiambiano, he has learned that to succeed at livestock raising he would have to grow the animals' food as well. But when Thiambiano proposed to grow a garden to supply food to rabbits, he regarded this food as free food. If he placed a value on the legumes, then given high mortality rate of rabbits, raising them probably still would not have been profitable.

Thus, in 1981 Thiambiano decided to sell his few remaining rabbits and get out of the business. "A white man living in the Fada area proposed that I start a pig marketing business and gave me a loan of 20,000 FCFA to buy some pigs," he says. He sold six pigs for 60,000 FCFA, repaid the 20,000 FCFA loan, and bought cement for a well with the remaining funds. With the help of his parents, he began a garden. He grew all types of vegetables, including cabbage, tomatoes, carrots, and eggplant. He has never had any problem selling vegetables in the Fada area. But last year it rained very hard for two days, and all the vegetables were destroyed. This year Thiambiano plans to plant his vegetables in small hillocks that he has constructed to protect the plants from possible flooding.

He still owes PfP 295,000 FCFA; he plans to reimburse the organization because he says he wants another loan to buy a pump for his well. And, PfP would be his only source of funds. PfP has suspended his loan, so he is currently not responsible for making loan repayments. If this year's harvest is good, he will resume loan payments. If not, his well-digging plans will again have to be postponed.

Zoanga Yacouba

Zoanga Yacouba is one of the most successful merchants in the Diapaga area. His store sits in a prime location -- facing the large Namounou market, which draws traders from as far away as Ouagadougou each Sunday morning. He is one of PfP's success stories and one of the few who, according to PfP, has mastered the concept of cutting prices to increase sales volume and thereby increase total net profits. Most merchants prefer to see their inventory sit on the shelves for months rather than reduce prices; most PfP staff members say that few merchants believe that their prices inhibit increased sales.

Yacouba is one of two wholesalers in Namounou; he sells to many boutique owners in the area who otherwise would have to travel to the government store in Diapaga for their supplies. He also sells the same goods on a retail basis.

He has all the characteristics of a natural entrepreneur. Any item that does not sell is not reordered. He stopped keeping records after his second loan from PfP was repaid, but recently began to keep track of his sales as a precondition for receiving his third loan to introduce a new product line -- aluminum pots, plates, and kettles. When asked why he kept records before, he responded initially: "Because it's a good thing." When pressed further, he finally admitted that one reason why he kept records was so that "when white people come by, I can show them the books."

He says that it is necessary for PfP to provide technical assistance to some of their clients. "Otherwise they would not make good use of their loans, but rather waste the money. But, as for me," he says, "I don't need to be followed by PfP. I know how to use their money."

Yacouba's store is still small enough for him to keep track of his inventory and know when to reorder; one day his store may become so large that some kind of inventory records would help improve the management of the business. But it seems that that time has not yet arrived.

He says he began his business with nothing. His skillful use of family connections, however, has helped his commercial successes. After returning from 15 years in the French army, his father worked for the government customs office. His father's friends have been helpful in Yacouba's various trading operations.

Yacouba's father had four wives, a reflection of his wealth, and 20 children. Yacouba's brothers have also been relatively successful. One brother has been studying in the Soviet Union for the past seven years. He has married a Russian woman so Yacouba does not know when, or if, his brother will return to Upper Volta. Another brother received some construction training in Italy and now works in Fada. Two younger brothers are posted in Bobo Dialassa with the army; another works for the post office.

Yacouba says that times have changed and, unlike his father, he wants only one wife. "You must have fewer children today if you want to feed and clothe them properly." He currently has two girls and would like three more children. He hopes that his girls will finish school and become secretaries in a large town. "If I had a son," he said, "I would want him to work with me only if he didn't succeed at school. If he's good in school, I'd like him to work for the government."

Yacouba can buy a Yamaha 100 for 167,375 FCFA in Nigeria. He sells this motorcycle for 250,000 FCFA, thereby earning approximately a 40 percent return on his initial investment when custom duties are not included. He says that he has sold five motorcycles during the past year, but there is no way to verify whether this is an underestimate.

He has invested some of his earnings from this activity into his wholesale/retail trade business. He sells canned food products, snacks, condiments, cigarettes, and plastic shoes; his fastest selling item is soap. He has an average mark-up of 5-10 percent on wholesale goods and 25 percent on items sold on a retail basis. His prices are about the same as the other wholesale/retail merchant in Namounou who has not received a PfP loan; however, Yacouba's competitor may have lowered his prices in response to Yacouba's pricing policies. Both shops are busy each Sunday, when Yacouba has about 200 customers.

His net worth has increased tenfold from 223,000 FCFA in 1979 to 2,669,980 FCFA in April 1982. His monthly net profits have increased five times from about 90,000 FCFA to 433,000 FCFA. Despite these dramatic increases in volume Yacouba has not felt the necessity of hiring additional labor. His younger brother dropped out of school and, as is the custom, went to help out the enterprise. The enterprise's increased sales, however, indicate the Yacouba's level of underemployment has decreased as his productivity increased.

He has invested some of his profits in the enterprise and used another portion to add another room to his house. He plans to build a small house in Fada for 5,000,000 FCFA and will be able to receive 10,000-15,000 FCFA each month in rent. Since his construction costs can be recovered in less than one and a half years, Yacouba, like many entrepreneurs, see this as the best investment he can make with his profits.

Table VIII-4. Zonga Yacouba Profit and Loss Statement

		4/79	3/5-3/31/79	4/1-5/1/79	5/1-6/1/79	6/1-7/1/79	3/29-4/5/81	5/5-5/30/81	6/81	7/81
Sales	620,155	--	429,880	638,240	702,570	680,285	--	2,159,880	1,885,750	1,758,125
On Credit	7,020	--	8,235	12,430	14,500	66,850	--	--	47,225	--
Total Sales Revenue	627,175	783,855	438,115	650,670	717,070	747,135	1,437,030	2,159,880	1,932,975	1,758,125
Cost of Goods Sold	514,866	653,215	320,097	517,510	635,420	581,305	1,479,470	1,871,300	1,403,068	2,213,890
Salary to Owner										
Wages										
Rent										
Transport	13,100	13,700	6,200	13,220	6,400	14,200	41,550	23,450	24,750	35,200
Loan Reimbursement	10,000	10,000	10,000	10,000	10,000	10,000	49,700	49,700	49,700	49,700
Taxes		7,000								40,200
Other									22,500	
Total Costs	537,966	683,915	336,297	540,730	651,820	605,505	1,570,720	1,944,450	1,500,018	2,338,990
Net Profits	89,189	109,940	101,818	101,662	65,250	85,750	(133,690)	15,430	432,957	(580,865)

Source: PfP/UV files

TABLE VIII-5

Zoanga Yacouba

BALANCE SHEETS
(FCFA)

LINE ITEM	DATE 1/4/79	2/26/81	1/17/80	4/24/82
Assets				
Building				106,000
Equipment	23,000	23,000	23,000	63,500
Merchandise		452,925	131,955	1,497,315
Accounts Receivable		102,650	86,000	159,055
Bank Account				50,000
Cash	200,000	225,000	165,350	244,110
Owner's Funds		48,000	64,000	550,000
TOTAL	223,000	851,575	470,325	2,669,980
Liabilities				
Long term Liabilities				
Current Liabilities				
Loans			104,414	144,359
Original Investment	123,000	123,000	123,000	851,575
Reinvested Profits	100,000	728,575	242,911	1,674,046
TOTAL	223,000	851,575	470,325	2,669,980

Table VIII-6
Prices Charged at Zoanga Yacouba's Store
(as of March 30, 1981)

Article	Purchase Price	Sale Price	Gross Profit
Soap No. 3			
carton	4,350	4,600	250
unit	181	225	
Soap No. 2			
carton	4,700	5,000	300
unit	98	125	
Soap No. 1			
carton	4,850	5,200	350
unit	61	75	
Biscuits			
carton	4,250	4,680	430
package	236	260	
Tomato Paste			
carton	11,500	12,480	980
can	240	300	
Maggi Cube			
carton	15,500	18,000	2,500
box	1,282	1,500	
Macaroni			
carton	5,400	6,120	720
sachet	75	85	10
Thongs			
	85,000	9,000	
	566	600	
Salt			
ton	61,500	70,000	8,500
sack	6,150	7,000	850
Sugar			
carton	6,500	6,875	375
box	260	300	40
Menthalatum			
dozen	4,250	6,000	1,750
sack	425	600	175
one	36	75	
Matches			
large carton	17,250	18,750	1,470
small carton	1,438	1,560	
package	120	130	
box	12	15	
Chewing Gum			
carton	9,500	10,500	1,000
sack	317	350	

Table VIII-6 (Continued)

Article	Purchase Price	Sale Price	Gross Profit
Nescafe			
carton	9,400	10,800	1,400
box	196	225 (gros)	
		230	
Bonbons			
carton	6,000	6,500	500
bag	300	325	25
Tea			
1/2 carton	30,000	33,000	5,000
package	300	350	50
Condensed Milk			
carton	6,750	7,440	690
tin	140	155	15
Bonbons			
box	5,400	5,600	200
packet	270	280	10
box	5,500	2,700	200
packet	275	285	10
Sponges			
package	750	875	125
one	30	35	
Batteries			
carton	16,250	17,280	1,030
package	1,355	1,400	
one	56	60-75	
Cigarettes			
large carton	.29,500	37,500	8,000
small carton	1,180	1,500	
package	47	60-75	
Acid Drop Bonbons			
carton	5,300	5,600	300
package	265	280-325	
Vinegar			
carton	3,500	4,500	1,000
bottle	194	250	

<u>Couldiati Tianagou</u>

Couldiati Tiagagou is one of about 120 donkey cart owners in the Diapaga area. He earns his living by cutting wood from a nearby reserve, transporting the wood, and then selling it to urban residents. He has finally raised enough money to get married.

Several years ago, he went to Ivory Coast to work with his cousin. This cousin gave him a four-month 75,000 FCFA loan to return to Diapaga, purchase a cart and doneky, and begin a wood and water transport business. Tiagagou promised, in turn to help support his cousin's wife and seven children.

Unlike some of the larger entrepreneurs, Couldiati has a clear idea of his sales and costs. When he began this activity in 1979, he could earn 31,600 FCFA per month during the eight months of the year when he does not work in his fields. During the rainy season he earns about 17,600 FCFA per month. After subtracting the costs of feeding his donkey and paying for a permit to collect wood, his annual net income was about 278,200 FCFA.

Then his donkey died. PfP advisers say most donkey cart owners overlook their animals until they die. Toanagou says his only option was to request a loan from PfP to purchase another donkey. He now has the distinction of receiving the smallest loan ever disbursed by PfP: 7,500 FCFA.

The price of wood and water have risen during the past three years, and Tianagou now concentrates his activities on wood rather than water. His monthly sales have climbed to 33,600 FCFA. His sales revenues and net profits, however, have not kept pace with inflation so he is actually making less from this activity than in 1979.

But Tianagou is somewhat buffered from the vagaries of his market. He also cultivates peanuts, millet, and rice on his two fields. Last year his yield was four sacks of peanuts, seven sacks of millet, and three sacks of rice. He says that he would need 10 sacks of peanuts, 15 sacks of millet, and 6 sacks of rice to satisfy his extended family's needs.

If market value of his harvest is added to the annual net profits of his enterprise, as well as the 15,000 FCFA sent by his cousin each year, then his annual family income is 67,000 FCFA. He says this must support eight family members, translating into a per capita income of 30,000 FCFA ($99). But even this paltry sum is greater than most farmers practicing traditional agriculture in Fada: average per capita income for farmers living in drought areas is about $36; those in areas with average rainfall have per capita income $65.[1] Nevertheless, Tianagou is surely one of the poor majority in Upper Volta.

He says he is pleased with his economic activities. "I have enough to eat and have managed to send my cousin's four children through school," he remarked. His next plan is to buy another donkey to increase his level of activity to provide for his new wife and the children that will follow.

FOOTNOTES

1 PfP listing of experimental fund expenditures and receipts for Fada N'Gourma.

2 Excluding vegetables, whose volume and value farmers could not recall, but said was marginal.

3 These figures cannot be converted into present value, although the results would not change dramatically, because PfP documents do not specify the year(s) in which PfP received farmer payments.

4 PfP listing of experimental fund expenditures and receipts for Fada N'Gourma.

5 Reconstructed from interviews with PfP's general manager and Tiparga Farm manager, as well as with Tiparga farmers -- the evaluation team was unable to locate written documentation of these expenditures.

6 The residual of PfP's listing described in Footnote One above -- the evaluation team was unable to identify the use(s) for which these funds were applied. It should be noted that PfP also purchased a self-help tractor for 383,932 FCFA, but this item has been excluded from Tiparga expenditures because it is listed as a separate experimental project by PfP, and was used on several different farms.

7 Like other Tiparga costs, these figures cannot be converted into present value, because PfP records are not broken down by year.

8 Bengt Thoren, "Upper Volta Tiparga Demonstration Farm," no date, p. 2.

9 Barbara Wyckoff's "Credit for Women in Upper Volta," Fada N'Gourma, April 1982, provided the financial data for this profile.

10 See Vincent Barret et al., "Animal Traction in Eastern Upper Volta: A Technical, Economic and Institutional Analysis," Michigan State University, draft, p. 117. Data gathered in 1978-79 from a sample of Fada farmers revealed that net per capita income was 17,049 FCFA for those in areas with average rainfall; it was only 9,460 FCFA for drought areas. These figures have been converted into present value.

CHAPTER NINE

PHASE II AND POLICY IMPLICATIONS

Project Highlights

The emphasis of PfP'S activities has shifted in the project's second phase. As noted in the second OPG proposal, besides increasing the scope of lending operations and the impact of agricultural loans and improving field methods, much attention will be paid to developing income-earning activities and creating a Voltaic institution to carry on program activities. This second phase is a five-year, $3.3 million operation. The OPG accounts for $2.3 million (70 percent) of this total cost. Other sources of funds include: credit fund, $203,000 (6.8 percent); equipment rental, $353,000 (4.1 percent); and local equity, $344,000 (10.3 percent). (Local equity is defined as capital, equipment, machinery, office space, and labor contributed by entrepreneurs to those projects PfP/Upper Volta assists through loans from its credit fund.)

The OPG proposal and Grant Agreement state the specific objectives of Phase II as follows:

- To expand the provision of appropriate management, technical assistance, and business loans throughout the Eastern Department by approximately six times the current level of PfP activities;
- To improve PfP program design and strengthen area impact by expanding the production of and linkages among small farmers, rural processors, and consumers;
- To expand the PfP offices and staff to cover all the major population settlements of the Eastern Department;
- To create a nonprofit private development organization in the Eastern Department which is indigenously owned and managed and has legal status in Upper Volta;

- To design and implement effective systems for training, evaluation, administrative, and financial management appropriate for the expanded program; and
- To increase cooperation with the Eastern ORD PVOs [Private Voluntary Organizations] working in Upper Volta, and other public institutions such as OPEV, BND, CNPAR, and AVV.

To meet these objectives, the AID grant provides for an increase of $350,000 in the credit fund and $344,000 for the purchase of machinery and equipment to develop a farming and agricultural processing activities. The project also contains a health education component "to teach rural producer-families about water-related diseases and natural means of controlling them; and to monitor the effects of PfP/Upper Volta activities on the environment." In many aspects, the OPG proposal for the project's second phase describes the evolution of a rural credit project into a small-scale integrated rural development project.

In Phase II, the credit fund is to increase by $350,000. PfP has recently begun operations in Piela and opened a subregional office in Kantchari. Additional subregional offices are planned for Matiacoali and Diabo. The number of Voltaic field staff trained to run the credit operation will increase from the current seven to 12 people by the third year of the OPG. The Diapaga region already is fully staffed. Currently, loans bear an interest rate of 13.5 percent, but with the addition of service charges (5 percent of the first 100,000 FCFA and 2 percent of any amount over 100,000 FCFA of loans) the effective interest rate is higher. As happened during Phase I, the emphasis of the credit operations will be to provide funds to local borrowers. The delivery of managerial and technical assistance will be a secondary aspect of credit operations.

The agricultural development/equipment component of Phase II represents the introduction of a significant new area of project activity. During Phase II, PfP/Upper Volta staff will acquire and operate a D-4 Caterpillar bulldozer, a 10-ton dump truck, and two

80-horsepower tractors. The bulldozer will "be used to scrape out reservoirs; to build up embankments; to pack down earth over small dams; and to level/clear lands of tree stumps, and deep-rooted vegetation tufts." Thus, cleared land will then be plowed first by tractor and then by animal traction. The dump truck will "be used for a variety of purposes such as hauling rock, topsoil, grains, or other heavy cargo."[1]

This agricultural component is based on PfP activities undertaken during Phase I at the experimental farm at Tiparga, outside Fada. It is apparently assumed that the machinery will improve the land to increase the production of rice, sugar cane, commercial orchards, intensive vegetable gardening, and other cash crops. Improved access to water resources is also to provide "income opportunities in terms of water for larger livestock, raising small animals or fowl, bee-keeping, etc." Unfortunately, the OPG proposal does not present any financial analysis of the Tiparga operations to substantiate the revenue-producing potential of land improvements.

As currently planned, the agricultural component of the project is to dovetail with the credit operation. According to the second OPG proposal, PfP plans to make loans to individual farmers and village groups so they can rent the heavy equipment to clear land in the bas-fonds to construct rice paddies and reservoirs.

As currently envisioned, the equipment will operate "on the basis of a yearly plan for the particular geographic sector" in which it is located. Operations are to follow a master plan developed in advance by the general manager, the chief mechanic, and the respective operations manager. The OPG proposal calls for hiring a "full-time expatriate professional mechanic who has experience in heavy construction equipment." One of the mechanic's major responsibilities is to train a Voltaic counterpart. In addition, PfP will have to hire drivers for all the equipment.

The OPG describes the equipment's usage to highlight the growing integrated rural development nature of the project. It is expected, for example, that the bulldozer will operate 180 days per year. "Fifty-four percent of the usage would be for agricultural work....Thirty-five percent of the usage would be for community self-help projects....Eleven percent...for the bulldozer to walk [sic] to its various jobs." For agricultural tasks PfP expects to charge 56,000 FCFA a day, and for community self-help work 21,000 FCFA a day. PfP did not include depreciation of the bulldozer in its cost calculations, having assumed that it will be not need to be replaced at the end of its useful life.

Plans call for the dump truck to be rented out to paying customers four days a week (132 days per year). One-third of the time the truck would be employed "to haul earth and construction materials in relation to PfP agricultural development and community self-help activities. Depreciation will be charged on the dump trucks" so that at the end of its lifespan, the project will have accumulated the capital to replace it

The two tractors are expected to have a useful life of six years and to operate 1,250 hours per year. Seven hundred and fifty hours per year of tractor time "will be contracted to customers at a rate of 5,000 FCFA per hour, twice expected operating costs. (For some reason PfP did not include operator costs in its calculation of tractor operation cost.) "The other 500 hours will be sold at cost either to self-help projects or to defray the tractor's travelling expenses for those who cannot afford it."

The final element of the agricultural component is $60,000 worth of cement and steel reinforcement rods to be used in the construction of small dams and irrigation channels for agricultural and water development.

Besides the credit operation and the agricultural component, the third major thrust of the second phase will be to create "a Voltaic PVO to institutionalize PfP." It is anticipated that by the end of the grant, operations will continue under the direction of a Voltaic staff of 12, including "a general manager, three field supervisors in Fada N'Gourma, Diapaga, and Piela; one accountant; one technical adviser; and six extension agents. Currently, there is a Voltaic assistant to each of the expatriate project supervisors in Fada and Diapaga. These assistants are being trained to take over the responsibilities of the expatriate project supervisors. A Voltaic is now managing the Piela operations. In addition, there are three extension agents in Diapaga and one in Fada. Where two additional agents will be assigned is unclear but presumably one each in Fada and Piela. The technical adviser works out of the general manager's residence.

When the general manager returns from his sabbatical and hires a mechanic, the project will have its full component of four expatriates. All but the general manager were originally scheduled to depart during the third year of the project. Since the mechanic is not yet in the field, however, his departure is likely to be delayed.

Policy Implications

The objective of Phase II raises a number of policy issues that PfP/Upper Volta and PfP/Washington staff need address in the near future. Among the more pressing issues are project priorities and focuses, field administrative and financial management structure, sustainability, indigenization, and institutionalization.

Project Priorities and Focuses

PfP/Washington has claimed repeatedly, both in its literature[2] and during conversations with the evaluation team,[3] that "its mission is to help increase productivity; to create economic value in goods and services through the promotion of income-generating enterprises."[4] Furthermore, it had claimed that its project in Upper Volta now serves as its model for promoting rural enterprises, and thus achieving these objectives. In Upper Volta, according to PfP's president, "PfP strives to offer an integrated package of financial, managerial, and technical assistance to local villagers which encourages and enables them to actively participate in the growth and development of the local economy."[5]

PfP/Upper Volta, however, now sees the project differently. Both John Schiller and Alex Brown, the new Diapaga manager, describe the project as primarily a rural credit fund for income-producing activities. They believe that not only is credit the most critical constraint to enterprise development in Upper Volta, but that the small and unsophisticated nature of the local economy, coupled with cultural values that discourage business growth as a primary vehicle for increasing wealth, also makes standard Western perceptions of enterprise development inappropriate. Their principal criterion for granting a loan is the client's ability to repay it, and not whether it will be used to promote a self-sustaining enterprise that will add to the local economy's production of goods and services. In fact, they claim that the latter criterion would eliminate most of PfP's clients, while failing to meet the credit needs of local entrepreneurs. This change in perception is noted in the title Of Phase II, "Small Economic Activity Development Project."

PfP/Upper Volta describes most forms of traditional management assistance as unnecessary and inappropriate, given the context in which they are working. Consequently, management assistance, once viewed as the most important vehicle for achieving enterprise development in Upper Volta's Eastern ORD, has now been reduced to the introduction of general planning skills, and occasionally rudimentary record keeping.[6]

A third perspective is offered by Phase I's General Manager Bengt Thoren. Although Thoren has been away from Upper Volta for almost a year, he still views the project as an effort to promote enterprise development. Thoren, however, believes the key is locating "born" entrepreneurs, who, with some financial assistance, will be successful without any further help from PfP. He claims that as the national banking system in Upper Volta expands, there will be less of a need for a rural credit fund, and that this type of enterprise promotion agency's only staff demand is project identification. Thus, Thoren thinks that PfP extension agents should neither provide technical assistance, nor act as credit fund "bookkeepers"; rather, they should serve as community "change catalysts." PfP extension agents should devote most of their time to running PfP-owned profit-making enterprises so that the agency is financially self-sufficient. For example, he proposes a cinema in Fada, ice making plant in Diapaga, cold storage facility in Kantchari, and gas station in Piela.

Moreover, Thoren believes that the project will be much more successful if the area's productive base, agriculture, is expanded. He sees bas-fond development as the principal mechanism for achieving this objective. Thus, Thoren plans to devote most of his time to managing a very ambitious bas-fond development program upon his return to Upper Volta in September.[7]

Although evaluation team members would be the last to endorse the "blueprint" approach to development, they nevertheless maintain that process follows substance, and project implementation should therefore follow rather than precede the clear articulation of project objectives and priorities. Each of the above three options has very different staffing needs and cost implications; given the project's budget and time frame, all three cannot run simultaneously.

PfP/Washington still envisions the project as it was described in the first OPG proposal; PfP/Upper Volta notes an evolution of perspective during Phase I, and now sees the project very differently; and the general manager, absent from the project site for the past year, perceives the project as it is described in the Phase II Project Paper.

A joint assessment of the project's current status and evaluation of the relative feasibility of and practical trade-offs implicit in each of the three options outlined above seems warrented. Figure XI-1 might serve as a point of departure for these discussions. It summarizes what the evaluation team thinks are the main issues to determine which option, or combination of options, should be pursued for the remainder of Phase II; conversely, absence of a conscious policy decision is an invitation to confusion and misunderstanding in the field and, ultimately, to project failure.

Administrative and Financial Management Structure

A policy decision on project priorities and focuses will determine the administration and financial management structure most appropriate for achieving these objectives. The principal issue is how the project will accommodate the general manager's return in September, as his role in ongoing and future project activities has yet to be clearly defined.

The pilot project was essentially two projects, one each in Fada and Diapaga. With the operations manager's transfer from Diapaga to Fada in June 1981, however, the two projects began to

Figure IX-1

POTENTIAL PHASE II PROJECT PRIORITIES AND FOCUSES

Option / Tradeoffs	Advantages	Disadvantages
Enterprise Development Project, Based on an Integrated Package of Credit and Technical Assistance	-Conceptually, Attractive as a General Model -In Keeping with Intitial Project Design, Thus Easy to Justify -Based on Staff Capabilities	-Practically, Inappropriate in Eastern Upper Volta -Necessitates Development of New, Stricter Loan Criteria -Impedes Disbursement of Credit -Requisite Selectivity Greatly Limits Client Pool, and Might Prove Futile if No Remaining Critical Mass of Fundable Enterprises -Management Intensive -Already Attempted and Rejected by Field Staff
Enterprise Development Project, Based on Combination of Credit, Income-Generating Activities, and Bas-Fond Development	-Conceptually, Innovative -In Keeping with Phase II Project Design -Opportunity to Utilize General Manager's Recent Training -Potential to Generate Income Sufficient to Make Project Financially Self-Sustaining	-Practically, Exceedingly Difficult to Implement -Requires Legal Incorporation of PfP in Upper Volta -Spreads Existing Staff Very Thin -Requires System and Personnel to Manage, Repair, and Bill Equipment -Requires Calculation of Equipment Costs Based on Realistic Assumptions -Essentially Experimental -Could Arouse Opposition of Local Power Groups and CRD -Heightens PfP Visibility, Risk -Raises Client Exposure, Risk
Rural Credit Fund	-Feasible and Well-Received in Upper Volta by Current Project Clients -Compatible With Current PfP Staff Capabilities -Facilitates Dispersal of Project Funds -Builds on Pilot Project -Administratively Maintainable by Voltaic Staff	-Not Rural Enterprise Development Model -Not Self-Supporting as Now Designed -Not Politically Feasible to Increase Interest Rate Enough to Cover Costs, Even with Administrative Fees

merge into one unified system of activities, centered around the administration of the credit fund. The experimental fund has been subsumed by the credit fund, bas-fond activities greatly de-emphasized, and a common MIS for monitoring loan activities adopted. The project's loan portfolio has expanded, and additional Voltaic staff hired to effect these changes. Thus, the project has gradually evolved into a relatively smoothly functioning, although heavily subsidized, single rural credit fund.

However, the general manager views these changes as a distortion of the project's primary enterprise promotion and area development objectives. He would therefore like to divert considerable project resources to income-generating and agricultural production projects, while considerably reducing the magnitude of credit fund activities. The general manager envisions a totally integrated, relatively unstructured administrative and financial management structure, very much like the one he oversaw in Fada during Phase I, but greatly expanded. But, if not carefully controlled and managed, these complex activities could spawn operational havoc.

The evaluation team strongly recommends a critical reassessment of the income-generating and agricultural production projects proposed for Phase II implementation, as it believes they are extremely high risk, high exposure projects that have been understaffed, underbudgeted, and insufficiently planned.

Furthermore, if PfP decides to pursue these activities as described in the Project Paper, the evaluation team strongly recommends they be budgeted and managed as discrete projects, with separate systems of fiscal and staff accountability. One such system would be for the general manager, along with the technical specialist, to implement bas-fond development activities; the operation's manager, together with the extension agents, to continue to run the credit fund; and PfP to take an equity position in income-generating activities, but leave the day-to-day management to local entrepreneurs. Verifiable success criteria should be articulated for each project component, along with periodic progress "check points," at which time activities could be terminated if not developing satisfactorily. Such a system would enhance management control through the disaggregation of dissimilar activities, and make each component less dependent on the other two for achieving its objectives.

Sustainability

According to the Grant Agreement, one of the project's major objectives is to:

> define, test, and implement an appropriate strategy to give the Voltaic foundation a self-financing capability. This includes earning income from a variety of program activities including credit fund; equipment rental; share-cropping; training services; demonstration farm; etc.

Because PfP has conducted no feasibility analyses on the expected return from these noncredit activities, the evaluation team was not able to ascertain the potential financial sustainability of the multifaceted project envisioned in the Grant Agreement. The evaluation team, however, was able to project the expenses of a locally managed and controlled credit fund in 1986 and the effective interest rate necessary to sustain a fund if there were no other income sources.

The first step in the analysis was to estimate the size of the credit fund in 1986. Table IX-1 shows these calculations and the assumptions upon which they are based. The credit fund should have a balance of 162,407,000 FCFA (approximately $541,000 at the current exchange rate) at the start of the fifth year of the project (1986).

Table IX-1

Estimated Credit Fund Size-1986
(000FCFA)

	1982	1983	1984	1985	1986
Begin	17,676	60,952	106,984	149,393	162,407
Add	37,500	37,500	30,000	0	0
Interest					
-on Begin	2,386	8,229	14,443	20,168	21,925
-on Add	2,274	2,744	2,195		
Total	5,130	10,973	16,638	20,168	21,925
Administrative fees	1,972	3,030	3,795	4,050	4,312
Total Income	7,102	14,003	20,433	24,218	26,237
Write-Offs	(1,326)	(4,571))	(8,024)	(11,204)	(12,181)
End	60,952	106,984	149,393	162,407	176,463

Notes

1. Beginning loan fund size is calculated by taking value of outstanding loans less ½ delinquent loans for Fada and value of outstanding loans less all delinquent loans for Diapaga as of September 30, 1981.

2. Interest equals 13.5% of Begin loan fund size and assumes Add funds loaned out in twelve (12) equal installments throughout year.

3. Administrative fees are based on assumption that 290 loans will be made in the first year of the project and 354 loans per year thereafter. These figures come from the OPG proposal.

4. Write-offs are calculated at 7.5% of the Begin loan fund size.

Based on the OPG proposal and discussions with the PfP field staff, the analysis projects that a 12-member fully indigenous staff and operating expenses will cost 30,884,000 FCFA. A breakdown of these expenses and notes explaining the assumptions behind these calculations, are presented in Table IX-2.

The analysis projects that in 1986 a credit fund of 167 million FCFA would generate gross income (interest plus administrative fees) of 26.2 million FCFA and net income, after write-offs, of 14 million FCFA. This income would cover 45.5 percent of the estimated expenses under PfP's current interest rate and fee structure. The credit fund would have to charge an effective interest rate of 26.5 percent to break even, that is, to produce enough income to cover operating expenses of 30.9 million FCFA and write-offs of 12.2 million FCFA or total costs of 43 million FCFA. However, in order for the project to be fully self-sustaining, a premium to cover the rate of inflation should be added to this break-even rate, so that the real value of the credit fund would remain constant.

Although a 35-40 percent interest rate would not be considered unreasonable by local entrepreneurs (local money lenders are now charging 15 percent per month), it is probably politically infeasible to charge an interest rate even close to this figure. All interest rates are set by the government and are presently from 13 to 15 percent, excluding fees; it is unlikely that the government would more than double these rates within the next four years. Thus, unless PfP obtains a waiver from the GOUV to charge much higher interest rates than other financial institutions, the credit fund will not be financially self-sustaining in 1986.

TABLE IX-2

Credit Fund Program - Expenses in 1986

Expense		Amount (000FCFA)
Salaries and Benefits [1]		13,476
Transportation [2]		
-Operating and Maintenance	7,128	
-Depreciation	6,966	
		14,094
Office Expenses [3]		
-Materials and Supplies	1,440	
-Telephone	288	
-Travel and Per Diem	1,210	2,938
Housing [4]		675
Total Expenses		30,884

Coverage:		
	Total Income	26,237
	Write-offs	(12,181)
	Net Income	14,056

Projected net income of 14,056,000 FCFA will cover 45.5% of the estimated 1986 expenses.

1 Assumes total of twelve staff, including one general manager @ 210,000 FCFA/month; three field supervisors @ 96,000 FCFA/month; seven extension agents @ 48,000/month; and one technical adviser @ 72,000/month. Salaries are based upon John Schiller's estimates of the costs of filling these positions today plus 20% inflation between now and 1986. Benefits are calculated 24% base salary.

2 Operating and Maintenance expenses are based on Schiller's current estimates of 100,000 FCFA/month for each of three jeeps; 25,000 FCFA/month for each of the three 125cc trailbikes; and 15,000 FCFA/month for each of seven 70cc motorbikes plus 20% inflation. Depreciation expenses are based on expected life of three years for jeeps costing $15,000 each; and expected life of two years for trailbikes (390,000 FCFA) and motorbikes (180,000 FCFA/each).

3 Material and supplies expenses are based on rate at which materials and supplies used in Diapaga office in 1981, i.e. approximately 100,000 FCFA/employee/year plus 20% inflation factor.

- Telephone expense is Schiller's estimate.
- Travel and per diem are based on rate at which these expenses incurred in Diapaga in 1981, i.e. approximately 7,000 FCFA/employee/month plus 20% inflation factor.

4 Housing expenses are based on 20-year straight line depreciation of Fada N'Gourma general managers residence, valued at 10,000,000 FCFA and housing offices in Piela, Diapaga and Kantchari valued 1,500,000, 1,000,000 and 1,000,000 FCFA respectively.

Indigenization

PfP plans for indigenization are described in the OPG proposal as follows:

> To date, PfP has been working under an agreement signed with the GOUV Ministry of Foreign Affairs which permits it to operate in Upper Volta. During the new grant period as PfP's work begins to change to include the institutionalization of its activities, this agreement will be supplemented by the formation of a legally registered non-profit Voltaic foundation to be called "Association Pour la Productivite." The foundation will have a Voltaic board of directors and a Voltaic operations staff will be trained to plan and manage its programming activities. By the end of the grant period PfP intends that the foundation be under full Voltaic control.

Although PfP/Upper Volta is not yet legally incorporated, the project now has eight Voltaic staff members and still plans to hire four more. However, PfP now plans to form an organization, "Gourmantche Association for the Economic and Social Development of the East," which would be operationally semiautonomous, but still tied organizationally to PfP/Washington. This change has occurred because the field staff believes that regardless of the capabilities and integrity of the project's Voltaic staff, the absence of some sort of foreign presence afer 1986 would expose the Voltaic staff to political and social pressures that cultural norms would not allow them to withstand. PfP/Washington, by maintaining the presence of at least one expatriate in Upper Volta, would in effect serve as a political foil for the project's Voltaic staff, who would be responsible for all project operations.

Institutionalization

In both cases described above, PfP does not have an institutional base from which to operate: it is a wholly self-contained, independent project. The short-term advantage of such a strategy has been to allow PfP to operate much more efficiently and effectively than most government bureaucracies. However, the long-term disadvantage of this operational freedom is to make program expansion or replication within Upper Volta exceedingly difficult to achieve.

Figure IX-2 summarizes organizational placement alternatives and tradeoffs. It points out that although an autonomous project management unit offers more project flexibility and control, working through an established national governmental unit, such as the National Development Bank, provides a base in a permanent institution as well as high-level decision involvement. Thus, when PfP leaves Upper Volta, the project will not have an institutional patron, and will therefore be very susceptible to countervailing governmental pressures in a highly politicized environment. The project, being outside the government and with little bureaucratic insight or leverage, will also be extremely vulnerable to complex legal requirements for doing business in Upper Volta. These include mandatory employee salary scales and compensation packages, and commodity import restrictions.

FOOTNOTES

1 Partnership for Productivity/Upper Volta, Small Economic Activity Development Project Paper, Ouagadougou, October 1980, p. 24.

2 For example, see PfP's "The PfP Approach to Small-Scale Enterprise Development in the Third World," pamphlet, no date.

3 For example, meetings between the evaluation team and PfP's senior staff in early April 1982.

4 PfP, "The PfP Approach..., pp. 3-4

5 Meeting with PfP senior staff, April 7, 1982.

6 John Schiller, Final Report, pp. 18-19.

7 This perspective was presented during a 10-hour discussion between evaluators Susan Goldmark and Jay Rosengard, and the general manager, Bengt Thoren, in Paris, on May 17, 1982.

FIGURE IX-2

STRENGTHS AND WEAKNESSES OF CENTRALIZATION AND DECENTRALIZATION

	CENTRALIZATION	DECENTRALIZATION
STRENGTHS	• Increases speed of decision with routine decisions and certain technologies; • Allows appropriate incentive system to affect focal organization and linked organizations; • Raises probability that a controversial policy will be implemented; • If an organization is both autocratic and centralized, change can be readily introduced; • Top-level administrators have longer tenure, and decisions made by them about linkages with other organizations tend to produce more valuable interactions; • Improves high level morale and initiative.	• Increases speed of decision with non-routine decisions and uncertain technologies; • Participative, decentralized and autonomous organizations are more productive, efficient and satisfying; • Decentralized decisionmaking and multiple communication channels facilitate interorganizational cooperation; • Although the direct power in the hands of national leaders is reduced, decentralization increases their ability to guide society by creating more communication links within it; • Improves low-level morale and initiative; • Nourishes new leadership; • Facilitates client participation.
WEAKNESSES	• Overloads communication systems and requires more infrastructure/resources than decentralization to produce decisions in a given time; • Changes cannot be readily introduced into a bureaucratic centralized organization; • Does not nourish new leadership; • Sensitive to situations where national-level elite is not sympathetic to client group.	• Requires highly developed informal communications channels; • Without financial discretion at lower levels decentralized strategies will not work; • A wide range of goals facilitates decentralization; • Very difficult when inefficient disbursement systems exist; • Often requires a program element designed specifically to improve lower-level planning capability among those charged with implementation; • Sensitive to situations where local-level elite is not sympathetic to client group.

Source: Honadle, et al., Integrated Rural Development: Making It Work? Washington, D.C.: Development Alternatives, Inc., 1980.

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ANNEX A

METHODOLOGY

ANNEX A

METHODOLOGY

An underlying objective of this study was to test methodologies to evaluate the impact of small enterprise development projects. Various data collection techniques, indicators, and data analysis methods were used and examined for their cost effectiveness. Although quantitative measurements of project viability and impact were included, a great deal of effort and care was taken to try to determine the qualitative benefits of the PfP project.

A governing principle was that PfP staff be heavily involved in the evaluation's design and execution. The evaluation team spent several days discussing the study's objectives and methodology with PfP Washington and Upper Volta staff. The study was designed to provide useful information for home office and field staff as well as for AID. Thus, PfP field staff members helped write the questionnaire, served as translators, and verified the accuracy of any disclosed financial information. This study could not have been done without PfP's generous support.

AID's Office of Private and Voluntary Cooperation indicated that the evaluation team should address issues that conformed to those being investigated in simultaneously conducted evaluations of other AID-funded small enterprise projects. The aim was to isolate some lessons learned that might be incorporated into future project designs. The general topics suggested in the scope of work include analysis of the project's participants, credit and technical assistance components, impact, costs, sustainability, design, and PfP's implementation capability.

USAID/Ouagadougou specifically asked the evaluation team to examine loan repayment rates of the Fada and Diapaga activities and to analyze PfP's plans for Phase II and the probability that the program would be indigenized, institutionalized, and self-sustaining in 1986.

The study focused on three interrelated project effects; the capability and efficiency of the PfP project to deliver services to rural enterprises, the impact of that assistance on clients, and, in turn, these enterprises' effect upon their communities. Since Phase I was a pilot project, the evaluation team was curious to learn the reasons behind any changes in project design and whether these lessons might have broader applicability.

Data Collection

To address these concerns, the team concentrated upon three different ways of collecting data: an examination of PfP records and discussions with staff; questionnaires administered to a sample of clients; and in-depth, less structured interviews with about 20 additional clients.

Information on PfP operating efficiency, the internal monitoring and evaluation system, and the viability of the loan fund was determined through discussions with PfP staff as well as examination of existing documents and reconstruction of financial records. Although the evaluation team spent many hours trying to reconstruct a statement of sources and applications of loan funds, the project's expenses, and the experimental fund expenditures and receipts, some discrepancies still remain. And the lack of an accounting system that assigns project costs to particular tasks (for example, loan fund administration) made it difficult to calculate standard indicators used to assess project efficiency.

To gather quantitative and qualitative information on the impact of the project on clients, the team administered a comprehensive questionnaire (see Annex B) to 74 clients in Fada and Diapaga. The sample is representative of the urban/rural dispersion of Phase I clients and the five economic sectors assisted by PfP (agriculture/livestock, agricultural processing, artisan, commerce, and transport).

In Fada, about 100 clients were randomly chosen from a list of Phase I loan clients, and 37 were interviewed. In Diapaga, however, clients were more widely dispersed; time, budget, and personnel constraints dictated a different approach. About 150 clients were first randomly selected from PfP/Diapaga's list of Phase I clients. Six additional towns, about 30 minutes to two hours away from Diapaga, that had about a dozen clients in each were then selected. Team members first interviewed clients on the original list and then interviewed any other clients who could be found. Although this methodology prevents the results from being extrapolated to the general population of PfP clients, existing constraints dictated this more practical approach to achieve more limited objectives.

At first, the team had considered matching the 74 interviewed clients to a similar group of entrepreneurs who had not received PfP assistance. Data derived from this control group could then be used to help ensure that any changes in the assisted enterprises' financial status had been due to the PfP intervention and not a variety of environmental factors. This idea, too, was found to be impractical, primarily because of time and budget constraints. Also, PfP/Upper Volta staff members did not wish the team to interview nonclients, believing that the entrepreneurs would resent this action and that the team would not obtain accurate information. In addition, the evaluation team interviewed many clients who did not have similar counterparts who had not received loans. It would have been almost impossible, given the diversity in scales and types of enterprises studied in this relatively primitive economy, to find a group of entrepreneurs whose main difference was that they had not received PfP loans.

All participants were asked to recall financial information about their businesses before receiving the PfP loan and at present. Entrepreneurs who remembered financial information on a daily basis were asked about daily sales during the "best" days of the year (usually the dry season) and then how many days could be considered "good" business days. The same questions were repeated for the slower business days, and the results were calculated to derive an estimate of annual sales, gross profits, and disposable income. The salary to owner was not subtracted as a business cost, since most clients did not separate personal income from enterprise income. The team examined any sales expense and inventory records the few times they existed. Also, any information on the financial status of the business before loan disbursement and the amount the entrepreneurs invested was included when it could be found in PfP files. (Occasionally such information was found in Diapaga client files.)

Only reasonably reliable financial information, as determined by the evaluation team and PfP, was included in the analysis. The main objective was to use financial data to compare the status of enterprises before and after their loans; if the level of distortion in the financial information remained the same, then this comparison would be valid. For example, if an entrepreneur understated his current profits, but also understated his profits before the loan, the ratio between the two figures approximates the real situation. However, if the entrepreneur underestimated past profits and exaggerated current profits, then the net change will be an overestimate.

The team also used the questionnaire to collect information on changes in employment as a result of the loan. Entrepreneurs were asked how many full-time employees they had this year (categorized by sex and type of job), had before the loan, and planned to have in one year. The evaluation team thinks that these statistics accurately reflect the true number of employees in the firms interviewed. However, a more appropriate indicator for Upper Volta might be one that measures changes in labor productivity since loan receipt. This, of course, implies that accurate financial data on firm output or sales before and after the loan is available.

Information on each enterprise's backward and forward linkages was gathered as well as entrepreneur's assessments of how the price of their raw materials, sales volume, sales prices, number of buyers, profits, and competition in their line of business had changed since the loan. Their estimation on whether the market was saturated in their fields was one of the most useful indicators and should aid loan administrators. Proxies, such as the change in the number of wives of male clients, client well-being, investments in cattle, housing, other enterprises, family food consumption, and health care, were also asked. Finally, all entrepreneurs were asked open-ended questions on their expectations at the time of loan receipt and how they had been realized.

The third method of data collection involved in-depth interviews that averaged about four hours each with about 20 clients. The team chose most clients from a list provided by PfP, but selected some because they seemed particularly interesting. These interviews focused on collecting qualitative information, although financial data were not ignored. Team members tried to learn more about backgrounds of the entrepreneurs, how their business fit into their larger economic and social lives, and how PfP had changed their perceptions and expectations for the future. This information, plus that derived from informal discussions that invariably followed the completion of the formal questionnaire, helped provide a good indication on the nonquantifiable effects of the project.

Data Analysis

Data were analyzed during the last week of the evaluation team's four-week field assignment. All questionnaires were rated for their reliability; unreliable data were excluded from any further analysis. However, the number of remaining enterprises in each of the economic sectors interviewed by the team was not large enough to allow any inferences to be drawn. Each firm must have base-line information and all clients should be interviewed, to obtain reliable quantitative data on financial changes within assisted enterprises.

The evaluation team concluded that, given the small scale of clients' enterprises and the lack of base-line data, the most meaningful analysis of loan impact would divide enterprises into:

- Diversified and better off;
- Better off;
- Same;
- Worse; or
- Abandoned or bankrupt.

Changes in the enterprises' net worth was the indicator upon which enterprises were judged to be better off. However, proxies used by clients reflect the status of the businesses' profitability rather than their net worth. Thus, the number of better off enterprises is lower using this more present-oriented indicator.

The PfP/Upper Volta staff's classification of all clients into one of these categories provides a fairly realistic assessment of entrepreneur status. Comparing their responses to evaluation team assessments of surveyed clients as well as using proxy indicators offers a useful check on this information. Attempting anything more sophisticated, given the constraints discussed earlier, may be a waste of resources.

All financial data were converted into present value before any calculations were made. Most standard financial ratios were calculated, although many were found to be irrelevant for the majority of enterprises. Changes in sales, gross profits, net profits, and net worth were the most useful financial indicators. Because the number of enterprises for which accurate net worth information obtained was fairly large, the annual compounded change in net worth was computed. Ideally, changes in all financial indicators should be calculated on annual compounded basis to allow meaningful cross-sectoral economic comparisons with other clients. This method helps control for the maturation effect of loans, since otherwise the two-year change in gross profits of one enterprise is compared with the four-year change in another.

The team made its final data analysis and wrote its report in Washington. It incorporated in the final report many useful suggestions from PfP/Washington, PfP/Upper Volta, and the Office of Private and Voluntary Cooperation.

ANNEX B

EVALUATION QUESTIONNAIRE

B-3

Financial Data: (0) (1) (2) (3) (4) (5)

Other Information: (0) (1) (2) (3) (4) (5)

No du St.:
Pret(s):
Nom du Client:
Enqueteur:

Information sur l'entreprise

1. Activite economique — 001
   1. Production agricole
   2. Transformation de produit agricole
   3. Artisanat
   4. Commerce
   5. Transport

2. Type de projet — 002
   1. Boutique
   2. Boucherie
   3. Atelier mecanique
   4. Riziculture
   5. Tissage
   6. Teinturier
   7. Garage
   8. Menuiserie
   9. Camion
   10. Jardinage
   11. Elevage lapins
   12. Commerce
   13. Moulin
   14. Charette
   15. Pharmacie
   16. Forge
   17. Tailleur
   18. Poste a souder
   19. Boulangerie
   20. Porcherie
   21. Bar
   22. Restaurant
   23. Autre

3. Ethnie de l'entrepreneur — 003
   1. Gourmantche
   2. Mossi
   3. Autre

4. Information sur le pret

	Date d'octroi	Montant de pret	Taux d'interet	Periode d'amortissement	[illegible]
Premier		004			005
Deuxieme		010			011
Troisieme		016			017
Quatrieme		022			023
Total		028			029

	Valeur de contr. de l'entrepreneur	Periode de [illegible]	Historique [illegible]	[illegible]
Premier	006	007	008	009
Deuxieme	012	013	014	015
Troisieme	018	017	020	021
Quatrieme	024	025	026	032
Total	030	031		

Historique de remb.
1. a temps
2. 1-30 jours
3. 30-60 jours
4. 61-90 jours
5. 91-120 jours
6. plus
7. en faillite

[illegible] du pret
1. acheter [illegible]
2. acheter [illegible]
3. acheter [illegible]
4. [illegible]

Information sur l'assistance [illegible] — 032

5. Type d'assistance
(#13) 1. [illegible] 2. [illegible] 3. [illegible]

033

6. Nombre de [illegible]/assistance [illegible]
(#16)
1. 2 fois/mois
2. 1 fois/mois
3. 1 fois [illegible]
4. 1 fois [illegible]

7. Qu'est-ce vous faisiez avant le premier prêt de PFP? (Quelle activité) 034
   1. [illegible]culture/[illegible] 2. [illegible] 3. [illegible] 4. [illegible]
   5. autre

   [illegible] 035
   1. [illegible] 2. [illegible] 3. Gérant d'une [illegible] 4. Artisan/ [illegible] 5. autre ____________

8. [illegible] 036
   [illegible]? 1. Oui 2. Non

9. Avant de recevoir le prêt de PFP, aviez-vous déjà [illegible] un prêt ailleurs? 1. Oui 2. Non 037
   Si Oui [illegible]:

Source	Montant	Intérêt	Période de Remboursement
Banque	038	039	040
Parents	041	042	043

10. Est-ce qu'il vous fallait [illegible] le prêt de PFP? 1. Oui 2. Non 044
    Expliquez pourquoi:

11. Pourquoi vous fallait-il [illegible] PFP? ([illegible] plusieurs [illegible] le [illegible] prêt) 045
    1. [illegible] 2. [illegible] 3. Autre ____________

12. [illegible]-vous [illegible]? ____________
    [illegible] ____________ 046
    [illegible]? ____________ [illegible]s

13. Spécifiquement [illegible] (vos) prêt(s) de PFP?
    Premier ____________ 047
    Deuxième ____________ 048
    Troisième ____________ 049
    Quatrième ____________ 050
    1 = [illegible]
    2 = [illegible] d'outillages; 4 = [illegible]; 5 = 1+2; 6 = 1+3;
    7 = 1+2+3; 8 = autre

14. [illegible] PFP [illegible] prêt? 051
    1. [illegible] 2. [illegible] 3. [illegible] 4. [illegible]
    5. [illegible] autre ____________

15. Qu'avez-vous [illegible]?

16. Combien [illegible] PFP [illegible] vous [illegible]? 052
    1. 1 jour/mois 2. 1 jour/[illegible] 3. 1 fois tous les deux mois 4. 1 fois/[illegible]

17. Quel [illegible]? 053
    1. [illegible]
    [illegible]
    [illegible]
    [illegible] ____________

18. Comment le conseil etait valable?

2r

19. Est-ce ... vous ... ?
1. Oui 2. Non

054

20. Comment ... vous ... le plus?
1. credit; 2. ...tion; 3. ... ; 4. conseil, planification; 5. ... de travailler; 6. autre ___

055

21. Que faut-il changer de leur ... ?

22. Comment le(s) pret(s) ... ?
1 = a diminue; 2 = la meme ... ; ...
a. ...
b. La quantite de matiere ...
c. ...
d. Le volume de ventes
e. Le ...
f. ...
g. La clientele
h. ...
i. Les benefices

056, 052, 058, 059, 060, 061, 062, 063, 064, 065

23. Est-ce que vous faites cet activite toute l'annee?
Si non, combien de mois?

066

24. Combien de personnes ont travaille dans cette entreprise que vous avez recu votre pret de ..., dans les categories suivantes?
Au present? Au futur?

	Gerant		Membres de la famille non paye		Salarie		...		...		Tot. ...	
	1	2									4	5 (4+5)
(a) Dans une annee												067
(b) Au present	068	069	070	071	072	073	074	075	076	077	078	079
(c) Avant pret	081	082	083	084	085	086	087	088	089	090	091	092
Difference (b)-(c)	094	095	096	097	098	099	100	101	102	103	104	105
Difference (a)-(b)												

1: Une annee de travail
.5: Six mois de travail chaque annee
.25: Trois mois de travail chaque annee
etc.

[illegible] 01

26. Qu'est-ce qu'ils faisaient [illegible] avant?

	Nombre	([illegible])	Temps ([illegible])
Pas de travail	110		111
Même travail dans une autre entreprise	12		13
Autre travail	114		115

27. Combien vous [illegible] votre [illegible] chaque [illegible]?

Fou[illegible]	En argent	Valeur de nourriture	Logement [illegible]	Autre	Total
Total	116				117

[illegible]. Qui gère l'entreprise [illegible]? 118
1. L'[illegible] 2. Vous[illegible] 3. [illegible]
4. Autre

29. Où avez-vous eu l'idée de [illegible]? 119
1. Moi-même; 2. [illegible] comme [illegible] 3. [illegible]
4. [illegible]; 5. Autre

30. Comment [illegible]-vous [illegible] votre [illegible]? 120
1. [illegible] 2. [illegible] 3. [illegible] 4. [illegible]

31. Est-ce [illegible] vous [illegible]? 121
1. Oui 2. Non

b) Si oui, combien [illegible]? 122

32. a) Est-ce qu'il [illegible] d'entreprises [illegible] vous? 1. Oui 2. Non 123

b) Si oui, combien d'entreprises? 124

33. a) Est-ce que vous [illegible] combien vous [illegible] vous [illegible] avec [illegible]? 1. Oui 2. Non
b) Savez-vous combien [illegible] vendues? 1. Oui 2. Non
c) Savez-vous combien [illegible]? 1. Oui 2. Non
d) Savez-vous combien [illegible]? 1. Oui 2. Non

① AVANT LE PRET, EN BONNE SAISON (par mois)

34. (a) Quelle etait la recette journaliere dans un jour typique quand ca marchait bien? ______
(b) Quel etait la valeur des marchandises vendues a l'achat? ______
(c) Quels etaient vos retraites personnel? ______
(d) Quels etaient les salaires du personnel? ______
(e) Quels etaient les frais du batiment/equipement? ______
(f) Quels etaient les frais du transport? ______
(g) Quel etait le montant des remboursements des autres prets? ______
(h) Patente/Impots? ______
(i) Autres frais? ______
(j) Benefices? ______
(k) Combien de mois dans l'annee marchait bien? ______

② AVANT LE PRET, EN MAUVAISE SAISON (par mois)

35. (a) Quelle etait la recette journaliere dans un jour typique quand ca ne marchait pas bien? ______
(b) Quel etait la valeur des marchandises vendues a l'achat? ______
(c) Quels etaient vos retraites personnel? ______
(d) Quels etaient les salaires du personnel? ______
(e) Quels etaient les frais du batiment/equipement? ______
(f) Quels etaient les frais du transport? ______
(g) Quel etait le montant des remboursements des autres prets? ______
(h) Patente/Impots? ______
(i) Autres frais? ______
(j) Benefices? ______
(k) Combien de mois dans l'annee ne marchait pas bien? ______

③ APRES LE PRET, EN BONNE SAISON (par mois)

36. (a) Quelle est la recette journaliere dans un jour typique quand ca marche bien? ______
(b) Quelle est la valeur des marchandises vendues a l'achat? ______
(c) Quels sont vos retraites personnel? ______
(d) Quels sont les salaires du personnel? ______
(e) Quels sont les frais du batiment/equipement? ______
(f) Quels sont les frais du transport? ______
(g) Quel est le montant des remboursements des autres prets? ______
(h) Patente/Impots? ______
(i) Autres frais? ______
(j) Benefices? ______
(k) Combien de mois dans l'annee marche bien? ______

④ APRES LE PRET, EN MAUVAISE SAISON (par mois)

37. (a) Quelle est la recette journaliere dans un jour typique quand ca ne marche pas bien? ______
(b) Quelle est la valeur des marchandises vendues a l'achat? ______
(c) Quels sont vos retraites personnel? ______
(d) Quels sont les salaires du personnel? ______
(e) Quels sont les frais du batiment/equipement? ______
(f) Quels sont les frais du transport? ______
(g) Quel est le montant des remboursements des autres prets? ______
(h) Patente/Impots? ______
(i) Autre frais? ______
(j) Benefices? ______
(k) Combien de mois dans l'annee ne marche pas bien? ______

COMPTE DE PROFITS/PERTES

QUESTIONS 34-37	MOIS TYPIQUE AU MOMENT DU PRET — QUAND ÇA MARCHE BIEN (1) QUANT.	H/MO.	TOTAL	QUAND ÇA NE MARCHE PAS BIEN (2) QUANT.	H/MO.	TOTAL	ANNEE AU MOMENT DU PRET (ANNEE ____)	PV (VALEUR EN 1982)	MOIS TYPIQUE MAINTENANT — QUAND ÇA MARCHE (3) QUANT.	H/MO.	TOTAL	QUAND ÇA NE MARCHE PAS BIEN (4) QUANT.	H/MO.	TOTAL	ANNEE MAINTENANT	ANNEE MAINTENANT ÷ ANNEE DU PRET
VENTES			125			126	127	128			129			130	131	132 131/128
VAL. DES MARCH. VENDUES								133							134	135 134/133
BENEFICES BRUTS			136			137	138	139			140			141	142	143 142/139
RETRAITES DU PROP.																
SALAIRES DU PERSON.			144			145		146			147			148	149	150 147/146
BAT./EQUIP./ANIMAUX																
TRANSPORT																
REMBOURS. DES PRETS																
PATENTE/IMPOTS																
AUTRES FRAIS																
BENEFICES NETS			151			152	153	154			155			156	157	158 153/154
BEN. NETS ÷ VENTES			151/125				159 153/127								160 157/131

B-3

BILAN

- 31 Complétez le suivant:
  [illegible]
  [illegible]

ACTIFS	[illegible] au prêt	[illegible]	[illegible]	Maintenant ÷ au moment du prêt (PV)
1. [illegible]				
2. [illegible]				
3. [illegible]				
4. Produits finis [illegible]				
5. [illegible]				
6. [illegible]				
7. [illegible]				
8. [illegible]	(1+2+3+4+5+6+7+8)		(1+2+3+4+5+6+7+8)	
TOTAL ACTIFS	161 ↓	162	163 ↓	164 $\frac{163}{162}$
DEBITS				
9. Prêt [illegible]				
10. [illegible] Créditeurs				
11. Autres [illegible]				
12. [illegible]				
13. [illegible]				
TOTAL DEBITS				

~~(9+10+11)~~ ÷ (12+13) [illegible] / CAPITAL [illegible]	165	—	166	
DETTE [illegible] (9+10+11)				
[illegible] (12+13)				
(4) PRODUITS FINIS NON VENDUS / CAPITAL [illegible]	167 ~~[illegible]~~	—	168	
[illegible]	169 $\frac{1??}{4}$		170 $\frac{171}{4}$	

$$(5+6+7+8)-(9+10+11) = \frac{\text{PRODUITS FINIS}}{\text{CAP. DISP.}} = \boxed{167}$$

[illegible]

[illegible] 171

a) avec la plupart ________ 172

b) Deuxième utilization ________ 173

c) Troisième utilization ________ 174

1 = augmentation du fonds de roulement
2 = investissement en construction pour la famille
3 = investissement en construction pour location
4 = energie en [illegible]
5 = consommation familiale - 1. nourriture
6 = " " - [illegible]
7 = " " - les besoins [illegible]
8 = " " - l'éducation
9 = " " - autre choses
10 = investissement sur autres biens

38. Est-ce que vos remboursements proviennent de votre entreprise ou d'une autre source? 174

___ 1. de votre entreprise
___ 2. salaire
___ 3. energie
___ 4. [illegible] de la famille
___ 5. autre

40. Ou vous ravitaillez-vous? 175

1. d'ici; 2. de Ouaga; 3. ailleurs en Haute Volta
4. hors de Haute Volta

41. Ou est-ce que vous vendez les choses que vous produisez? 176

1. ici; 2. a Ouaga; 3. ailleurs en Haute Volta
4. hors de Haute Volta

42. Est-ce que l'access au [illegible] pour vos matières premières a changé depuis le debut de vos activités? 177

1. Oui 2. Non

Comment:

43. Avez-vous plus de choix d' [illegible] qu' avant? 1. Oui 2. Non 178

44. Est-ce que le [illegible] a changé? 179

1. Oui 2. Non

Comment: 1. [illegible] 2. [illegible] 3. [illegible] 179b

45. Croyez-vous que vous vendez [illegible]? 180

1. Plus 2. Moins 3. Le meme

46. Est-ce que le marché est assuré de ce que vous vendez? 181

1. Oui 2. Non

Si Oui qu'est-ce que vous faites?

47. Est-ce que vous avez reçu un pret d'ailleurs apres avoir reçu le pret de PfP? 1. Oui 2. Non

Si Oui:

Source	Montant	Taux d'interet	Duree du Pret
Banque	183	184	185
Autre	186	187	188

48. Voulez-vous travailler avec la banque? 1. Oui 2. Non 189
Pourquoi: 1. 190
2.
3.
4.

49. Quelles autres activities economiques faites-vous? Par ordre de rentabilite: 191
1.
2.
3.
4.

50. Par ordre d'importance: 192
1.
2.
3.
4.

51. Combien de personnes vivent ou dependent de votre entreprise? 193

Combien d'epouses et enfants aviez-vous au temps de premier pret? epouses ______ enfants ______
Combien d'epouses et enfants avez-vous maintenant? 194
epouses ______ enfants ______ Difference d'epouses

52. Quels etaient vos espoirs au moment ou vous avez reçu le pret concernant l'avenir de votre entreprise?

53. Comment vos espoirs ont ete realises?

54. AUTRE COMMENTAIRE

o DA?

o D, 3.

ANNEX C

PfP MANAGEMENT INFORMATION FORMS

DATE ______________ NOM: ______________________ VILLAGE ______________
REGION ______________

AIDE SOLLICITEE:

HISTORIQUE:

RENTABILITE DE L'ACTIVITE: Recettes, Dépenses, Profit/perte

Activité actuelle | Activité proposée

AVOIRS ACTUELS A INVESTIR:

Espèces:

Autres:

TACHES A FAIRE:

CONTACTS ULTERIEURS:

1ère visite

FICHE D'INTERVIEW

I - Nom : ....Village / Quartier : ....

Activité proposée : ....;

II - Historique sur l'activité (nombre d'années d'expériences,capital au début,développement de l'activité,leçons apprises , etc.....)

III - Avoirs Actuels,autres possibilités d'investissement .

IV - Rentabilité de l'activité .

V - Aide sollicitée / Apport personnel.

VI - Tâches à faire .

VII - Observations / Remarques .

BILAN

AVOIRS

	Valeur CFA
Atelier/terrain	______
Outillage/équipement	______
Matières premières	______
Produit fini mais non vendu	______
Débiteurs	______
Compte en banque/PTT	______
Caisse	______
Fonds du propriétaire reservés a l'entreprise	______
TOTAL AVOIRS	______

DEBITS

Créditeurs	______
Avances/garanties	______
Prêts	______
Investissement original du propriétaire	______
Bénéfices/autres fonds investis par le propriétaire	______
TOTAL DEBITS	______

-:- BILAN -:-

-:-:-:-:-:-

Entreprise/Client ------------------

Date ------------------------------

AVOIRS	VALEUR CFA
Bâtiment/Terrain	______
Mobilier/Equipement/Outillage	______
Matière première	______
Produits finis-non vendus	______
Débiteurs	______
Compte en Banque/PTT	______
Caisse	______
Fonds du propriétaire réservés à l'Entreprise	______
TOTAL AVOIRS	-:-:-:-:-:-

DEBITS	
Créditeurs	______
Avances/Garanties	______
Prêts	______
Investissement original du propriétaire	______
Bénéfices/Autres fonds investis par le propriétaire	______
TOTAL DEBITS	-:-:-:-:-:-

COMPTE DE PROFIT/PERTE

RECETTES	
Ventes au comptant	________
Ventes en crédit	________
TOTAL RECETTES	________
DEPENSES	
Valeur du matériel consommé	________
Salaires des ouvriers	________
Retraites du propriaitaire	________
Loyer de l'atelier/équipement	________
Amortissement d'équipement/outillage	________
Transport	________
Remboursement des prêts	________
Patente/impots	________
Autres frais	________
TOTAL DEPENSES	________
BENEFICE/PERTE	________

Nom de l'Entreprise: ______________________

Période: ______________________

COMPTE DE PROFIT/PERTE

VENTES

Ventes au comptant		________
Ventes en crédit		________
	TOTAL VENTES	==========

DEPENSES

Valeur des marchandises vendues		________
Retraites du propriataire		________
Salaires du personnel		________
Loyer-batiment/équipement		________
Transport		________
Remboursement des prêts principal/intérêt		________
Patente/impots		________
Autres frai		________
	TOTAL DEPENSES	==========
	PROFIT/PERTE	==========

ENTREPRISE COMMERCIALE

ASSOCIATION POUR
LA PRODUCTIVITE

B. P. 72 Fada N'Gourma
B. P. 8 Diapaga

N° de Prêt ________

CORD DE PRET

L'Association pour la Productivité (APP) représentée par l'autorité dont le nom et la signature se trouvent ci-dessous, et l'emprunteur, ______________________, du village de __________ dont le numéro de la carte d'identité est ____________, se mettent d'accord sur les termes de remboursement et les conditions suivantes:

Montant de prêt .... __________ CFA

Taux d'intérêt: ________% par année

Montant à rembourser

Capital .... ____________CFA
Intérêt .... ____________
Frais administratifs .... ____________
Total. __________ CFA

Période de remboursement: ______ mois, ______ jours

Nombre d'échéances:

Fréquence des échéances:

Montant de chaque échéance:

Date de la première échéance:

Date de la dernière échéance:

Utilisation du prêt

L'emprunteur promet d'utiliser ce prêt pour les activités suivantes:

Il est expressément entendu que le prêt ne peut être détourné, même partiellement, de son objet à d'autres fins sans que l'emprunteur discute avec un agent de l'APP de son intention de modifier son projet, et qu'il reçoive l'accord de ce dernier.

Retards dans le remboursement du prêt

Au cas où l'emprunteur constate l'impossibilité de suivre le calendrier de remboursement établi dans cet accord, il est exigé qu'il parle de ses difficultés à un agent de l'APP.

Dans le cas de retards constatés dans les remboursements sans que l'APP soit avertie, l'APP se réserve le droit de perçevoir une amende supplémentaire de ________CFA par échéance manquée. Cette amende sera perçue en plus des intérêts accumulés.

Dans le cas de non-remboursement d'une ou de plusieurs échéances et constat d'une quelconque incapacité pour diverses raisons d'assurer correctement la rentabilité des investissements et partant d'honorer les engagements souscrits, l'APP se réserve le droit de retirer les produits et matériels et de les liquider à son profit.

Declaration

Je soussigné, ______________________________, déclare avoir pris connaissance des termes de remboursement et des conditions dans cet Accord de Prêt. Je promets d'utiliser ce prêt selon les objectifs mentionnés ci-dessus, et j'accepte les termes de remboursement établis dans cet Accord.

Fait à ________________ le ________________

L'Emprunteur:

L'Autorité de L'Association
pour la Productivité:

LISTE MENSUELLE

				MONTANT DU					MONTANT ~~[illegible]~~ PERÇU				
N°PRET	CLIENT	N°PAIE	N°RECU	CAPITAL	INT.	FRAIS	AM	TOTAL	CAPITAL	INT.	FRAIS	AM	TOTAL

TABLEAU DES ECHEANCES

Emprunteur :

N° du prêt :

Montant du prêt :

Taux d'intérêt :

Date première échéance

Nombre d'échéances :

Montant des échéances :

N° Paiement	Date Echéance Dûe	Intérêt Accumulé	ECHEANCE Capital	Intérêt	Frais adm.	SOLDE Capital	Intérêt	Frais Adm.	Amende Perçue	Total Perçu

C-12

ANNEX D

SMALL ENTERPRISE CHARACTERISTICS IN THE EASTERN REGION

TABLE II-12: SMALL ENTERPRISE CHARACTERISTICS IN THE EASTERN REGION, 1979

ENTERPRISE GROUP	ENTERPRISE TYPE 1/	NUMBER OF ENTERPRISES	% OF 1 PERSON ENTERPRISES	AVERAGE NUMBER OF PERSONS EMPLOYED				TOTAL EMPLOYMENT	
				Owner & Family	Hired Workers	Apprentices	Total	Number	%
METALWORK	1. Blacksmithing	407	3	3.44	.03	.11	3.58	1,453	6.8
	2. Welding	N/A	21	1.93	0	.43	2.36	-	-
CRAFTS	3. Carpentry	35	14	1.86	.57	1.14	3.57	125	0.6
	4. Pottery	1,126	61	1.75	0	.04	1.79	2,016	9.5
	5. Leatherwork	N/A	69	1.51	0	.04	1.55	-	-
CLOTHING	6. Tailoring	428	56	1.40	.01	.20	1.61	689	3.2
	7. Weaving	2,499	85	1.15	0	.04	1.19	2,999	14.1
	8. Cloth Dyeing (Indigo)	539	59	1.92	0	.07	1.99	1,192	5.6
FOOD PROCESSING	9. Grain Milling	105	12	1.72	.51	.16	2.39	251	1.2
	10. Baking	68	16	2.28	.16	.08	2.52	171	0.8
REPAIRS	11. Motorbike	89	18	1.61	0	.96	2.57	229	1.1
	12. Radio	N/A	50	1.25	0	.25	1.50	-	-
RETAIL DISTRIBUTION	13. Gas Stations	N/A	33	1.33	1.00	.67	3.00	-	-
	14. Gas Selling	N/A	24	2.03	.15	0	2.18	-	-
	15. Pharmacies	33	0	2.15	.14	.14	2.43	80	0.4
	16. General Stores	208	30	1.94	.15	.07	2.16	451	2.1
OTHER SERVICES	17. Bars	181	20	1.84	.37	.10	2.31	418	2.0
	18. Restaurants	165	33	1.45	.13	.02	2.60	429	2.0
	19. Coffee Stands	42	74	1.16	.06	.06	1.28	54	0.3
	20. Photographers	11	67	1.33	0	.33	1.66	18	0.1
	21. Barbers	46	83	1.17	0	0	1.17	54	0.3
AG PROCESSING	22. Dolo Processing (beer)	1,581	18	2.47	.03	.07	2.57	4,063	19.2
	23. Peanut Oil	428	50	1.68	0	.03	1.71	732	3.5
	24. Shea Butter	2,212	52	1.74	0	0	1.74	3,849	18.1
	25. Soumbala	1,560	86	1.22	0	.03	1.25	1,934	9.1
TOTAL		11,823	42%	1.92	.05	.11	2.09	21,207	100.0

Source: Wilcock (1980).

NOTES: 1/ Excludes following enterprise types: Cous-cous making (844 enterprises), rice husking by hand (548 enterprises), butchers (616), charcoal makers (16), furniture makers (341), traditional midwives (567), fortune tellers (1,320), healers (524), masons (66), carpenters (35), car repair, watch repair and bookstores. Employment ... these enterprises may total between 6,000 and 10,000 individuals.

(548 enterprises), butchers (616), charcoal makers ... midwives (567), fortune tellers (1,320), healers (524), masons (66), carpenters (35), car repair, watch repair and bookstores. Employment in these enterprises may total between 5,000 and 10,000 individuals.

TABLE II-13:

DISTRIBUTION OF SMALL FOOD PROCESSING ENTERPRISES, EASTERN

ENTERPRISE TYPE	BOGANDE		DIABO		DIAPAGA		COMIN-YANGA		FADA		KANT							
	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages							
Dolo Makers	21.0	117	63.1	356	81.1	298	67.4	99	45.5	338	31.6							
Soumbala	10.0	112	43.7	432	75.7	419	37.2	60	36.6	385	15.8	40	6.8	11	16.1	101	27.2	
Cous-Cous	30.7	431	9.7	18	13.5	25	16.3	21	31.3	248	10.5	25	25.0	51	11.3	25	21.3	
Rice Shelling	14.2	130	35.0	195	24.3	88	16.3	20	10.4	56	5.3	12	0.0	0	14.5	47	16.1	
Peanut Oil	13.6	208	9.7	41	32.4	70	14.0	15	3.0	28	10.5	30	0.0	0	14.5	36	11.0	
Shea Nut Butter	14.8	405	47.6	447	45.9	296	25.6	82	28.8	673	7.9	64	20.5	47	17.7	198	28.3	2
Bakers	6.8	19	7.8	9	18.9	10	7.0	3	5.2	18	5.3	5	4.5	4	0.0	0	6.2	
Flour Mills	5.7	15	12.6	17	21.6	20	4.7	3	6.7	22	5.3	7	2.3	4	9.7	11	7.8	
Butchery	42.6	215	41.7	126	35.1	52	25.6	30	29.9	133	18.4	22	22.7	21	12.9	17	32.3	
TOTAL		1,915		1,649		1,318		333		1,945		358		198		643		/,

Source: Mehretu (1980).

= Total number of establishments.

TABLE II-14:

DISTRIBUTION OF SMALL FOOD-PROCESSING ENTERPRISES, EASTERN REGION, BY VILLAGE SIZE, 1979

	% OF VILLAGES								
VILLAGE POPULATION	DOLO	SOUMBALA	COUS-COUS	RICE SHELLING	PEANUT OIL	SHEA BUTTER	BAKING	FLOUR MILLING	BUTCHERS
399 - below	34.3	22.2	14.7	11.6	6.4	26.9	1.9	2.2	22.7
400 - 799	44.3	27.5	26.0	13.7	9.2	27.6	3.1	5.3	35.1
800 - 1,199	52.0	36.0	30.0	20.0	16.0	30.0	14.0	8.0	38.0
1,200 - 1,599	76.9	38.5	38.5	50.0	34.6	50.0	11.5	26.9	76.9
1,600 - 1,999	50.0	20.0	40.0	10.0	15.0	40.0	10.0	20.0	45.0
2,000 - 2,399	61.5	53.8	46.2	46.2	38.5	30.8	30.8	30.8	69.2
2,400 - 2,799	50.0	16.7	0.0	0.0	0.0	0.0	33.3	33.3	33.3
2,800 - 3,199	50.0	62.5	25.0	37.5	25.0	37.5	37.5	50.0	62.5
3,200 - 3,599	-	-	-	-	-	-	-	-	-
3,600 - 3,999	80.0	80.0	60.0	80.0	80.0	40.0	20.0	80.0	80.0
4,000 - above	87.5	50.0	37.5	37.5	37.5	0.0	75.0	62.5	87.5
TOTAL %	42.0	27.2	21.3	16.1	11.0	28.3	6.2	7.8	32.3

Source: Mehretu (1981).

TABLE II-15:

DISTRIBUTION OF SMALL MANUFACTURING ENTERPRISES, EASTERN REGION, BY SECTOR, 1979

ENTERPRISE TYPE	SECTORS																TOTAL ORD % OF VILLAGES	TOTAL ORD #
	BOGANDE		DIABO		DIAPAGA		COMIN-YANGA		FADA		KANTCHARI		MATIACOALI		PAMA			
	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#		
Charcoal Makers	1.1	2	5.8	10	0.0	0	0.0	0	2.2	4	0.0	0	0.0	0	0.0	0	1.7	16
Potters	44.3	420	29.1	206	5.4	30	14.0	23	26.1	211	28.9	73	22.7	36	27.4	127	27.2	1,126
Weavers	55.1	947	57.3	417	64.9	291	46.5	141	54.5	446	42.1	126	18.2	57	29.0	74	47.9	2,499
Cloth Dyeing	33.3	260	28.2	126	51.4	72	0.0	0	9.7	46	26.3	92	0.0	0	1.6	3	20.4	599
Furniture Makers	21.6	101	9.7	13	48.6	106	2.3	1	20.1	62	21.1	30	15.9	14	12.9	14	18.4	341
Tailors	28.4	116	17.5	43	32.4	45	16.3	14	26.1	132	13.2	27	27.3	40	8.1	11	22.6	428
Blacksmiths	33.8	122	15.5	41	75.7	85	4.7	1	20.9	65	28.9	25	34.1	40	30.6	28	28.1	407
TOTAL		1,968		656		629		180		966		373		187		257		5,416

Source: Mehretu (1981).

TABLE II-16:

DISTRIBUTION OF SMALL MANUFACTURING ENTERPRISES, EASTERN REGION, BY VILLAGE SIZE, 1979

VILLAGE POPULATION	CHARCOAL % OF VILLAGES	POTTERS % OF VILLAGES	WEAVERS % OF VILLAGES	DYEING % OF VILLAGES	FURNITURE % OF VILLAGES	TAILORS % OF VILLAGES	BLACKSMITHS % OF VILLAGES
399 - below	1.1	21.3	41.8	14.7	11.6	13.3	17.7
400 - 799	1.5	34.4	54.2	16.8	20.6	25.2	35.1
800 - 1,199	6.0	42.0	60.0	28.0	20.0	28.0	46.0
1,200 - 1,599	3.8	50.0	73.1	50.0	26.9	53.8	46.2
1,600 - 1,999	0.0	70.0	75.0	50.0	20.0	40.0	75.0
2,000 - 2,399	0.0	46.2	69.2	46.2	46.2	53.8	53.8
2,400 - 2,799	0.0	33.3	50.0	16.7	33.3	33.3	50.0
2,800 - 3,199	0.0	50.0	75.0	62.5	50.0	62.5	75.0
3,200 - 3,599	-	-	-	-	-	-	-
3,600 - 3,999	0.0	20.0	100.0	20.0	40.0	50.0	60.0
4,000 - above	12.5	12.5	37.5	37.5	75.0	87.5	81.5
TOTAL %	1.8	29.5	49.7	20.4	17.5	22.5	29.6

Source: Mehretu (1981).

TABLE II-17:

DISTRIBUTION OF SKILLED SERVICE ENTERPRISES, EASTERN REGION, BY SECTOR, 1979

ENTERPRISE TYPE	BOGANDE		DIABO		DIAPAGA		COMIN-YANGA		FADA		KANTCHARI		MATIACOALI		PAMA		TOTAL ORD % OF VILLAGE	TOTAL ORD #
	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#	% of Villages	#		
Midwives	23.3	109	43.7	121	16.2	36	25.6	33	26.1	122	2.6	20	6.8	22	16.1	24	23.9	567
Fortune Tellers	47.2	396	29.1	75	81.1	[illegible]	41.9	111	52.2	224	28.9	84	22.7	46	59.7	137	40.7	1,320
Traditional Healer	22.7	137	31.1	123	43.2	100	18.6	25	23.9	88	7.9	9	15.9	15	21.0	27	22.1	524
Barbers	2.3	6	2.9	4	10.8	12	2.3	1	2.2	8	5.3	6	6.8	7	3.2	2	3.5	46
Masons	6.6	20	5.8	7	16.2	13	2.3	2	6.7	13	7.9	3	0.0	0	3.2	8	6.1	66
Carpenters	5.7	10	4.9	5	8.1	4	2.3	1	4.5	12	2.6	1	0.0	0	1.6	2	4.2	35
Motor Bike Repair	13.1	36	6.8	8	13.5	8	0.0	0	6.7	24	10.5	6	6.8	5	3.2	2	8.3	89
Car Repair	0.0	0	0.0	0	0.0	0	0.0	0	1.5	5	2.6	1	2.3	2	1.6	1	0.0	9
TOTAL		794		343		420		173		496		130		97		203		2,656

Source: Mehretu (1981).

TABLE II-18:

DISTRIBUTION OF SKILLED SERVICE ENTERPRISES, EASTERN REGION, BY VILLAGE SIZE, 1979

	% OF VILLAGES						
VILLAGE POPULATION	MIDWIFE	FORTUNE TELLER	TRADITIONAL HEALER	BARBER	MASON	CARPENTER	MECHANIC
399 - below	25.2	37.1	20.5	1.4	2.8	1.9	3.0
400 - 799	20.6	51.9	22.1	3.1	4.6	3.1	8.4
800 - 1,199	20.0	56.0	22.0	2.0	6.0	6.0	14.0
1,200 - 1,599	30.8	69.2	46.2	11.5	11.5	15.4	11.5
1,600 - 1,999	35.0	50.0	30.0	10.0	15.0	10.0	35.0
2,000 - 2,399	38.5	76.9	53.8	7.7	38.5	30.8	23.1
2,400 - 2,799	33.3	16.7	16.7	16.7	16.7	0.0	16.7
2,800 - 3,199	12.5	62.5	50.0	25.0	37.5	12.5	25.0
3,200 - 3,599	-	-	-	-	-	-	-
3,600 - 3,999	0.0	100.0	40.0	0.0	0.0	20.0	20.0
4,000 - above	0.0	75.0	62.5	25.0	37.5	25.0	75.0
TOTAL %	23.9	40.7	22.1	3.5	6.1	4.2	8.3

Source: Wuhretu (1981)

ANNEX E

STUDY OF CHANGES IN THE DIAPAGA MARKET

[illegible]	[illegible]	MANGAN	RACES
1°	Personne	Brûlé	
2	IE Haoussa	Commerçante	Haoussa
3	rienne	Commerçante	Haoussa
4	ionli	Tabac	Gourmantchée
5	DIATI Kondioa	Tabac	Gourmantché
6	rsonne		
7	I Yemboado	Tabac	Gourmantché
8	leymane	Tailleur	Mossi
9	rimou	Tablier	Yoruba
10	liani	Tablier	Yoruba
11	o	Tablier	Yoruba
12	femme de Lassissi	Tablier	Yoruba
13	2° Femme de Lassissi	Tablier	Yoruba
14	Personne		
15	GUIRE Salam	Cola	Dioula
16	COULDIATI Salifou	Cola	Gourmantché
17	TANKOANO Diayandi	Cola	Gourmantché
18	TANKOANO Bouamoounti	Cola	Gourmantchée
19	Coiffeur	Tablier	Yoruba
20	Femme du Coiffeur	Tablier	Yoruba
21	3° Femme de Lassissi	Tablier	Yoruba
22	l'enfant de Mouni	Tablier	Yoruba
23	4° Femme de lassissi	Tablier	Yoruba
24	Femme de Tayo		Yoruba
25	Mécanicien		Gourmantché
26	COMBARI Handi		Gourmantché
27	Boursima		Haoussa
28	Odiamo		Yoruba
29	Femme d'Odiamo		Yoruba
30	Femme de Ganiyou		Yoruba
31	Femme de Karimou		Yoruba
32	Femme de Tayo		Yoruba
33	Tayo		Yoruba
34	Awa		Djerma
35	Madame Guiré		Dioula
36	Awa Guiré		Dioula
37	Larba		Gourmantché
38	Femme Yoruba		Yoruba
39	Djibo Banadéné		Haoussa
40	COULDIATI Handi		Gourmantché
41	Kaboré Issa		Mossi

NOMBRES DE COMMERCANTES QUI [illegible] JOUR

ET RACES

GOURMANTCHES	: 10	MOSSI	: 2
HAOUSSA	: 4	YORUBA	: ~~15~~ 18
DJERMA	: 2	DIOULA	: 3
PEUL	: [illegible]		

[illegible]	NOMS DES COMMERCANTS	BOUTIQUE	RACES
1	OUOBA Simani	Boucher	Gourmantché
2	OUOBA Djoari	Boucher	Gourmantché
3	GARBA Oumarou	Boucher	Djerma
4	OURLI Tadio	Commerçant	Gourmantché
5	Personne		
6	Personne		
7	IBOUDO Bahadé	Commerçant	Haoussa
8	Personne		
9	Personne		
10	Vendeuse de f	Commerçant	Peulh
11	Personne		
12	ZONGO Issoufo	Commerçant	Mossi
13	GUIRE Joseph	Commerçant	Dioula
14	Personne		
15	Issoufou Tabs	Tailleur	Mossi
16	COULDIATI Tié	Commerçant	Gourmantché
17	JEAN-Gabriel	Pharmacie	Mossi
18	TANKOANO Mich	Pièces détachées	Gourmantché
19	Lassissi	Commerçant	Yoruba
20	Lassissi	Magasin d'affaires	Yoruba
21	Personne		
22	Personne		
23	Gérant SOVOLC	SOVOLCOM	Peulh
24	LOMPO Daniel	Librairie	Gourmantché
25	KABORE Dénis	Commerçant	Mossi
26	Boti	Commerçant	Djerma

NOMBRES DE COMMERCANTS PAR RACES QUI VENDENT SUR LA PLACE DU MARCHE DE DIAPAGA CHAQUE JOUR.

GOURMANTCHES	:	6
MOSSI	:	4
HAOUSSA	:	1
DJERMA	:	2
YORUBA	:	2
DIOULA	:	1
PEULH	:	2
		18

NUMEROS	NOMS DES COMMERCANTS	BOUTIQUE	RACES
1	OUOBA Simani	Boucher	Gourmantché
2	OUOBA Djoari	Boucher	Gourmantché
3	GARBA Oumarou	Boucher	Djerma
4	OUALI Tadia	Commerçant	Gourmantché
5	Personne		
6	Personne		
7	BADERE Ibro Fermé		
8	Personne		
9	OUALI Diassibo Fermé		
10	COMBARI Yenteima	Tailleur	Gourmantché
11	TANKOANO Tamba	Commerçant	Gourmantché
12	Issoufou	Commerçant	Mossi
13	Issoufou	Commerçant	Mossi
14	Issoufou	Commerçant	Mossi
15	Issoufou	Commerçant	Mossi
16	TAPSOBA Issoufou	Tailleur	Mossi
17	COULIDIATY Tieba	Commerçant	Gourmantché
18	Jean Gabriel	Pharmacie	Mossi
19	TANKOANO Michel	Pièces Detachées	Gourmantché
20	Lasice Fermé	Commerce	Yoruba
21	Lasice Fermé		
22	SOULEYMAN Issaka		
23	SOVOLCOM	SOVOLCOM	Etat
24		Pharmacie	Gourmantché
25	KABORE Denis	Commerce	Mossi
26	Boti	Commerce	Haoussa

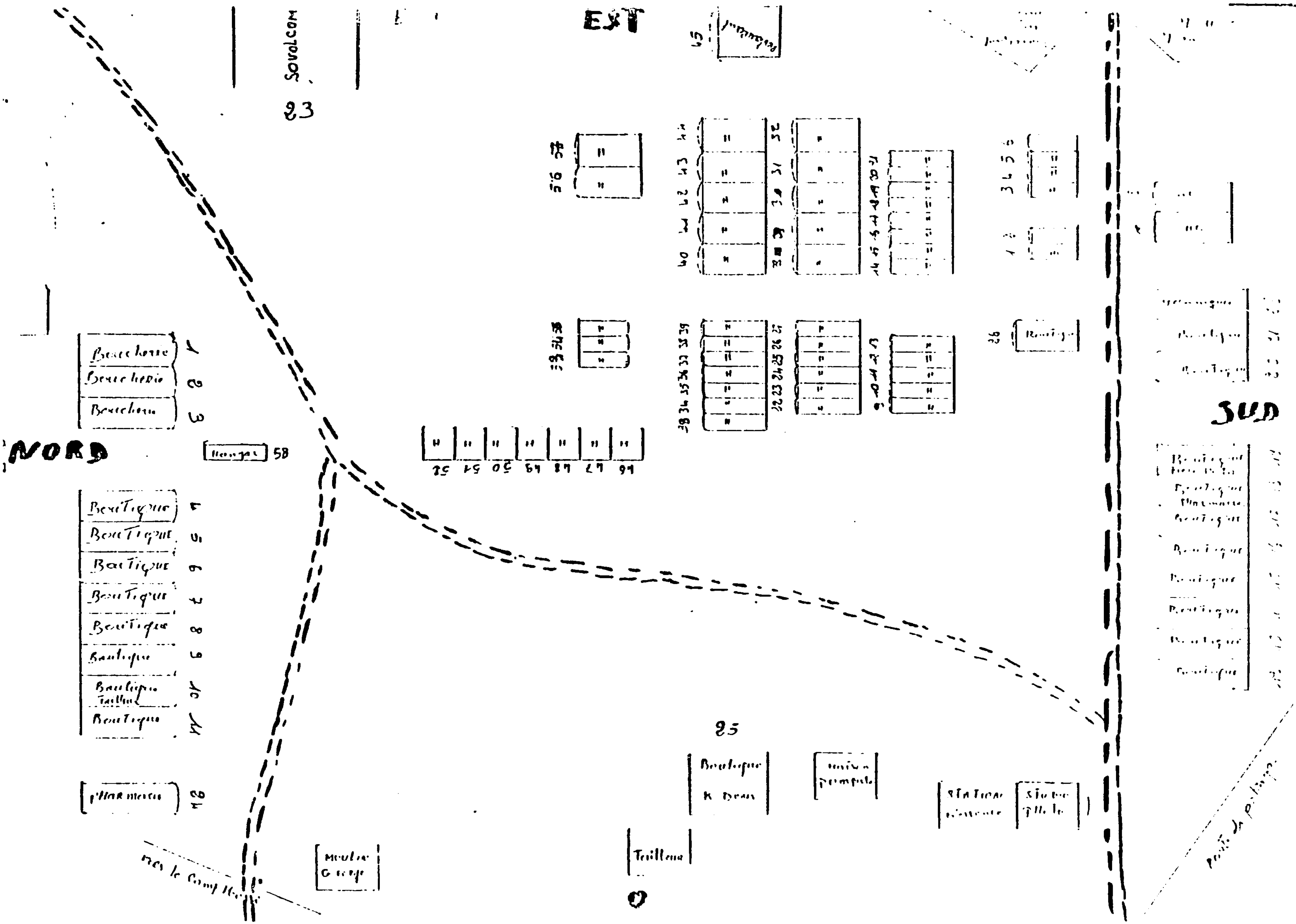
NUMERO	NOMS DES COMMERCANTS	HANGAR	RACE
1	Gambi	Commerce	Yoruba
2	Dasibi	Commerce	Yoruba
3	Songuibera	Commerce	Yoruba
4	OUOBA Amaria	Commerce	Yoruba
5	COULDIATY Kondia	Commerce	Gourmantché
6	COULDIATY Kondia	Commerce	Gourmantché
7	OUALI Yempoado	Commerce	Gourmantché
8	Souleymane	Commerce	
9	Aguila Karim	Commerce	Yoruba
10	TIDIANI Aremou	Commerce	Yoruba
11	Joel Adewoyin		
12	Joel Adewoyin		
13	Personne		
14		Commerce	Beninoise
15	SEGUEDA Idrissa	Vente Kola	Mossi
16	GUIRE Salam	Vente Kola	Gourmantché
17	COULDIATY Salif	Vente Kola	Gourmantché
18	SOUGOU Youmanli	Tabac	Gourmantché
19	TANKOANO Diayandi	Vente Kola	Gourmantché
20	TANKOANO Diayandi		
21	TANKOANO Diayandi	Commerce	Gourmantché
22	Salam	Commerce	Yoruba
23	Simbi	Commerce	Yoruba
24	Sita	Commerce	Yoruba
25	Sikira	Commerce	Yoruba
26	Alice	Commerce	Yoruba
27	Koudiratou	Commerce	Yoruba
28	Salame	Commerce	Yoruba
29	MOLBIGA Moussa	Mécanicien	Gourmantché
30	Bawa	Commerce	Haoussa
31	SEGDA Moussa	Vente Kola	Mossi
32	SEGDA Boureima	Vente Kola	Mossi
33	Madame Joel	Commerce	Yoruba
34	YESOUF Adiémo	Commerce	Yoruba
35	YESOUF Adiémo	Commerce	Yoruba

NUMERO	NOMS DES COMMERCANTS	HANGAR	RACE
36	Wesitatou	Commerce	Yoruba
37	Mouniratou	Commerce	Yoruba
38	Alira	Commerce	Yoruba
39	TAILLE Ousséni	Commerce	Yoruba
40	COULIDIATI Awa	Commerce	Gourmantché
41	Madame GUIRE	Vente du Pain	Gourmantché
42	Personne		
43	TANKOANO Gwansongou	Commerce	Gourmantché
44	PITROIPA Disatou	Commerce	Mossi
45	COULIDIATI Awa	Restaurant	Gourmantché
46	Larba	Commerce	Yoruba
47	Salatou	Commerce	Yoruba
48	COULDIATI Larsa	Commerce	Gourmantché
49	COULDIATI Handi	Commerce	Gourmantché
50	BADERE Djbo	Commerce	Haoussa
51	COULDIATI Diassibo	Tabac	Gourmantché
52	COMPORE Danzouma	Commerce	Mossi
53	Amina	Commerce	Yoruba
54	Lamou	Commerce	Yoruba
55	Adama	Commerce	Yoruba
56	TISOLGO Nindia	Commerce	Mossi
57	COMBARI Moussa	Commerce	Gourmantché
58		Restaurant	

NOMBRES DE COMMERCANTS PAR RACES QUI VENDE SUR LA PLACE DU MARCHE - DIAPAGA - CHAQUE JOUR

Gourmantchés - 22
Mossi - 11
Haoussa - 3
Djerma - 1
Beninoise - 1
Dioula - 0
Yoruba - 23
Peulh - 0

Au Total: 26 Boutiques dont 6 sont vide



SOVOLCOM
23
EST
Boucherie
Boucherie
Boucherie
NORD
58
Boutique
Boutique
Boutique
Boutique
Boutique
Boutique
Boutique
Boutique
Pharmacie
SUD
25
Boutique
Tailleur
O