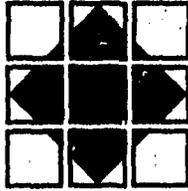


PROMOTING THE PRIVATE SECTOR:  
AN EVALUATION OF THE VITA SMALL BUSINESS  
ASSISTANCE PROJECT IN CHAD

AGENCY FOR INTERNATIONAL DEVELOPMENT  
CHAD/PRIVATE ENTERPRISE PROJECT

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NOVEMBER 26, 1986



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**PROMOTING THE PRIVATE SECTOR:  
AN EVALUATION OF THE VITA SMALL BUSINESS  
ASSISTANCE PROJECT IN CHAD**

**AGENCY FOR INTERNATIONAL DEVELOPMENT  
CHAD/PRIVATE ENTERPRISE PROJECT  
COOPERATIVE AGREEMENT  
NO. 698-052. 4B-A-00-4016-00**

**CHRISTOPHER MOCK  
CONSULTANT**

**NOVEMBER 26, 1986**

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## EXECUTIVE SUMMARY

The Private Enterprise Project in Chad provides credit, and management and technical assistance to small-scale entrepreneurs, including farmers. Initiated in 1984, the project received \$1.432 million in AID funding through a cooperative agreement with Volunteers in Technical Assistance (VITA), a private voluntary organization. Subsequently the project received an additional \$619,000 in PL 480 local currency receipts and funds from the AID/African Private Enterprise Development Fund, bringing total project funding to \$2.051 million.

The setting of this project was, and still is, extremely difficult. Chad has experienced twenty years of civil strife, which erupted into open warfare in N'Djamena in 1979. The advent of military forces from several African countries and France helped to calm the situation in the capital city, but by 1983 Libyan troops had occupied the northern 40% of the country. Although presently the French military continues to assist in maintaining this status quo, hostilities continue in the north, and some fear persists that they may reoccur in other areas, including N'Djamena.

The continuing hostilities have caused significant damage to buildings and physical infrastructure in the northern two-thirds of the country, particularly in the capital city. Further, several hundred thousand Chadians evacuated the north and the capital city during the warfare, most to southern Chad, Cameroon, and Sudan. At the time of the project design, many of these refugees were returning to N'Djamena to find their homes and businesses destroyed, and their personal possessions and professional equipment damaged or stolen.

Throughout this period, the country was also experiencing a severe and protracted drought, which caused a dramatic decline in agricultural output. Then in the mid-1980's the world price of the country's only important export crop, cotton, dropped significantly, further exacerbating the country's economic difficulties. As a result, in 1986 Chad became the world's poorest country, with a per capita income of \$80 and a GNP growth rate from 1973-82 of -7.7 percent.

Entrepreneurs attempting to reestablish their business in the mid-1980's had few remaining assets and found that there was very little bank credit available, except for a few of the country's largest industries; even by 1986 credit allocated for small scale industries comprised only 1.5% of available credit. There was, and still is, virtually no credit available to farmers either, except to those participating in a few government, donor, and PVO sponsored agricultural projects. Nor does there appear to be an informal credit system servicing entrepreneurs who are

not well-established, or friends or relatives of the lenders.

The fundamental goal of the Private Enterprise Project was to contribute to the reconstruction and stabilization of the Chadian economy by providing credit and advisory assistance to small businesspeople, particularly refugees, in order to rehabilitate damaged enterprises, to establish essential new firms, and to expand those still in operation. The initial target area was the capital city and its surrounding rural areas, both of which had been heavily damaged during the 1979-83 warfare there. Principal areas of intended project impact included employment creation, expansion of income generating opportunities, and the increased provision of essential goods and services.

At the time of the evaluation, in September-October, 1986, the project, known as VITA/PEP, had accorded 95 loans. Almost half of the loans were for agricultural production activities, 24% were for manufacturing and repair facilities, and the remainder were for agricultural processing enterprises and other activities in the service sector. Seventy-five of the clients operate enterprises near N'Djamena, the original target area. In addition, at the request of the Government of Chad (GOC) and FAO, the project had expanded its activities to the southwestern region of Bongor, where twenty loans were accorded to small farmers. The average size of the N'Djamena loans was \$6025, while the Bongor loans were all for \$72.

Project lending terms include a 12% interest rate, which appears appropriate for Chad's current economic environment. No collateral is required from borrowers, although each must be backed by a financially established guarantor, who is required to cover any obligations which the borrower is unable to meet. Client selection is rigorous; detailed analyses are performed on prospective client activities, and potential clients are carefully screened for their capability to execute their proposed activities, as well as for their motivation, diligence and sincerity. After loan approval, the progress of each enterprise is carefully monitored through monthly site visits. Clients who fall behind in their repayments are visited by project staff every two weeks.

During the various stages of client selection, loan approval, and loan monitoring, both business and technical assistance are provided to clients. Advice may also be given in additional advisory sessions at the request of the client or the project staff, when they feel that the client needs such assistance.

Approximately 41% of staff time is allocated to credit administration, the activities normally performed by banks. The remaining 59% of the staff's time is devoted to the provision of advisory assistance and to the intensive monitoring and collection activities.

The portfolio repayment performance is extremely strong for a new LDC credit program. While many specialists consider default rates of 15-30% to be reasonable in such circumstances, VITA/PEP presently shows a 1-7% rate. However, the vast majority of clients are in fact late in their monthly repayments; nevertheless, there is a clear record of eventual repayment, with over 50% of payments made within 30 days of their due date, and 64% made within 60 days. The reasons for this late payment record appear to be acceptable in the Chadian environment, since most are due to factors beyond the clients' control, such as impassable roads, which prevent the delivery of business inputs or outputs. More critical than the timeliness of repayment is the intention of clients to repay, their understanding and acceptance of their obligation to do so, and their record of eventual repayment. The VITA/PEP clients do appear to understand and accept their obligations, and their record of eventual repayment, however late, is strong.

The operating costs of the project thus far total \$1.60 per dollar lent, or \$.66 for credit administration and \$.94 for advisory, monitoring and collection activities. This compares favorably with the operating costs of other small business credit programs in Africa. The assistance and monitoring activities are indeed costly, \$4386 per borrower, but these costs appear reasonable when viewed as training or educational expenses which enable the project to achieve its intended economic, political, and social goals.

GOC officials consulted during the evaluation were universally highly pleased with project activities, and they stressed the need for a greater volume of credit and for further geographical diversification of project activities. They also agreed that after the departure of the expatriate managers, at the end of the project's second phase, the project should remain an independent entity and not be integrated into any other Chadian government or financial institution. They felt that the unique and specialized role of the project would compliment, rather than compete with, the activities of other Chadian organizations.

The project has clearly achieved its intended impact. In the area of employment generation, the equivalent of 374 full-time jobs were created, at a loan cost of \$1212 per job. This is indeed a commendable achievement, particularly when compared to other small enterprise credit programs in Africa, where the loan cost of job creation has ranged from \$2700-\$6400.

Principal recommendations to amplify project impact and to improve operating performance include the following:

- o That the duration and total funding level for the second phase of the project, to begin in January, 1987, be clarified as soon as possible, in order to allow essential planning to be conducted properly;
- o That AID funding for the second phase be increased, as

possible, up to the level which can be handled by the present management team and the level which can be successfully utilized by the private sector. This level appears to be considerably above the present level of funding for the project's second phase;

- o That VITA/Washington reduce the present time-lags in the provision of quarterly financial data and other necessary information to the N'Djamena offices of VITA and USAID;

- o That new publicity and promotional efforts be undertaken to assure that a broader range of potential clients is aware of the project's services;

- o That several brief studies be undertaken to identify constraints to small business development and women's entrepreneurship in Chad;

- o That VITA/PEP consider modifying several aspects of its operations, including the target rate of default, the structure of data collection concerning loan repayments and individual enterprise performance, and the proportion of the portfolio allocated to first-time entrepreneurs.

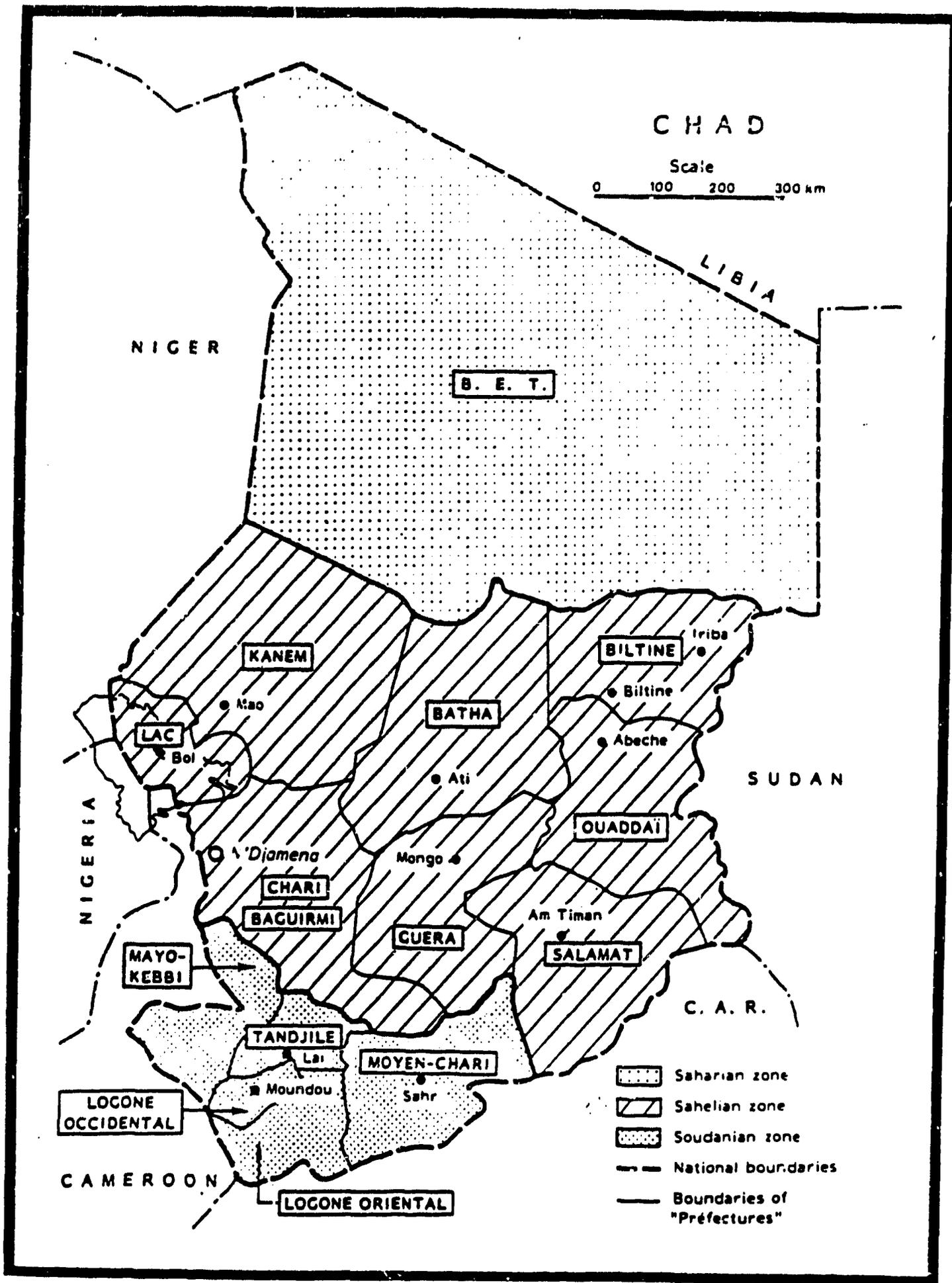
In conclusion, after the elimination of all expatriate expenses at the end of Phase II, if the present project services were maintained, interest reflows would cover only about 16% of projected operating costs. Alternatively, if the advisory, monitoring, and collection activities were eliminated, and the project operated like a normal bank, interest charges would cover approximately 40% of project costs. Thus some additional capital infusion would be necessary if the project were to maintain its present goals, target beneficiaries, and intended impact.

The project could possibly be sustainable if it serviced an entirely different beneficiary group, the larger, wealthier, more experienced and established entrepreneurs who could absorb loans of a much larger size. This group may, however, be rather limited in Chad; further, they may not be engaged in the production activities which are the current project focus, and their markets may be largely the country's higher income consumers.

It is clear that such a change in the project target group would imply a fundamental transformation of the nature of the project. It would thus be necessary to substantially modify the project's goals and its intended impact, since under these circumstances, the project's contribution to economic reconstruction, entrepreneurship development, employment generation, and economic and social equity would be significantly reduced.

TABLE OF ACRONYMS

AID	Agency for International Development
BDT	Banque de Developpement du Tchad
BIAT	Banque Internationale pour L'Afrique au Tchad
BTCD	Banque Tchadienne de Credit et Depots
FAO	United Nations Food and Agriculture Organization
FED	European Development Fund
GDP	Gross Domestic Product
GNP	Gross National Product
GOC	Government of Chad
IBRD	International Bank for Reconstruction and Development (World Bank)
PEP	Private Enterprise Project (Chad)
PfP	Partnership for Productivity
PRE	Private Enterprise Bureau, AID
PVO	Private Voluntary Organization
USAID/NDJ	US Agency for International Development Mission in N'Djamena, Chad
VITA	Volunteers in Technical Assistance



## 1. PROJECT SETTING

Chad is the poorest country in the world, according to recent IBRD statistics. In 1983 the GNP per capita was estimated at \$80, significantly less than the GNPs per capita for the other lowest ranking African countries, which include Ethiopia (\$140), Mali (\$150), and Zaire (\$160). (Table 1 provides the GNPs and growth rates of the 15 lowest ranking African countries.) Further, during the period 1973-82, Chad's economic growth rate showed an alarming decline; GNP per capita change during the period was -7.7%, the most negative in Africa.

The current economic situation of Chad is characterized by six main features, which are outlined below.

(1) An extremely limited resource base. The most attractive mineral deposits are located in the northern portion of the country, which has been under Libyan control for the past three years. However due to the physical isolation of the country and its lack of transportation infrastructure, it may not be economically viable to exploit these minerals or the other much more limited mineral and oil deposits in the Chadian-controlled southern portion of the country.

(2) A protracted and severe drought since the early 1970's. The flow rate of the Chari River, one of Chad's main sources of irrigation water, decreased by 65% in 1972 and by 1984 had dropped 98%, as compared to the average 1938-84 flow rate.<sup>1</sup> Similarly, the surface area of Lake Chad had shrunk approximately 83% by 1984. Not only did the drought responsible for these decreases

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<sup>1</sup> Republique du Tchad, International Conference for the Economic Development of Chad, Volume I - The Development Program, pp. 32-33.

PER CAPITA GNP AND GROWTH RATES FOR THE LOWEST  
RANKING AFRICAN COUNTRIES

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COUNTRY	PER CAPITA GNP (1983) \$	GROWTH RATE Per Capita GNP (1973-1982)
1. Chad	80	-7.7
2. Ethiopia	140	0.7
3. Mali	150	2.1
4. Zaire	160	-4.2
5. Burkina Faso	180	1.6
6. Guinea Bissau	180	-2.1
7. Malawi	210	1.1
8. Uganda	220	-5.6
9. Niger	240	2.8
10. Tanzania	240	2.8
11. Burundi	240	N.A.
12. Somalia	250	1.9
13. Rwanda	270	2.3
14. Togo	280	0.4
15. Central African Republic	280	-1.3

N.A. = Not Available

SOURCE: World Bank Atlas, 1985.

cause agricultural output to fall dramatically during the mid 1970's and early 1980's, but river transportation, the most reliable transport system in Chad, was negatively affected, fishing catches decreased considerably, and livestock herds had to be reduced due to lack of water for many animals.

(3) Continuous civil strife since 1965 and the destruction of N'Djamena in 1979-82.

Fighting between Chadian political factions since 1965 and the involvement of Libyan troops in the fighting in the late 1970's resulted in significant destruction in the northern two-thirds of the country, particularly in the capital city. After military forces from several African countries and France were dispatched to the country in 1981-83, the situation calmed, with Libyan and opposition factions occupying the northern 40% of the country. However fighting presently continues between the Habré government forces, backed by the French, and Libyan troops allied with opposition factions in the northern region. Further, the current stability of N'Djamena was called into question in February, 1986, when Libyan planes bombed the N'Djamena airport; since then there has been increased uneasiness in the business community and an apparent hesitation to invest, due to the fear that warfare might reoccur in the capital city.

The warfare which occurred in N'Djamena in 1979-82 caused the widespread destruction of government and commercial buildings, private homes, infrastructure, transport equipment, factories, and farming equipment. In addition, the residents of the city and its surrounding rural areas lost most of their per-

sonal assets and possessions due to looting and theft after they evacuated the city.

After the situation in N'Djamena was stabilized by the advent of French troops, there was an influx of returned evacuees, most of whom had lost homes, businesses, and possessions. In addition, there was an influx into the capital city of refugees from other parts of the country who were escaping the warfare elsewhere or the drought conditions.

During the chaos and warfare, most government offices and private businesses were forced to shut down or to severely curtail their operations. The country's development bank, La Banque de Developpement du Tchad (BDT), halted its operations and the two commercial banks froze all accounts. After the stabilization of the situation in N'Djamena, government offices gradually began to resume their operations, although with severely reduced budgets. As a result, government employees were put on half salary, a policy which has continued through 1986.

Due to the destruction of their productive capacity and limited financial resources, many businesses, both large and small, have not yet been reestablished. Nor has the Development Bank reopened, due largely to lack of financing. The two commercial banks, La Banque Tchadienne de Credit et Depots (BTCD) and La Banque International pour l'Afrique au Tchad (BIAT), eventually opened branches in N'Djamena, although with limited staff and funds. In the near future they hope to open second branches in Sahr, a southern city in the country's most productive agricultural zone and the locus of the country's five large factories.

(4) Extremely narrow agricultural base and limited exports.

Chad's main agricultural crops are millet and sorghum, the principal staple foods, and cotton is the country's principal export. Small amounts of corn, rice, wheat, peanuts, sesame, sugar, and fruits and vegetables are also produced. Livestock production is the principal economic activity in the northern half of the country, although this, and fishing as well, has been curtailed due to the drought.

Until the drought and the protracted civil strife, Chad was self-sufficient in basic food grains. However since 1971 the country has shown a significant basic grains deficit (see Annex 1).

In recent years, cotton has accounted for 80% of Chad's recorded exports. As a result of the significant drop in the world price of cotton in 1985, the country's export earnings have been severely reduced, exacerbating the already difficult financial situation.

The agricultural extension system of Chad is extremely limited. According to government data, in the southern region (the soudanienne zone), the country's most productive agricultural zone, each extension agent is responsible for an average of 308 farmers with 1034 hectares of crops.<sup>2</sup> In the other regions of the country, extension services are even more limited.

Before the civil disturbances, there was little agricultural credit available and, according to Chadian officials, this tended to be distributed mainly to the larger farmers. However

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<sup>2</sup> Ministère d'Etat et de l'Agriculture et au Développement Rural. Office de Développement Rural. Rapport Annuel (1984-85), Zone Soudanienne, p. 13.

since 1982 there has been virtually no agricultural credit available, except to the farmers participating in the few large government and donor sponsored schemes, such as those engaged in cotton and rice production, and a few small PVO projects.<sup>3</sup>

(5) Highly limited transportation infrastructure.

Chad has no railroad facilities and less than two hundred kilometers of paved all-weather roads. Many roads, even in the capital city, are impassable in the rainy season. The nearest port (Douala, in Cameroon) is over 1600 kilometers away by road and until recently, goods trucked in from Douala and Lagos, the two closest ports, had to then be ferried across the river which forms Chad's western boundary. Annexes 2 and 3 include maps of Chad's road system, the country's location, and the distances to its major trading partners.

(6) Prevalence of small-scale traditional enterprises.

According to government data, 78% of the gross domestic product is earned by traditional small scale enterprises and small farmers.<sup>4</sup> In agriculture, by far the largest sector, traditional farmers account for 91% of value-added, while in the services and commerce sector, small-scale enterprises earn 94% of value-added. In the non-agricultural production and processing sector, which is the smallest sector, accounting for only 21% of the GDP, "modern" enterprises dominate. These include building and public works activities, mining, and the country's only five

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<sup>3</sup> Separate interviews with Djidi Hissein-Mi, Ministry of Foreign Affairs; Seid Bauche, Ministry of Agriculture; and M. Duquesne, BIAT, September, 1986.

<sup>4</sup> International Conference for the Economic Development of Chad, *ibid.*, p. 83.

large-scale factories (those producing beer, textiles, and cigarettes and the cotton and sugar processing companies). Although they are preponderant in number, small enterprises account for only 27% of the output in this sector; the main activities include small-scale fabrication enterprises, handicrafts, and grain milling.

After the stabilization of the military situation in 1983, the government of Chad (GOC) began an active program of economic reconstruction, combined with continuing efforts at drought relief. Among the government's top priorities were food self-sufficiency, the intensification and diversification of agriculture, rehabilitation of small and medium scale industries, expansion of food processing and construction industries, and more balanced regional development and income distribution. Other priorities concerned the provision of sanitary and transport infrastructure, mineral exploitation, and control of desertification.<sup>5</sup>

## 2. PROJECT OVERVIEW

### 2.1 Project Purpose

The Chad Private Enterprise Project was initiated in early 1984 through a cooperative agreement between the funding source, the Agency for International Development (AID), and the implementing organization, Volunteers in Technical Assistance (VITA). The cooperative agreement outlined the purpose of the project as the following:

To help reestablish and further develop the small private enterprise sector (manufacturing and services)

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<sup>5</sup> Ibid., pp. 62-92.

of the capital city of N'Djamena and its surrounding area.

The document further specified that the project was designed "to contribute to the stabilization of the economy of Chad by helping small entrepreneurs in the N'Djamena area, particularly among the returned refugees, to start up new enterprises, restart those interrupted by the hostilities, and expand those in operation." Later in the text the definition of small enterprises is expanded beyond the manufacturing and service sectors to include the farming sector.

The cooperative agreement also refers to several project objectives, which include the following:

- The identification of needed projects and services that can be provided by small business enterprises;
- The establishment of a program to provide high potential, small entrepreneurs with technical, managerial, and loan assistance to start, restart, or expand enterprises;
- The provision of technical assistance, with particular emphasis on the introduction of resource-conserving and productivity-raising technologies; and
- The identification of and assistance to Chadian institutions to take over the program.

## 2.2 Projected Project Impact

The cooperative agreement highlighted three main areas of intended project impact: (1) employment generation; (2) the support of income generating activities; and (3) the provision of goods and services. Other areas of impact which were implicitly specified include import substitution or foreign exchange generation, the broadening of N'Djamena's entrepreneurial base, and the

improvement of the quality of goods and services available in the capital city.

### 2.3 Intended Beneficiaries

The project beneficiaries are implicitly designated in various sections of the cooperative agreement document. These include the following:

- Small-scale private entrepreneurs in the manufacturing, services, and farming sectors;
- Returned and resettled refugees, who left N'Djamena because of the open warfare or who left rural areas due to the drought;
- The population of N'Djamena, which would benefit as a result of the provision of goods and services, as well as from the project orientation of addressing the basic human needs of the clients and of the broader population of the city.

### 2.4 Project Funding and Duration

The 1984 AID cooperative agreement provided \$932,000 in funding for the project. Later in 1984, an additional \$500,000 was added, bringing the total cooperative agreement funding to \$1.432 million.

In 1986 the project received additional funding from two other sources, including \$481,000 in PL480 local currency and \$138,000 from the AID African Private Enterprise Development Fund. Therefore the total funding available to the project from all sources is \$2.051 million. (Table 2 outlines the various sources of funding for the project.)

The cooperative agreement was signed in January, 1984, and the project activities were initiated in May, 1984. The project completion date was originally scheduled for February, 1986, but a

project extension postponed the completion date until December, 1986. Thus at the end of this phase of the project, it will have been operating for two years and eight months.

Table 2  
PROJECT FUNDING

1. Cooperative Agreement Funding

Initial Project Funding 1/84  
(\$1,046,000)

Amended Project Funding \$ 932,000

Incremental Funding 9/84 500,000

\$ 1,432,000

2. Additional Funding

PL480 Local Currency (Loan Fund) 3/86  
(Total 168.5 million CFA, of which  
100 million CFA for Loan Fund, 68.5  
million CFA for administrative costs)

\$ 481,000 (est)

AID, Africa Bureau, African Private  
Enterprise Development Fund (Loan  
Fund) 9/86

138,000

TOTAL FUNDING \$ 2,051,000

2.5 Scope of the Evaluation

This evaluation, contracted to Pragma Corporation, was conducted in September-October, 1986, two years and five months after the initiation of project activities. The evaluation was performed by a one person team during a period of twenty-four work-days, of which twenty-two were spent in Chad, and two, in Washington. The scope of work for the evaluation is presented in Annex 4 and the list of individuals contacted during the course of the analysis is included in Annex 5.

### 3. THE AVAILABILITY OF PRIVATE ENTERPRISE CREDIT

The USAID/NDJ Finance Specialist recently described the current state of the Chadian banking system as "bankrupt".<sup>6</sup> This situation is attributable to the economic factors outlined in Section 1, particularly the recent drop in the world price of cotton, the country's main source of foreign exchange earnings. Approximately 54% of the country's current lending capacity is used for the financing of cotton production; most of the remaining bank credit is allocated to the country's few large industries, including the sugar, textile, and cigarette companies, as well as to companies engaged in road construction and the transport of oil and gasoline.<sup>7</sup>

The credit which is allocated to smaller scale enterprises comprises only 1.5% of the available credit. Chad's present volume of credit totals approximately 58.1 billion CFA (\$176 million). Thus the total supply of private enterprise credit distributed to small scale enterprises is approximately \$2.6 million.

This credit is dispersed by Chad's remaining banks, BTCDD and BIAT. Both banks are "mixed enterprises", with both public and private funding. The BTCDD private enterprise portfolio for small scale businesses includes less than 40 loans, over half of which are for commercial transport vehicles. Thus the number of loans for smaller scale private production activities financed through

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<sup>6</sup> Memo by Brooke Stallsmith, USAID/N'Djamena, August 12, 1986.

<sup>7</sup> This and most of the other data on the Chadian banking system was provided by Wouado Kebba (BTCDD) in several interviews during September, 1986. Additional information was provided by Mr. Duquesne (BIAT).

BTC D is less than 20. BIAT's portfolio for such activities is even smaller.

In 1984 the European Development Fund (FED) made available a \$2 million line of credit for small scale enterprises in Chad. These funds are to be loaned out by either of the local banks. However as of September, 1986 none of these funds had been dispersed. Chadian banking officials explained that this was due to several principal factors: (1) inadequate bank staff to administer small loans; (2) small scale entrepreneurs' lack of experience in borrowing and inability to provide the required documentation (although the BTC D would like to assist in this process, their limited staff only enables them to assist a very small number of borrowers, and commercial services for dossier preparation are virtually non-existent); (3) borrowers' lack of necessary collateral or matching capital to invest in proposed projects (BTC D requires borrowers to furnish 20-30% of the funds for any proposed activities); (4) the possible lingering hesitancy of entrepreneurs to become actively involved with the local banks, due to their shutdown and freezing of accounts in the early 1980's.

Because of these factors, the FED credit remains undispersed and, in fact, both BTC D and BIAT officials reported that they frequently refer small entrepreneurs requesting loans to VITA. However recently BTC D officials requested VITA assistance in dispersing the FED funds, particularly in developing loan application procedures, in conducting loan monitoring activities, and in providing business advisory assistance.

BTCD and BIAT terms to borrowers range from 11-19%. Both banks are experiencing serious repayment problems, particularly due to the 1986 slowdown of the Chadian economy. BTCD officials estimate that over half of their private enterprise loans are over six months behind in repayment. BIAT officials estimate that any organization engaged in small enterprise lending in Chad will lose two-thirds of the loan funds through default.

The Chadian Development Bank (BDT) halted operations in 1979, due to the hostilities, and has not yet reopened. Interviews with Chadian officials and bankers indicate that there is currently no indication when the BDT will reopen, due largely to lack of financing, which must be obtained from external sources. Djidi Hissein-Mi, Director of International Cooperation, Ministry of Foreign Affairs, estimates that the BDT will be unable to resume operations within the next 3-4 years and when it does reopen, it is unlikely that it will service small enterprise borrowers.<sup>8</sup>

There is also very little agricultural credit available to private farmers in Chad, except for those participating in a few government- and donor-sponsored schemes and several small PVO projects. This credit is given in-kind and covers mainly a limited number of animal traction ploughs and other seasonal inputs, such as seeds and fertilizers. Farmers outside these few projects have virtually no access to credit.<sup>9</sup>

Largely because of the war destruction, as well as the drought, there is little informal credit available in Chad. The

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<sup>8</sup> Interview, September, 1986.

<sup>9</sup> From interviews with officials at BIAT, BTCD, Ministry of Agriculture, and Ministry of Foreign Affairs, as well as with small farmers.

small amount which is apparently available tends to be dispersed to established entrepreneurs who are relatives or friends of the lenders. The informal loans which small entrepreneurs occasionally can obtain are generally lent by relatives at no interest.

In summary, there is very little small enterprise credit available in Chad and virtually no credit accessible to private farmers not included in a few government-, donor-, or PVO-sponsored projects. Nor is there any sign that this situation will change in the near future.

#### 4. HISTORY OF THE PROJECT

The project director arrived in Chad in May, 1984, and quickly set up an office, hired a small staff, and with the advice of BTCDD personnel, established lending procedures. Requests for loans began being submitted in July, and in August the first two loans were accorded. By the end of 1984, 141 requests had been received, and 19 loans had been made. In retrospect, this was an extremely quick start-up for a credit project, particularly in the extremely difficult Chadian environment of 1984 (destroyed buildings, infrastructure, and transport facilities; some continuing hostilities; and an extreme scarcity of goods and services).

By mid-1985, the project had received a total of 343 loan requests and extended 44 loans. One year later the totals had risen to 527 requests and 95 loans. Annex 6 presents complete data on loan requests and loans accorded during the life of the project.

As Annex 6 indicates, loan requests during the first year of the project were almost twice as high as the requests during the project's second year of operations. This is most likely due to

the following factors: (1) initial publicity concerning the establishment of the project; (2) the increasing realization of potential borrowers that loan application procedures are rigorous and repayment is, indeed, taken very seriously; (3) the apparent slowdown of the Chadian economy in early 1986, due partly to fears of increased hostilities after the airport bombing (applications for the first two quarters of 1986 average only 28 per quarter, versus 78.5 per quarter in the previous six quarters of the project, a 64% decrease).

The project initially focused its activities in N'Djamena and in the rural areas immediately surrounding the city. In early 1986 operations were extended to include agricultural activities within a 30 kilometer radius of the city. Several months later, officials from a government-sponsored rice project aided by the United Nations Food and Agriculture Organization (FAO) requested VITA's participation in the project's credit activities. The project, Casier B, located in Bongor, a southwestern rural area, had very limited credit for seasonal inputs and for a few animal traction ploughs. In response to Casier B's request, VITA decided to expand operations to the area and to experiment with very small-scale lending to farmers for animal traction equipment. In June, 1986, twenty loans for \$72 each were extended to Bongor farmers for the purchase of animal-drawn ploughs. Upon the successful repayment of these loans, farmers will have access to second loans for the purchase of animal drawn carts, and then to third loans for the purchase of a second pair of oxen.

The farmers will be using this equipment on their rice plots within the project, as well as on their individual family plots,

where other grains and vegetables are produced. Unlike the N'Djamena loans, which are backed by individual guarantors who are colleagues of the borrowers, the Bongor loans are backed by the Casier B project, which will cover any defaults.

The project is presently considering further expanding its operations to the Kanem region, near Lake Chad, northwest of N'Djamena. Government officials expressed enthusiasm for this possibility, due to the absence of credit in the region and the GOC interest in diversifying the locus of assistance projects, which currently are largely concentrated in a few other regions of the country.

#### 5. THE LOAN PORTFOLIO

As of June 30, 1986, the portfolio includes 95 loans.<sup>10</sup> This includes 75 loans in N'Djamena and its surrounding rural areas, as well as the 20 agricultural loans near Bongor.

The sectoral distribution of activities in terms of numbers of loans accorded is as follows:

Agricultural Production (including livestock and fishing)	48.4%
Agricultural Marketing and Processing	11.3%
Manufacturing and Repair Activities	24.0%
Services	16.0%

Annex 7 provides additional information concerning the sectoral distribution of the activities funded by the project.

For the 75 N'Djamena loans, the average size of the loans is \$6,025. In Bongor the loans are much smaller; all are for \$72 for the purchase of ploughs. All of the enterprises assisted in both regions may be classified as small enterprises, which include

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<sup>10</sup> By August 31 there were two additional loans, which are not included in the present data.

from 3-20 employees. Most of the N'Djamena activities may be classified as start-up enterprises, since almost all businesses were destroyed and economic activities were halted as a result of the warfare during 1979-82. However most of the entrepreneurs had previous experience in their activities, but now are operating larger, better equipped and better managed enterprises than was possible before.

#### 6. PROJECT LENDING TERMS

The project lending terms include an interest rate of 12% (slightly below current commercial lending rates), 0-8 months grace period (hard terms for borrowers who borrow for capital equipment purposes), and payback periods of 6-36 months (again, relatively strict terms for capital equipment borrowers, who would normally be allowed payback periods of 24-60 months). Under conditions of difficulty, beyond the control of the borrowers, certain short-term deferrals of payback are allowed. These include conditions such as delays in the importation of foreign equipment and spare parts, lack of availability of inputs, and delays in customer receipts due to such factors as late salary payments to the customers.

Due to the extensive destruction of business assets and personal possessions during the two decades of civil strife, collateral requirements are not imposed on borrowers. Instead, loans are disbursed according to the following criteria:

- (1) The viability of the proposed enterprise, which is determined after detailed analysis;
- (2) The contribution of the enterprise to national reconstruction;
- (3) The perceived capability of the borrower to implement the proposed project;

- (4) The perceived dedication of the borrower to the proposed project, and sincerity and diligence with which he or she will view repayment obligations; and
- (5) The financial status of the required guarantor, who is legally responsible for reimbursing the indebtedness of the borrower, should the enterprise fail.

In the Chadian environment, these terms appear to be entirely reasonable. The interest rate is slightly below the rate charged for most commercial loans for larger enterprises, yet the small scale entrepreneurs in the project do not benefit from other advantages, supports and subsidies which many of the larger enterprises most likely enjoy.<sup>11</sup> Thus the 12% rate appears to be appropriate. This view is shared by several experts consulted during the course of the evaluation, including Mr. Duquesne, Director General of BIAT, and Philippe Annez, IBRD Economist and Loan Officer for Chad.<sup>12</sup>

The elimination of collateral requirements also appears to be highly appropriate for the Chadian environment and for the project goal of economic reconstruction. As noted in Section 1, the collateral and capital participation requirements imposed by BTCDC and BIAT are seen by officials of these banks as a major constraint to borrowing by small scale Chadian entrepreneurs.<sup>13</sup>

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<sup>11</sup> Although no studies have been done on the advantages enjoyed by larger enterprises in Chad, typically in LDC's small scale entrepreneurs are excluded from numerous important benefits accorded to larger enterprises. See Chuta and Liedholm, Blayney and Otero, and IBRD, Employment and Development of Small Enterprises.

<sup>12</sup> Annez estimates that inflation in Chad is currently close to zero and that the shadow price of capital is approximately 13%. From a telephone interview on November 6, 1986.

<sup>13</sup> Interviews with Wouado Kebba (BTCDC) and Mr. Duquesne (BIAT) in September, 1986.

## 7. PROJECT STAFFING AND STAFF DEVELOPMENT

The project staff includes ten professionals: an expatriate project manager, an expatriate deputy manager, and eight Chadian professionals, including a financial analyst, two loan officers, two loan monitors, a loan collections officer (newly hired), and two accountants. Four of the Chadian professionals have university degrees, while the remainder have financial/accounting degrees or training, in addition to high school diplomas. They all appear to be highly qualified for their work, professional, and diligent. Further, they are very effective in their dealings with clients. They are helpful and empathetic, but when the situation merits, they are also very tough. The staff also includes administrative and support personnel, including two secretaries, a facilities manager, janitors, drivers, and guards.

The quality of the Chadian staff is remarkable, given the difficult environment. Literacy in Chad is estimated at 15% and many university-trained Chadians left the country during the war years and have not returned. The salaries paid by the project are no higher than other comparable Chadian salaries, and performance standards are high. The staff appears to be motivated largely by commitment to the project's goals, the satisfaction of working for a highly respected and needed organization, and the positive work environment explicitly created by the project managers.

The quality of the expatriate management is excellent, far more competent and professional than in most PVO activities or other AID-funded projects. The organization is managed like a

private sector bank/consulting company, although facilities are minimal. (There is one word processor for ten professionals and two secretaries, and record keeping, done mostly by hand, is extensive, meticulous, and includes detailed financial data.)

Staff development thus far has been largely on-the-job training. One of the two senior loan officers previously had extensive banking experience (he was employed by the BDT before its demise), but the other was trained as an English teacher. However, due to his intelligence, commitment, and previous family business experience, he was able to assume the position of loan officer, which requires not only financial/banking expertise, but technical and management capability as well for the business advisory activities. Another loan monitor was promoted from a low-level administrative position; his professional aspiration is to acquire additional formal training in order to achieve his ultimate goal, the position of VITA/PEP loan officer.

The project intended to provide some specialized short-term training for the Chadian professional staff during its second phase. This would be highly desirable, particularly in the areas of banking, especially financial analysis, and business management, for the loan officers and loan monitors who perform the business advisory function. However the funding currently projected for the second phase will most likely not provide for such training expenditures. The evaluator recommends that USAID/NDJ make every effort to obtain additional funding, possibly from such

sources as the AID Sahel Human Resources Development Fund, to provide for such short-term training for the VITA/PEP staff.<sup>14</sup>

#### 8. CLIENT IDENTIFICATION

When the project was initiated, it received considerable publicity through several radio broadcasts concerning the project, speeches by the project manager before N'Djamena professional groups, and descriptions released in Info-Tchad, the daily government information bulletin. Since that time, the project has relied largely on word-of-mouth publicity and referrals from government ministries and the other banks. In addition, the project continues to receive occasional publicity in the local community, as demonstrated by the July, 1986 article in Info-Tchad, a translation of which is included in Annex 8.

Project clients interviewed during the course of the evaluation indicated that they generally feel that the word-of-mouth publicity system is effective. One farmer explained to the evaluator that "word of the project has spread like wildfire, even in rural areas"; another client declared that "everyone knows about VITA." However a limited number of random interviews with residents of N'Djamena indicated, as one might expect, that not "everyone" recognizes the name VITA and knows of the credit program.

While it is certainly not essential that "everyone" know of the project, it is clear that applications for loans have dropped

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<sup>14</sup> Possible programs include the University of Pittsburgh LDC-oriented management training programs, or those offered by INCAE (a Harvard Business School affiliate in Costa Rica), which has excellent programs in small enterprise management. Many classes are taught in English; one VITA/PEP loan officer is proficient in English and could participate in this program.

off significantly during the past six months (see Section 4). While this may be due to economic and security conditions, it also suggests that the project may have already exhausted the "pool" of the most aggressive, experienced, confident, or well-informed entrepreneurs. Thus it is advisable that the project undertake a more active publicity campaign, particularly concerning the availability of business advisory assistance, in order to assure that the project is indeed known and understood by the broadest possible range of potential clients, especially those who might be less confident or well-informed than the clients to date.

Such a publicity campaign should be targeted explicitly at women, as well as men. To date only six loans (6.2% of total loans) have been accorded to women. This number appears to be disproportionately low; the reasons for this are not entirely clear. The brief time-frame of the evaluation did not permit the evaluator to determine conclusively if there are serious cultural or legal barriers to Chadian women's participation in the types of activities funded by the project. However impressionistic data suggests that there are few such barriers, although Chadian women appear to be most experienced in farming and in trading activities, which are largely excluded from the project. The types of activities undertaken by the present women clients indicate quite a diversity: they are involved in trucking, farming, fish marketing, pharmacies (2), and the mechanized knitting of apparel.

The low number of women clients may be due to several possible factors. First, with its emphasis on selecting experienced entrepreneurs and enterprise rehabilitation, there may be a bias

against first-time entrepreneurs without a proven track record. Since women may have been largely involved in micro-enterprises, particularly trading, they may lack the apparent qualifications to obtain loans for larger (small) enterprises and non-trading activities. Second, there may be a self-perception by female entrepreneurs that they might not qualify for the loans, a lack of confidence, or a hesitation to request loans, due to inexperience with banking and credit systems. They may also be unaware of the assistance which the project gives to all clients in formulating and implementing their activities.

To clarify these issues, it would be useful for the project to commission a study of women's entrepreneurship in Chad, barriers to women's participation in the types of economic activities sponsored by the project, and ways in which the business advisory services might need to be adapted to fit the requirements of potential women clients. Further, an intensified marketing effort publicizing the project and its services would most likely help to identify greater numbers of the more experienced, aggressive, and confident women entrepreneurs who might desire the project's services and could qualify for the loans under the present system of client selection.

#### 9. THE PROJECT LENDING PROCESS

The project lending process is composed of several distinct components during which the interrelated activities of credit administration (what may be characterized as "normal" banking activities) and business advisory assistance are performed. These components include: (1) client selection, through preparation and analysis of documentation concerning the proposed project, staff

visits to the site of the proposed projects, and appraisal of the proposed clients' ability and willingness to conform to project requirements; (2) client fulfillment of preliminary legal and administrative requirements, such as providing certificates of nationality and opening a bank account; (3) dispersal of credit, which occurs through a transfer of funds to the clients' bank accounts; (4) monthly monitoring visits to the project site, which help to underscore the obligation of timely loan repayment, and where assistance is given to clients with problems; and (5) the provision of additional advisory assistance at the clients' request or at the request of the VITA staff, when they feel that the client could benefit from such assistance.

Throughout these stages, assistance is provided to the client in several different ways, which include the following:

1. During the loan application process the prospective client is assisted in preparing the quite extensive documentation required. This includes an analysis of such factors as expected costs and revenues, the prospective market, expected pricing policy, and the competitive environment. (Other Chadian banks require most of this to be provided by the applicant; obtaining professional assistance for these analyses costs CFA 150,000-200,000 (\$455-606), a cost which is borne by the applicant.) A more detailed description of the loan application and approval process is provided in Annex 9, and Annex 10 includes examples of the documentation required for each prospective client.

2. During several site visits by project staff before the loan is approved;

3. During in-house analysis by project staff during the approval process. These analyses are later communicated to the prospective clients;

4. During the monthly monitoring visits by the loan monitors and loan officers, as well as the review of the monitoring visit conclusions by the loan officers and project managers. The results of these reviews are later conveyed to the clients. Examples of the monthly monitoring documents completed by the loan monitors and loan officers are provided in Annex 11.

5. During the special sessions requested by the client or by the project staff.

Throughout these activities, clients are provided with both business and technical advice, assistance in fulfilling legal and administrative requirements, and advice on opening and maintaining a bank account, if needed.

When borrowers are fifteen days late in making their loan payments, they are sent letters reminding them of their repayment obligations. The project continues to send similar, but increasingly more stern letters at fifteen day intervals until the payment is made or the client applies for and receives a deferral. Deferrals are granted when conditions beyond the borrowers' control have caused a temporary cash-flow problem which prevents timely loan repayment.

Because of the absence of a reliable and timely postal system within Chad, these letters are hand-delivered to the client's business site by project staff. These visits also provide the staff with the opportunity to reiterate and underscore the

seriousness of the client's legal and moral obligation to repay his or her loan.

When a business appears to be no longer viable or the client is unwilling or unable to meet repayment obligations, the client's guarantor is requested to meet these obligations. If the guarantor is unwilling or unable to perform this duty, the case is referred to the project's Chadian lawyer and then to the Chadian court for legal action. If the case is decided against the client, the court will then attempt to extract payment from the client or guarantor, and if this fails, the client's assets may be seized.

Table 3 provides an estimate of the proportion of time allocated by the staff to the various components of the lending process. These estimates indicate that 41% of staff time is devoted to the usual tasks performed by banks, and 59% is allocated to client assistance and the project's intensive monitoring and collection activities. This relatively high proportion of time spent on the latter activities may be attributed to several main factors:

1. The inexperience of the entrepreneurs in performing analyses required in the application process, due partly to their lack of experience with borrowing.
2. The project's strict requirements for business record-keeping. After the client is trained in these new skills, the staff regularly reviews the records and aids the client in meeting the project requirements for record keeping.
3. The fact that most clients are undertaking activities on a broader and more complex scale than was previously possible, due

TABLE 3

PROGRAM TIME ALLOCATION TO BANKING AND BUSINESS ADVISORY  
ASSISTANCE

Project Activities	PERCENTAGE OF TIME ALLOCATED			
	<u>Normal Banking Activities</u>		<u>Business Advisory Assistance</u>	
	<u>Expatriate Staff</u>	<u>Local Staff</u>	<u>Expatriate Staff</u>	<u>Local Staff</u>
1. Loan/Project Analysis	6.25 %	12.5 %	6.25 %	12.5 %
2. Assistance in Dossier preparation	0	0	5 %	20 %
3. Client Selection	6.25 %	2.5 %	6.25 %	2.5 %
4. Loan Processing ( Terms Determination )	15 %	5 %	0	0
5. Business Assistance/Monitoring	0	0	15 %	35 %
6. Local Facilities/Equipment Administration	6.25 %	5 %	6.25 %	5 %
7. Planning/Liason/Research	3.75	0	3.75 %	0
8. Project Reporting ( AID & VITA ) GOC	10 %	0	10 %	0
<b>Total</b>	<b>47.5 %</b>	<b>25 %</b>	<b>52.5 %</b>	<b>75 %</b>

largely to lack of credit. Further, most clients are also adopting more advanced technologies in their operations.

4. The considerable time required for site visits outside of the central N'Djamena area. This is due mainly to the quality of the road system, which consists largely of severely rutted dirt roads which turn to mud when it rains. Travelling time for site visits in the application and monitoring activities consume a major proportion of staff time, as do the deliveries of the letters concerning late payments.

5. The availability of the staff for client consultation; in this sense the project operates not only as a bank and a business training institute, but also as a consulting company.

6. The project objective that repayment rates be kept high and default rates be minimal. Project managers are intent at achieving a portfolio performance record which is superior to that of the Chadian banks and of other LDC small enterprise credit programs. Thus considerable staff time is expended in the monitoring and collection activities.

## 10. LOAN REPAYMENT PERFORMANCE

### 10.1 Overall Portfolio Performance

As of June 30, 1986, 75% of payments due during the history of the project had been repaid, and 30% of the total value of loan commitments had been reimbursed. Seven loans had been paid off in full, representing 7.4% of total loan commitments during the life of the project. Only 1.7% of the portfolio was technically in arrears (generally defined as over six months late), and there was one loan in default (1.2% of portfolio value). Another five loans were under litigation and may result in defaults. The value of

these potential defaults and the one previous default represents 7.0% of portfolio value. Table 4 provides more detailed data on the loan repayment performance of project clients.

This record compares very favorably with the repayment performance of other Chadian banks; over 50% of the BTCDC small enterprise portfolio is over six months behind in repayment. Further, this record compares very favorably with other small enterprise credit programs in Africa. For example, at the time of the 1982 evaluation of the Upper Volta/PfP project, 20% of portfolio value was in arrears, compared to 1.7% for Chad/VITA (Annex 12 presents a comparison of this and other dimensions of several small enterprise credit programs in Africa).

#### 10.2 Loan Default Rates

The default rate for the project is also extremely low compared to other new programs of private enterprise credit in LDCs. While there are no clear standards for what may be termed an "appropriate" rate of default, most LDC credit specialists consider 10-20% to be reasonable. Nevertheless, for any individual credit program a reasonable default rate might be lower or higher, depending on the economic and business conditions of the country or region in question, the goals and clientele of the program, the financial assets of the borrowers, and the type of activities financed. Apparently IBRD credit specialists consider a 30% default rate to be average and acceptable during the first few years of operation of LDC private enterprise credit programs.<sup>15</sup>

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<sup>15</sup> Jason Brown, Small-Scale Bank Lending in Developing Countries, p. 35; from a report written by Tamara Duggelby, edited by Jason Brown.

Table 4

LOAN REPAYMENT PERFORMANCE  
(as of June 30, 1986)

Number of Loans, Total Portfolio	95	
N'Djamena - 75 loans		
Bongor - 20 loans		
Number of Loans Outstanding	82	
Number and Proportion of Loans Paid-off in full	7	7.4%
Number of Loans in Default	1	1.1%
Value of Default as Proportion of Portfolio Value		1.2%
Number and proportion of Loans Under Litigation	5	5.8%
Value of Default and Loans Under Litigation as Proportion of Portfolio Value		7.0%
Value of Total Loan Commitments	\$448,601	
Value of Reimbursements	\$134,176	
Ration of Reimbursements to Commitments		30.0%
Number of Payments Due (1984-1986)	567	
Number of Proportion of Due Payments Made	425	75.0%
Number of Proportion of Due Payments Made Within 30 Days	289	51.0%
Number of Proportion of Due Payments Made Within 60 Days	361	64.0%
Number of Proportion of Due Payments Made Within 90 Days	391	70.0%
Number and Proportion of Due Payments over 6 Months Late	25	4.4%
Value of Due Payments over 6 Months Late as Percentage of June, 1986 Portfolio		1.7%

In Chad, one might expect a credit program default rate to be higher than the norm in LDCs, due to the highly underdeveloped infrastructure, the extremely difficult economic environment, and the recurring fears of the political/military instability. Indeed the Director General of BIAT stated that a credit program in Chad can expect only one-third of its portfolio value ever to be reimbursed, thus resulting in a default rate of at least 67%.<sup>16</sup>

Thus it is clear that the extremely low default rate for the Chad/VITA project is remarkable and highly commendable. It can be largely attributed to the rigorous client selection process, the project's success in communicating to borrowers the seriousness of their repayment obligation, and the intensive advisory, monitoring, and collection activities.

Nevertheless, it appears that the project may be setting for itself and achieving an unreasonably high standard, a standard which even exceeds the expectations of the funding agency.<sup>17</sup> In so doing, the project is incurring increased administrative costs, may be overlooking some potentially viable, but more risky, activities, and is limiting its possible contribution to the development of Chadian entrepreneurship. The project's original goal was to assist small-scale entrepreneurs to reconstruct their damaged or destroyed businesses, as well as to provide income earning activities for refugees. In client selection, experienced entrepreneurs are generally favored over first-time entrepre-

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<sup>16</sup> Discussion with M. Duquesne, BIAT Director General, in September, 1986.

<sup>17</sup> At the project's inception in 1984, USAID/NDJ officials suggested that they would consider the project a success if it achieved a 75% reimbursement rate, with 25% default and unrecoverable repayments.

neurs. While this policy may result in a less risky portfolio with a superior repayment performance, it limits the project's contribution to the expansion of the numbers of entrepreneurs; instead the project concentrates largely on aiding the existing entrepreneurship "pool" to re-establish and improve their enterprises.

The limited timeframe of the evaluation does not permit conclusive judgments to be made on these issues in this analysis. Thus it is advisable for the project managers, in conjunction with USAID/NDJ officials, to review project objectives, as well as explicit or implicit performance targets, in order to determine what is most appropriate for the Chadian environment at this time. The second phase of the project will be initiated in January, 1987, with renewed AID funding; it is important to clarify these issues in order to guide project decision-making during this two- to three-year second phase. This review might best be conducted with the assistance of a consultant specialized in LDC small enterprise credit programs.

### 10.3 Timeliness of Repayments

Borrowers are required to make monthly repayments of their loans, after the initial grace period. Repayments are made to the borrower's account in BTCO or BIAT; the banks then send a notice to VITA that the payment has been made.

Since the portfolio expanded beyond the first few loans made in 1984, there has been a clear record of late repayment by the vast majority of project clients. Only 6.3% of repayments during the life of the project have been paid on time. However there is also a clear record of eventual repayment; during the project's

history, 51% of payments have been made within 30 days of their due date, 64% have been made within 60 days, and 69% within 90 days. Table 5 provides more complete data on the timeliness of repayments during each year of the project.

In the opinion of the evaluator, the issue of timeliness of repayments is not highly significant, particularly in the uncertain, difficult Chadian environment. Much more important factors are the clients' intention to repay, their efforts to do so, and the record of eventual repayment. Interviews with project clients and analyses of the portfolios indicate that there are a variety of circumstances which frequently arise and are beyond the clients' control; these factors retard client repayment but do not prevent eventual repayment. Examples of such factors include the following:

- Impassable roads, which in the rainy season turn to mud, preventing the passage even of four wheel drive vehicles. This restricts clients from obtaining essential inputs and delivering outputs, and severely reduces business for any enterprises engaged in vehicle sale or repair. Examples: one client with a construction materials business obtains sand from the river bed. However during the heavy summer rains of 1986 he was unable to reach the river bed, which like the roads leading to it, had turned into a sea of mud. Another client, a garage owner, reported that sales and income from repair work had fallen off sharply during the rainy season, since customers could not use their vehicles.
- Unexpected problems with border and customs officials. Some clients have had imported equipment unexpectedly confiscated

TABLE 5

PERIOD  
LOAN REPAYMENT PERFORMANCE BY ^ 1984-86

	1984 (Sept-Dec)	1985 (Jan-Dec)	1986 (Jan-June)	Total (1984-1986)
No. of Payments Due	8	252	307	567
No. of Payments Paid on Time	5	11	20	36
No. of Payments Paid within 1-30 Days	3	145	105	253
No. of Payments Paid within 31-60 Days	NA	40	32	72
No. of Payments Paid within 61-90 Days	NA	11	19	30
No. of Payments Paid after 90 Days	NA	20	14	34
Total No. of Payments Paid	8	227	190	425
Total of No. of Payments Not Paid	0	25	117	142
% Due Paid on Time	63%	4.4%	6.5%	6.3%
% Due Paid Within 1-30 Days	37%	58%	34%	45%
% Due Paid Within 31-60 days	NA	16%	10%	13%
% Due Paid Within 61-90 days	NA	4.4%	6.2%	5.3%
% Due Paid after 90 days	NA	8%	4.6%	6.0%
Total % Due Paid	100%	90%	62%	75%
Total % Due not Paid	0%	10%	38%	25%

NA = Not Applicable

at the border, while others have been required to pay unexpected, often unexpected fees in order to assure the importation of essential items. Example: one client's shipment of inputs was held at the border pending the payment of a large fee. Unable to pay the unexpected fee, and thus unable to obtain the inputs with which to generate income, he fell behind in payments. After notifying the project of his predicament, he received a supplemental loan; within a week he was able to cover his late payments.

- Unavailable equipment and spare parts. Machinery such as grain mills which unexpectedly break down may remain idle for several months until necessary replacement parts can be obtained. These parts are almost always imported, often from Europe. Similarly, imported equipment with missing or inappropriate components must lie idle until the necessary parts can be obtained from abroad. Example: one client imported a European pasta-making machine which was missing a vital component. Repeated requests for the equipment were apparently unheeded by the European seller, thus causing the client to fall several months behind in repayments.
- Uncertain cash availability of borrowers' clientele. If for any reason the clientele experience cash-flow problems, they will be tardy in making payments for the goods or services purchased from project borrowers, and thus the borrowers may be late in repaying their loans. Example: the borrower who has created a primary school with his loan reported that most of his clientele are government officials. If the government is late in paying their salaries, which sometimes occurs,

they will be unable to pay their monthly fees to him. Then he will be unable to make his own payment to the project on time.

These are just a few examples of the factors which may have an adverse impact on the cash-flow of the borrowers, thereby preventing them from making their loan payments on time. Since these factors are largely unavoidable in the Chadian environment, the resultant tardiness of payments should not be taken as an indicator of weak client or project performance.

The most essential issue is whether clients clearly understand and accept their obligation to repay as soon as they are able. This seems to have been very successfully communicated by project staff and taken very seriously by almost all clients. Clients are often embarrassed and ashamed when they fall behind in payments. Even when they fall over six months behind, most clients continue to repay as frequently as possible. (During the evaluator's visit, one client paid off a payment due in December, 1985, nine months earlier.) Thus, while some credit programs consider any payments over six months in arrears as unrecoverable and in default, this would not be appropriate for the Chad/VITA project.

Data on late payments is currently tabulated every fifteen days up to a period of ninety days (i.e. 15 days late, 30, 45, etc.) All loans over ninety days late are aggregated into one category. In the evaluator's view, tabulating data at fifteen days intervals is unnecessary and data should be tabulated for additional intervals beyond the ninety day cut-off point. Thus it would be advisable to consider reformulating these data tabulation

intervals; a more useful schema might be to collect data at monthly intervals up to 180 days and then to aggregate all other late payments into a final residual category.

#### 10.4 The Success of the Small Agricultural Loans

The small agricultural loans in Bongor were considered an experimental activity for the project because the size of the loans (\$72 versus an average of \$6025 for the N'Djamena loans), the lack of a permanent VITA office in Bongor, and the location of the loans, a rural area several hundred kilometers from the capital. These loans have, in fact, proven to be the most successful group of loans in the project's history: to date all twenty clients have repaid all payments due on time. (Thus far two of three required payments have fallen due.) This is quite notable, particularly due to the prevailing skepticism about borrower dependability in African rural credit programs.

### 11. PROJECT COSTS

As of June 30, 1986, actual project expenditures were as follows:

Loan Commitments	\$ 448,601
Operating Costs (including local staff and facilities, expatriate staff, and VITA/Washington costs	716,767
	<hr/>
TOTAL EXPENDITURES	\$ 1,165,368

The operating costs may be further disaggregated into expenditures for credit administration (\$291,205 - 41%) and for the business advisory and monitoring activities (\$425,406 - 59%). These calculations, which are presented in Table 6, are based on the staff time allocation data provided in Table 3.

When compared to the value of the loan portfolio, the total cost of the VITA/PEP project thus far is \$1.60 per dollar lent,

COST CALCULATION  
FOR CREDIT AND BUSINESS ADVISORY COMPONENTS

<u>Total Operating Costs - 5/85 - 6/30/86</u>	\$ 716,767
Expenditure on Local Staff and Facilities	218,934
Expenditure on Expatriat Staff, Support, VITA/Washington Support, Consultancies	497,833
 <u>Time Allocation</u>	
I. Credit Activities	
A. Local Expenditures (25%)	\$ 54,734
B. Expatriate Expenditures (47.5%)	236,471
II. Business Advisory Assistance	
C. Local Expenditures (75%)	\$ 164,291
D. Expatriate Expenditures (52.5%)	\$ 281,362
Cost of Credit Activities: A + B	\$291,205
Cost of Business Advisory Activities: C + D	\$425,653
Proportion of Total Costs, Credit Activities	41 %
Proportion of Total Costs, Business Advisory Activities	59 %
Cost per Dollar Lent, Credit Activities	\$ .66
Cost per Dollar Lent, Business Advisory Activities	\$ .94
Total Cost per Dollar Lent	\$1.60

including \$.94 for business assistance and monitoring activities, and \$.66 for credit administration. Thus if the project had only undertaken "normal" banking activities necessary to distribute credit, the full program operating costs would have been \$.66 per dollar lent. This compares favorably with the other small enterprise credit programs in Africa for which data is available. In one project for which there is such data, Upper Volta/PfP, total operating costs per dollar lent was \$1.87.<sup>18</sup> (This program, which also included business assistance activities, administered a larger volume of smaller loans, thus perhaps accounting for the higher operating costs.)

The credit administration costs for Chad/VITA are reasonable, given the careful and rigorous administrative procedures, the relatively small size of the loans, and the relatively broad geographical area covered by the project. (Most LDC credit programs succeed in lowering administrative costs by restricting borrowers to those whose activities are located near the program offices or bank branches, sometimes under 5 kilometers.<sup>19</sup> The VITA project currently services clients up to a 30 kilometer radius from N'Djamena as well as in Bongor, several hundred kilometers to the south.

The business assistance and monitoring activities are costly (\$4386 per borrower to date), due partly to the time and vehicle expense required by the monthly site visits. The agricultural

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<sup>18</sup> Goldmark, Mooney, and Rosengard, AID to Entrepreneurs: An Evaluation of the Partnership for Productivity Project in Upper Volta.

<sup>19</sup> See several cases cited in Jason Brown, Small-Scale Bank Lending in Developing Countries.

clients, whose farms are located outside the "central city", obviously consume a disproportionate percentage of this expense, due to the distance, time, and special vehicles required for visits to rural areas.

The business assistance costs should be viewed as educational or training expenses which contribute to the development of Chadian entrepreneurship and enable the project to achieve its economic and social goals of economic reconstruction, refugee settlement, employment generation, and social equity. The time provided for this evaluation does not permit a conclusive measurement of the extent to which the advisory activities have helped to achieve these goals, but any judgment on the utility of the business advisory costs should include such a cost-benefit analysis. This analysis should include an estimation of benefits generated not only during the duration of each individual loan, but over the projected future life of each enterprise which has been established, reconstructed, or expanded.

The enterprise assistance program should also be viewed partly as a system of agricultural extension services since almost half of project clients are engaged in farming. The staff currently offers technical as well as business advice to these clients, and in the project's second phase, these extension activities will be expanded. Current plans include the hiring of a Chadian agronomist and the use of several agricultural technicians in short term consultancies. Thus the project has established a small private agricultural extension system to supplement the extremely limited government extension services which are available.

The project is being evaluated at a relatively early point in the life of the project (after 2 years and 5 months of operations). Thus both business advisory and administrative costs include numerous significant one-time start up expenditures for such items as office furniture, equipment and vehicles; many of these items were purchased locally and were extremely expensive. It would be more useful to assess these costs after a longer time frame (at least five years), when they will presumably be much lower on a per client or per dollar lent basis.

## 12. CHADIAN APPRAISAL OF THE PROJECT

### 12.1 The Project's Role in the Community

The project appears to be well-known and respected in N'Djamena and to be considered an important component of the business and financial community. Government and banking officials appear to be grateful to be able to refer entrepreneurs requesting advice or credit to the project when local institutions are unable to provide the requested assistance.

Project managers appear to have established the reputation of being the local experts on small-scale lending, as well as on the Chadian private sector, most of which is composed of small enterprises. Visiting consultants, IBRD teams, other donors, and investors frequently consult the staff on private-sector issues, and the project director has been invited to speak before several business and community groups and a University class on credit programs. In addition, AID officials have requested his advice on credit programs in other LDCs; he recently assisted the Uganda AID mission in the design of a new small enterprise lending project there.

The project staff has also been asked to provide assistance to several other American PVO's considering small enterprise credit components for their activities. The staff was even asked to implement the credit component of another PVO, but was unable to assume this additional workload.

Because of the project's highly positive reputation and visibility in the community, international journalists interested in the Chadian economy have also been referred to the project. As a result, the New York Times recently published an article describing the project's activities and impact. A copy of the article is included as Annex 13.

#### 12.2 Views of Government of Chad Officials

Government of Chad officials consulted by the evaluator were universally highly pleased with the project activities. They underscored the dire need for credit in all sectors of the economy and in all regions of the country. Djidi Hissein-Mi, Director of International Cooperation, Ministry of Foreign Affairs, emphasized the unique and critical role which the project plays due to the very limited availability of agricultural credit for small private farmers in Chad. He stressed that even if the BDT were reopened in the near future, a possibility he considers highly unlikely, it would most likely be unable to service the small-scale entrepreneurs and small farmers assisted by VITA. He advised that when the BDT is reestablished, the project should remain a separate specialized entity and not become part of the BDT or of any other local institution. Finally, he feels that Chadian officials see absolutely no negative implications resulting from the presence of the two expatriate managers. On the contrary, he expressed high

respect for their competence and dedication and feels that their presence is extremely useful since it provides a net gain to the limited supply of experienced, highly capable management skills in Chad and enables equally skilled Chadian managers to execute other important roles in the economy.

The Ministry of Agriculture's Secretary of State, Seid Bauche, emphasized the virtual absence of agricultural credit in Chad and the limited agricultural extension services. He was thus extremely supportive of VITA's activities in both lending and technical assistance to farmers. He also expressed the need for a much larger supply of agricultural credit to be directed through VITA and was pleased that the agricultural sector will receive increased emphasis in the project's second phase. Finally, he inquired about the possibility of VITA undertaking additional regional rural credit activities, like those in Bongor. He specifically asked if VITA could start a credit program in the eastern region of the country near Abeche; he had recently met with entrepreneurs there who appear to have viable plans for small-scale agribusiness activities, but who have limited financial resources and no access to credit.

Issa Ngarmbassa, the Ministry of Plan's Director of International PVO Activities, was particularly interested in the possibility of VITA's initiating activities in the Kanem region, north of N'Djamena. He described the concentration of PVO, donor, and government development activities in the south and in the N'Djamena area, and stressed the government's interest in diversifying these activities to other less developed regions, particularly in the central Sahelian zone, where Kanem is located.

The GOC officials interviewed all agreed that despite the importance of the credit provided by the project, an equally useful service was the provision of technical and management assistance, which is otherwise unavailable to Chadian entrepreneurs.

### 12.3 Relations with the Banking Community

Relations with Chadian banking organizations are highly collegial and supportive. The BTCDC acts as the actual bank for the project and handles its operating budget accounts, its loan fund accounts, as well as many of the client accounts. While BTCDC officials assisted VITA in establishing lending procedures during VITA's start-up process, BTCDC now has requested VITA's aid in dispersing the European Development Fund funds earmarked for small enterprise credit; due to limited staff and resources, BTCDC has been so far unable to lend out any of these funds. VITA/PEP will most likely act as a co-financer in some of these loans, covering the borrower collateral required by BTCDC; it will also assist BTCDC in establishing specialized procedures for administering the loans and will provide monitoring and advisory services for the borrowers who receive the co-financed loans.

M. Duquesne, the Director General of BIAT, a private French bank with limited Chadian financial participation, was extremely impressed with VITA's low default rate and strong repayment performance. He indicated that BIAT has little interest in engaging in small-scale lending in Chad, due to the risky environment, lack of infrastructure, the borrowers' lack of experience with credit, and their lack of access to goods, services, and policy preferences available to the larger enterprises. As a result of such

factors, he stated that any small enterprise credit program in Chad should expect to experience default rates in excess of 60%, as compared with VITA's present rate of between 1-7%.

### 13. PROJECT IMPACT

#### 13.1 Areas of Immediate Impact

The primary objectives of the project were to contribute to the reconstruction of the Chadian economy, to settle refugees displaced by warfare and drought, to generate new employment possibilities, and to assist small-scale entrepreneurs, thereby contributing to social and economic equity.

The project has clearly achieved these four objectives. The establishment and strengthening of 97 enterprises, especially in a situation where this would not otherwise have occurred, obviously contributes to economic reconstruction. This is true not only in the macro-economic sense, through the provision of a broader range of goods and services and the economic stimulation generated by the backward and forward linkages,<sup>20</sup> but also at the level of the individual entrepreneurs, by enabling them to reconstruct their enterprises and their household assets. (All of the clients interviewed during the course of the evaluation reported that they had experienced significant loss of assets during the period of warfare.)

All of the interviewees also reported that they and their families had been displaced during the hostilities and had been forced to evacuate to other parts of the country. Most of the

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<sup>20</sup> Backward and forward linkages refer to the economic stimulation of non-client industries which provide inputs to client enterprises or which serve as the markets for their outputs.

clients eventually returned to their original homes and businesses, which had been largely destroyed. (Buildings had collapsed roofs and walls, broken windows, and bullet and mortar holes in the few remaining walls; machinery and equipment had been stolen or destroyed.) In aiding the evacuees to reconstruct their business facilities and to generate income with which to reestablish their personal assets, the project clearly achieved the goal of refugee resettlement.

To date the enterprises assisted by the project have generated a total of 451 full-time, part-time, and seasonal jobs. Factoring part-time jobs as one-half of a job, and seasonal jobs as one-quarter, this is the equivalent of 374 full time jobs. Data on the jobs created by enterprise are presented in Annex 14; this data is summarized in Table 7. While there was no explicit employment creation target for the project, project staff attempted to maximize the number of jobs generated by concentrating on production activities rather than commercial trading activities, which have more limited employment needs.

In addition to this direct employment generation, it is clear that the project has stimulated considerable employment indirectly, through linkages to firms providing client inputs and purchasing their outputs. Project managers explicitly attempted to maximize this indirect employment generation in their decision to focus on production activities rather than commercial, which have been shown to create fewer backward and forward linkages.<sup>21</sup>

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<sup>21</sup> See especially Chuta and Liedholm on the greater linkage effect of production activities.

## EMPLOYMENT CREATION BY SECTOR, N°DJAMENA LOANS

SECTOR	NUMBER OF ENTERPRISES	ACTUAL EMPLOYMENT CREATED				Employment created: Full time job equivalent	Full-time job equivalent per Enterprise
		FULL TIME JOB	PART TIME JOB	SEASONAL JOB	TOTAL ALL JOBS		
FOOD PRODUCTION	23	104	24	36	164	125	5.44
SERVICES	35	137	32	0	169	153	4.37
INDUSTRIALIZATION (AGRICULTURE-PRODUCTION)	17	57	36	5	98	76.25	4.49
TOTAL	75	298	92	41	431	354.25	4.72

## EMPLOYMENT CREATION, BONGOR

Due to time and financial constraints, the evaluator was unable to travel to Bongor. However interviews with Bongor loan officers and managers yielded a conservative estimate of one job created per assisted enterprise, or a total job creation of 20.

However due to the time constraints of the evaluation, it was not possible to quantify the impact of the project in this area.

No important labor displacement effect resulting from the employment generated by this project was detected during the course of the evaluation.

The fourth main objective of the project was to assist small, rather than large scale, entrepreneurs. The intention was presumably to contribute to social and economic equity, particularly in redressing the imbalance of preferences and benefits usually accorded to larger scale businesses and denied to the smaller scale firms. Further, by directing assistance only to the smaller enterprises, the project was able to achieve a greater employment generation effect than would have occurred through assistance to larger enterprises.<sup>22</sup>

In addition to these principal areas of intended project impact, there were several additional areas where notable impact was achieved. These include the following:

- The provision of higher quality goods and services for the N'Djamena community, including education (the primary school);
- Assisting the client enterprises, especially the farms, to achieve higher levels of productivity;
- The training of some clients in the use of banking facilities and reestablishing trust in the local banks;
- The training of clients in the use of credit and the esta-

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<sup>22</sup> Chuta and Liedholm, among others, provide data on the greater employment generation effect of small scale enterprises in LDCs.

blishing of credit histories, which will assist clients in obtaining future loans from local banks;

- The provision of technical training and future employment possibilities for the numerous apprentices engaged without salary by client enterprises;
- The limited broadening of the entrepreneurial base, by enabling some first-time entrepreneurs to establish enterprises;
- The limited expansion and strengthening of women's entrepreneurship.

### 13.2 Long Term Impact

It is valuable to attempt to assess the impact of the project over a longer timeframe than the current project period. One simple way to do this is to estimate the expected future stream of earnings from the jobs generated by the project, assuming that the assisted enterprises will be sustained, that no new jobs will be generated by these enterprises, and that there will be no salary increases. (While none of these assumptions is necessarily realistic, the effect of these three factors may counterbalance each other; some enterprises may fail, but others will undoubtedly expand, offering new employment opportunities.)

The estimated annual income of employees in the enterprises of the current project clients are as follows: agriculture, \$455 per annum; service sector, \$909; and fabrication sector, \$945. Projected over a ten-year time frame, the stream of earnings for the new jobs created by the project to date totals \$2.68 million, or 374% of project operating costs to date.

This calculation is offered not as a definitive assessment of future benefits of present project activities, but as a suggestive indicator of the significance of the continuous and significant stream of benefits which is generated by a small enterprise credit project.

### 13.3 Employment Generation by Sector

As Table 7 indicates, the food production activities funded by the project were the most effective in terms of employment generation. An average of 5.4 new jobs were created by each of the agricultural enterprises, 25% higher than the service enterprises, which averaged 4.4 new jobs, and 21% greater than the number of jobs created by the fabrication enterprises, which averaged 4.5. Thus in the second phase of the project when it will focus more heavily on agricultural activities, the rate of employment generation will most likely be even greater than that achieved to date.

### 13.4 The Cost of Employment Generation

Compared to other AID-funded credit programs in Africa, the project was extremely successful in terms of the cost of employment generation. For Chad/VITA the total program costs per job created averaged \$1916, compared to \$5154 in the Upper Volta/PfP project, the only other case for which data has been calculated. The Chad/VITA cost is extremely low; LDC credit programs which generate employment at a cost of up to \$5000 per job are usually considered to be quite successful.<sup>23</sup>

The project also merits praise for the loan cost of employment generation which it achieved (the jobs created per portfolio

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<sup>23</sup> See Chuta and Liedholm.

volume). In Chad/VITA the loan cost per job is \$1212, compared to \$2750 in Upper Volta/PfP, \$4568 in the AID Private Enterprise Bureau project in Kenya, and \$6400 in the West African Entente Fund credit project (see Annex 12).

There was a wide variation of loan cost of employment generation within and between sectors, as Annex 14 illustrates. The agricultural activities showed both the least expensive job creation (numerous cases of under \$100), as well as the most expensive (several cases of over \$5000, due to the installation of expensive equipment, such as irrigation facilities). On average by sector, the fabrication sector achieved the lowest loan cost of job creation, followed by the agricultural sector, which was slightly higher.

#### 14. USAID PROJECT MANAGEMENT

The USAID/NDJ staff appears to be pleased with the success of the project and by the positive reaction to the project of GOC officials, bankers, and private sector entrepreneurs. The project's positive reputation, as well as its importance to Chad, appear to have contributed to enhancing the image of the United States and of USAID/NDJ in Chad.

The degree of monitoring by the USAID/NDJ staff appears to be appropriate. However the evaluator recommends that project reporting requirements not be expanded beyond the present level, as this would deter the project staff from accomplishing project goals. The project's success has generated considerable attention and caused it to be viewed as a demonstration project, thereby stimulating interest in project methodology, procedures, and impact. Detailed documentation concerning these issues should not

be expanded beyond the level normally required by AID in its cooperative agreement projects. Any further documentation or analysis should be assigned to external evaluators or other external analysts.

The timeliness of project reporting is of concern to USAID/NDJ and should be improved. Delays presently result largely from the need for VITA/Washington to provide certain financial data for the quarterly reports, as well as to review other project documents, such as the proposal for Phase II of the project. A reduction of these delays would facilitate USAID/NDJ's project monitoring and reporting activities.

Finally, there appears to have been some confusion over the timing of the decision concerning the funding of the project's second phase. The due-date for the required proposal and the timing of USAID/NDJ's decision-making was not clearly understood by the VITA/PEP project managers. This resulted in the decision on funding being taken before the submission of the VITA/PEP proposal, which was, indeed, delayed at the VITA/Washington office. (This occurred partly because substantial revisions of the consultants' draft report were required by VITA/Washington staff.) In the future, it would be advisable to assure that critical issues such as the timing of major decisions are clearly understood by all concerned parties.

#### 15. MAJOR PROBLEMS TO BE RESOLVED

There appear to be no major problems within the project which need resolution. The project appears to be highly respected and considered extremely important by Chadian government and banking officials. The management is excellent and the staff is

highly competent and committed. The clients appear to understand and accept their obligation to repay the loans; further they appear to be accepting and using the management techniques which they are obliged to undertake in order to obtain and use their loans.

One area which should be strengthened is the dissemination of information about the existence of the program to potential clients. Loan applications have decreased markedly in 1986, partly due to economic and military circumstances; nevertheless, it is not clear that the full range of potential clients, especially women, know of the program, and of its ability to provide both credit and business assistance as well. Further and periodic radio broadcasts, targeted explicitly at women, as well as men, might be of assistance in assuring that the project is known and understood by a broader range of potentially successful clients.

Another important area to be addressed is the uncertainty of the future flow of funds to the project. While USAID/NDJ has decided on a \$1.2 million level of funding for the 3 year second phase of the project, at current levels of expenditures (which include an appropriate expansion of the local staff to handle the increased volume of lending), this funding would apparently cover 1.5 years of operation. USAID/NDJ intends to assist the project in obtaining additional funding from other AID sources, and in fact recently helped obtain an additional \$600,000 in PL480 local currency for Phase II. Nevertheless the remaining uncertainty concerning the possibility of any additional funding destabilizes the project planning process, might threaten the ability to hire and retain qualified staff, and makes it difficult to project the

timing of the transferral of project activities to a local institution.

#### 16. FACTORS CONTRIBUTING TO PROJECT SUCCESS

There are several main factors which may be highlighted as the principal reasons for the success of the Chad/VITA project. These include the following:

- The superior quality of project management, which exhibits an unusual degree of sensitivity to local practices, circumstances, and culture, as well as a high degree of professionalism;
- The excellent quality and professionalism, of the Chadian staff;
- The desperate need for private enterprise and agricultural credit in Chad;
- The absence of alternate sources of credit and thus the relatively high quality of the entrepreneurs applying for the loans;
- The support of USAID/NDJ, particularly its flexibility in project supervision.
- The competence, commitment, and responsiveness to project needs of the VITA/Washington backstop officer.

#### 17. FUTURE STATUS OF PROJECT ACTIVITIES

##### 17.1 Project Site and Duration

The life of the project was recently extended for three additional years and \$1.2 million in incremental AID funding and \$600,000 in PL480 local currency was allocated to the project. However prior discussions between USAID/NDJ and project managers had indicated that a funding level of \$2-4 million in AID funding

could be expected, and plans for the second phase were formulated accordingly. Planning activities included discussing with GOC officials the possibility of undertaking new credit activities in the Kanem region; as noted in Section 12, GOC officials are enthusiastic about this possibility due to the underdevelopment of the region, the absence of credit and other development activities in the area, and the region's economic decline, due to the drought.

The level of AID funding allocated to the project will not permit it to operate at its current level of activity for the projected three year duration of the project, given inflation, appropriate salary increases, and the overhead necessary to administer the more geographically dispersed agricultural loans, which were a USAID/NDJ priority for this funding. Nor will the project be able to expand its operations (geographically to Kanem, and in terms of loan volume) as projected; this may be a disappointment to GOC officials and may appear to them to signal a lack of USAID/NDJ support for the project.

USAID/NDJ expressed concern that the project not expand to a level which might eclipse the role of the BDT, when it reopens. However Chadian government and banking officials expressed no such concern and instead see the project as complimentary to any probable future activities of the BDT. They also are not optimistic that the BDT will be able to reopen and become operational within the next few years.

USAID/NDJ officials also expressed concern about the undispersed loan funds which the project currently holds and questioned the need for the expected \$2-4 million level of funding. The lack of dispersal of these funds appear to be due to the current eco-

conomic and political situation, which will most likely be improved over the next few years, and to project managers' concern over maintaining an unusually high portfolio quality. As noted in Section 10, the latter issue should be reviewed by USAID/NDJ and project managers; together they might agree that the project should undertake a higher volume of apparently more risky projects, and this could accelerate the dispersal of the currently held loan funds and increase the future demand for credit.

#### 17.2 Project Sustainability

At the end of the second phase of the project, it is expected that the expatriate staff will depart and the project will become an independent Chadian institution or will be absorbed by another local institution. As noted in Section 12, Djiddi Hissein-Mi, of the Ministry of Foreign Affairs, recommends that the project remain an independent institution, providing a specialized type of credit; he strongly feels that this would complement any other credit activities which might exist at the end of the second phase of the project. He also feels that if the project does not remain independent, it would be unlikely that it could maintain the present quantity and quality of its advisory assistance to borrowers.

When the expatriate managers depart and funds for expatriate consultants and VITA/Washington management are eliminated, project overhead costs will be reduced by over 60%. However, if at that time, the advisory and monitoring activities were maintained at their present level and quality, projected project income from interest charges would cover only 16% of projected operating costs. Alternatively, if the advisory and monitoring activities were eliminated and the project functioned more like a "normal" credit institution, approximately 40% of operating costs would be covered; the project would still not be sustainable without an additional capital contribution.

Project managers have been studying the option of increasing the interest rate charged to borrowers, in order to recover a greater percentage of project operating costs and to reduce the amount of additional capital needed to support its activities. However, a rate sufficient to cover these costs, with or without the advisory services, would be several times greater than the highest commercial interest rates currently charged in Chad. Such a rate would clearly be untenable to the borrowers and would most likely be politically unacceptable.

It is also highly unlikely that the project could recover much of its operating costs through charging clients for assistance services. A token fee might be charged, but the

profits and income levels of project clients are simply too modest to permit more than a token fee to be paid.

Further, if the business advisory, monitoring, and collection activities were eliminated, it is likely that default levels would rise to the levels experienced by other Chadian banks, and this itself could threaten project sustainability. As a result, project managers would most likely feel induced to restrict lending to the most established, larger-scale entrepreneurs with greater personal wealth and previous credit histories; there might also be a pressure to significantly increase loan size to reduce administrative costs.

Such changes obviously would imply a fundamental transformation of the nature of the project. The project beneficiaries and its ultimate impact would be significantly altered as the modifications to minimize subsidization would considerably reduce the contribution of the project to its present goals of economic reconstruction, entrepreneurship development, employment generation and economic and social equity.

## 18. RECOMMENDATIONS

1. It appears to be in the interest of all concerned parties, particularly the GOC, the Chadian private sector, and USAID/NDJ, to increase project funding, as possible, up to the limit of the capacity of the present management team. The team appears capable of managing a level of funding which is considerably above the level currently projected for Phase II. In determining an appropriate level of funding, a second relevant factor is the availability of capable Chadians to fill any additional staff positions which might be necessary. This appears not to be a constraint to expansion. A third factor is the possible reestablishment of the former Development Bank. However according to Chadian government and banking officials, this is not likely in the near future, due largely to the lack of available financing for the bank. Nevertheless, even if the bank were reestablished within the next year or two, it is unlikely that the volume of financing would be adequate to meet the needs of the Chadian private sector. Further, Chadian officials doubt that the BDT would be able to service more than a few small-scale borrowers, particularly those inexperienced in credit and banking and those without substantial collateral. Nor would the BDT, in their opinion, be able to provide any business or technical assistance to its clientele.

Thus even if the BDT were revived in the near future, Chadian officials see a need for VITA/PEP to continue as an independent, autonomous institution, which would serve as a support or supplement to BDT activities, rather than as a threat or as competi-

tion. Therefore it is recommended that, if possible, USAID/NDJ increase VITA/PEP funding beyond the present level projected for Phase II. The initial Phase II plans were formulated on the expectation of a \$3.0 million level of funding. In the opinion of the evaluator, the project could effectively administer this level, there is a clear need for a greater volume of credit within the Chadian private sector, and GOC government and banking officials would welcome such an amount.

The project's funding level obviously determines not only the duration of the project, but also the extent to which activities may be expanded geographically. Although USAID/NDJ approved a three-year continuation of the project with its present staff and mode of operations, the current Phase II funding will only permit the project to continue for two years. Further, the project will be unable to significantly expand its activities outside the N'Djamena area, a possibility which has already been discussed with GOC officials and which they clearly support with enthusiasm.

USAID/NDJ officials have expressed their intention of seeking additional AID funding to supplement the amount already allocated for the project's second phase. However this should be done immediately and clarified within the next few months. Project managers need at least a year's lead time to either install a new Chadian management team, should the project remain an independent institution, or to allow the present staff to find other employment, should they wish to do so. Further, the funding level should be clarified as soon as possible in order to enable project managers to provide definitive information to GOC officials on plans for geographical expansion of project activities. To con-

tinue in the present situation of uncertainty, especially since the expectations of GOC officials have been raised, could damage the image of the project and negatively affect the future cooperation of GOC officials.

2. It is recommended that project managers further investigate the possibility of gaining access to the FED line of credit for small and medium scale enterprises. While VITA/PEP may collaborate with the BTCDC in administering some of this credit, it would be useful to assess the possibility of dispersing some of it independently, if this would not be negatively viewed by BTCDC or BIAT. It would certainly be in the interest of the Chadian private sector for VITA/PEP to contribute to the acceleration of the dispersal of these funds.

3. It is recommended that VITA/Washington attempt to reduce the present time-lags in the submission of information, particularly quarterly financial data, to VITA/PEP and to USAID/NDJ. If circumstances do not permit this, information concerning these circumstances should be clearly communicated to USAID/NDJ.

4. If funding permits, it is recommended that key project staff be sent for short-term training courses in business management and banking operations.

5. It is recommended that VITA/PEP undertake new publicity and promotional efforts in order to assure that the broadest range of potential clients is informed not only about the availability of credit, but also about the existence of business assistance activities.

6. It is recommended that the project with USAID/NDJ assistance, commission an analysis of women's entrepreneurial activities

in Chad, constraints to the expansion of these activities, and ways in which project services might need to be adapted to the particular requirements of this group.

7. In order to maximize the project's contribution to private sector development in Chad, it is suggested the project managers and USAID/NDJ reassess the project's emphasis on assisting established, rather than first-time, entrepreneurs. It may now be appropriate to consider tolerating a riskier portfolio and the possibility of a lower portfolio performance standard in order to have a greater effect on the expansion of entrepreneurship in Chad.

8. It is highly likely that there are important policy, legal, or administrative constraints inhibiting the performance of small and medium scale businesses in Chad. Since there is presently little information on such constraints, it would be useful for USAID/NDJ to commission a study on this issue and then to address important findings in any future policy dialogues with GOC. This could assist not only in amplifying project impact, but also in increasing AID's contribution to private sector development in Chad, beyond the effect of the VITA/PEP project.

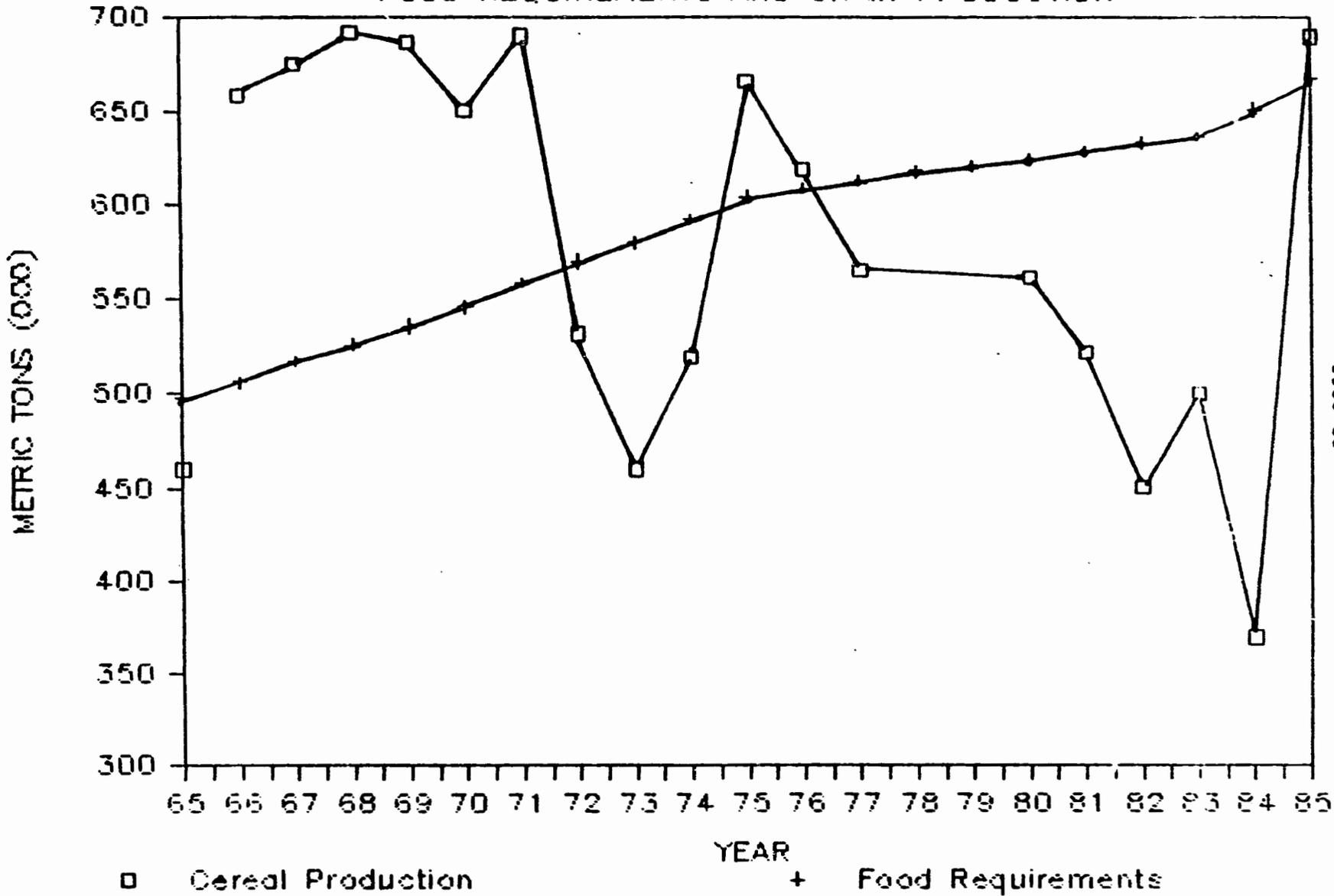
9. It is recommended that VITA/PEP review several aspects of its operations, perhaps with a consultant's assistance, and consider making modifications in certain areas, which might include the following: (1) the target rate of default, which presently is extremely low; (2) the structure of data collection on late loan repayments; rather than collecting data at short intervals for 3 months, the intervals should be lengthened and the cut-off point extended to 6 months; (3) the type and amount of data on enter-

prise performance. Presently little systematic financial data is collected after loans are accorded, unless clients are late in repayment. It would be useful to gather data also on the successful enterprises, in order to evaluate the utility of the advisory assistance and to more accurately assess the impact of the project. Further, additional data would enable project staff to perform more sophisticated financial analyses, which would aid in identifying potential problems within the client enterprises at an earlier point than is now possible.

FOOD REQUIREMENTS AND GRAIN PRODUCTION 1965-85

CHAD

FOOD REQUIREMENTS AND GRAIN PRODUCTION

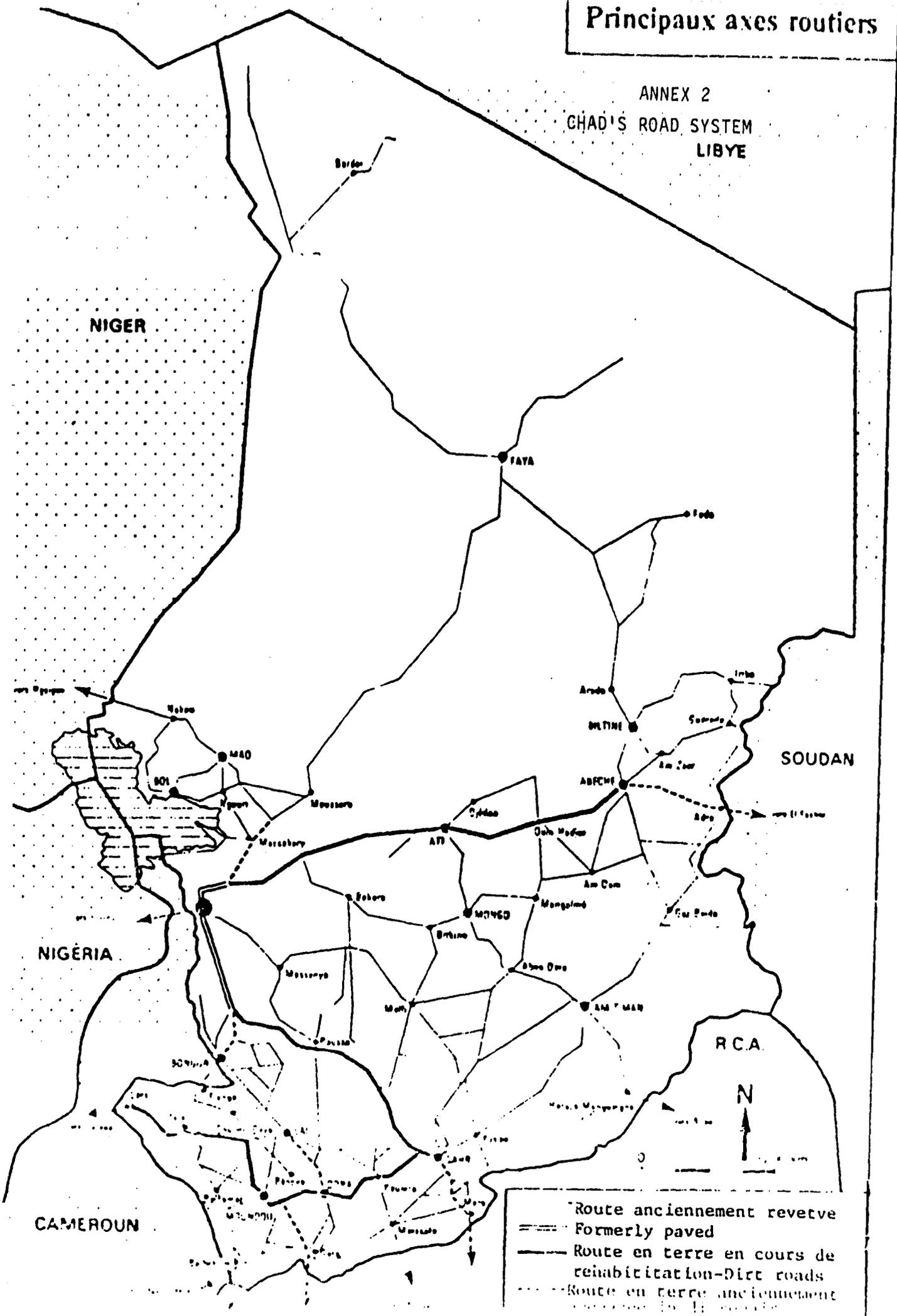


Commercial imports (for example: wheat, flour for bread and tuber crops) are not included in these estimates.

FOOD REQUIREMENTS AND GRAIN PRODUCTION  
1965-85

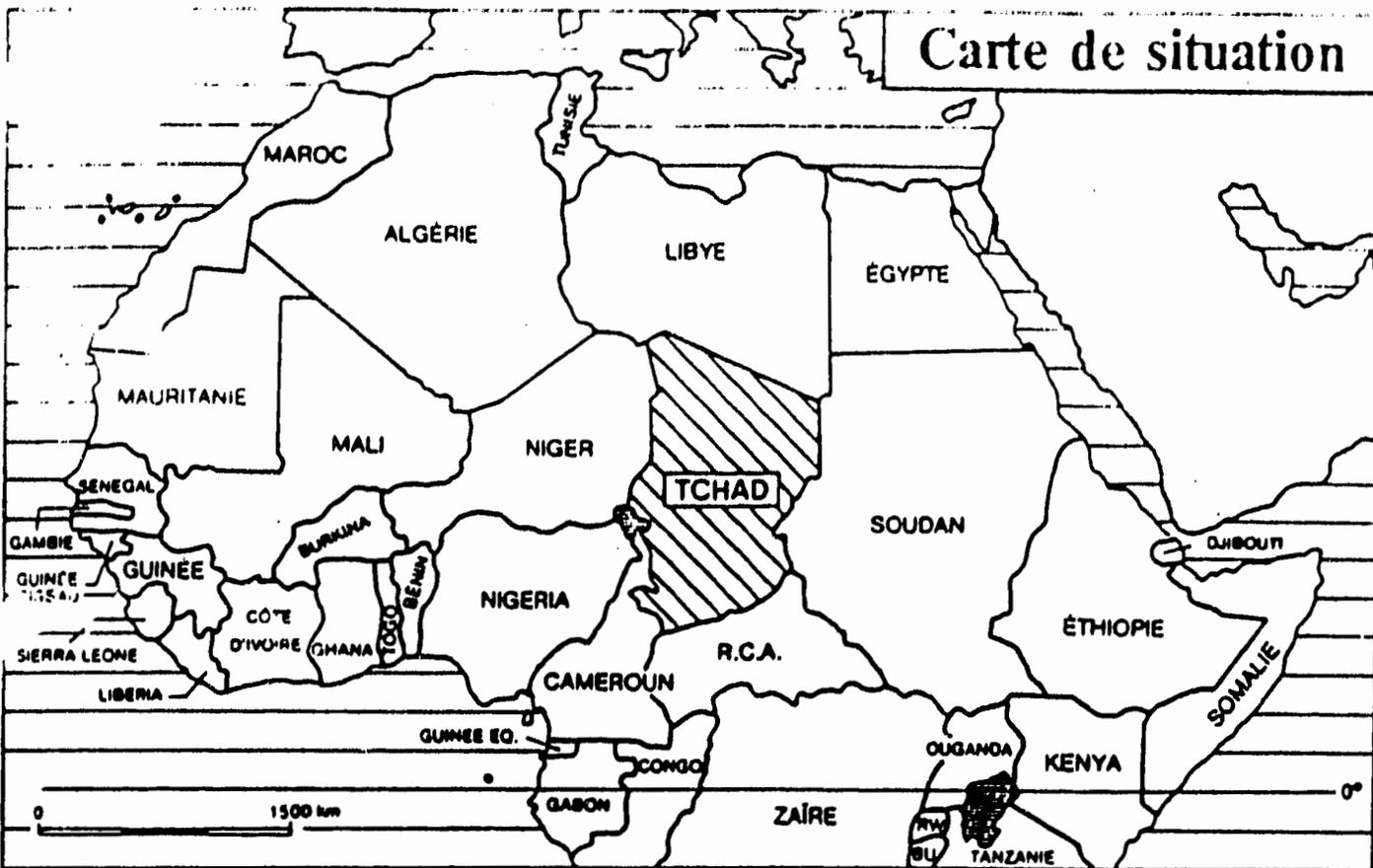
# Principaux axes routiers

ANNEX 2  
CHAD'S ROAD SYSTEM  
LIBYE



- Route anciennement revetue
- Formerly paved
- Route en terre en cours de rehabilitation-Dirt roads
- Route en terre anciennement

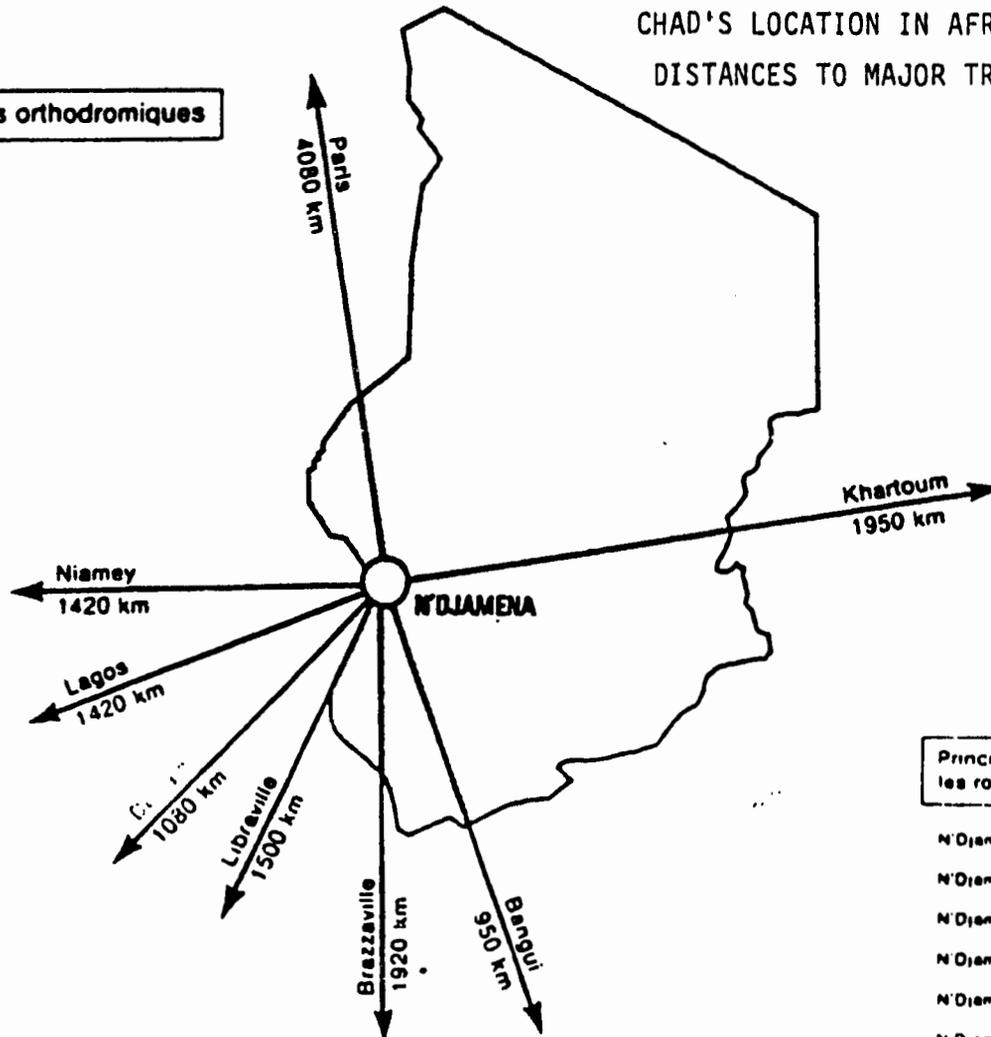
# Carte de situation



## ANNEX 3

### CHAD'S LOCATION IN AFRICA AND DISTANCES TO MAJOR TRADING PARTNERS

Distances orthodromiques



Principales distances par les routes les plus directes

N'Djaména - Douala	1838 km
N'Djaména - Lagos	1980 km
N'Djaména - Maiduguri	249 km
N'Djaména - Kano	856 km
N'Djaména - Bangui	1138 km
N'Djaména - Niamey	1923 km

FORMATIVE EVALUATION: TERMS OF REFERENCE

PROJECT: VITA Private Enterprise Development (VITA/PEP)  
(698-0502.4B)

BACKGROUND: Within the context of reestablishing an AID program in Chad, USAID/Chad supported VITA's (Volunteers in Technical Assistance) design of a project to provide business advisory services and credit to small-scale Chadian entrepreneurs in and around N'Djamena. Through a cooperative agreement between AID and VITA, \$1,432,000 has been provided to finance (a) the services of a VITA Project Director and an Assistant Project Director for two years each as well as locally recruited Chadian professional loan officers; (b) the initial capitalization of a revolving loan fund; (c) the procurement of two vehicles, four motorcycles and a computer; and (d) the local costs of in-country travel, per diem, staff support, etc. To date the revolving loan fund has been capitalized with a total of \$401,000, including \$360,000 advanced from AID (with \$40,000 remaining to be advanced within the next month) and \$41,000 from loan repayments. Seventy loans, averaging \$6,000, have been made. Four loans have been repaid and one loan is delinquent. The loans fall into three general categories: services, agricultural production and manufacturing. The project is now fully funded and is scheduled for completion on December 31, 1986.

In accordance with the terms of the cooperative agreement, a formative evaluation of the project will be undertaken in 1985 by AID and an impartial third party. The evaluation will focus on "comparing performance and accomplishments against program goals, objectives, (and) outputs set forth in the Project Summary/Logical Framework and the evaluation plan" (p. A2-7 of the cooperative agreement).

SETTING: This formative (in-progress) evaluation will be undertaken in collaboration with VITA over a period of 24 person-days, including two (2) work-days at the VITA home office in Washington prior to arrival in Chad, seventeen (17) work-days in Chad and five (5) work-days at the consultant's home office (Washington, DC) to finalize the evaluation report. The evaluation will be conducted by a private enterprise specialist who will work under the general guidance of the AID Representative or his designee. The specialist will also work under the direct supervision of the USAID General Development Officer who is also the USAID Project Manager for the project. The USAID General Development Officer will be the point of contact between the consultant and VITA.

The consultant will be based in N'Djamena but will make site visits to VITA clients within a 30-kilometer radius of the city. The consultant will also interview VITA home office backstopping officers, interview VITA staff and clients in Chad, review AID and VITA files, quarterly progress reports and financial records, meet with VITA's banking institution and lawyer and make such other contacts and literature reviews which may be required to complete the following tasks.

### Specific Tasks

1. Evaluate the extent to which VITA is providing a service which was previously not available to the population of N'Djamena. The extent to which VITA's clients include persons who had been adversely affected by the war in past years will also be analyzed.
  2. Attempt to determine the degree of general awareness of VITA and its services among a random sample of the population of N'Djamena. What are the distributional objectives of the project? How did VITA's clients learn about the project? How does the project fit in its environment?
  3. Make a preliminary judgment on the extent of development benefits derived by VITA's clients from its counseling services and revolving loan fund.
  4. Identify the project beneficiaries and analyze the distribution of benefits among this group, i.e., who are the direct and indirect beneficiaries of the project's services? To what extent are Chadian women either direct or indirect beneficiaries of VITA's services?
  5. Determine to the extent possible the effect on employment as one of the primary benefits of the project.
  6. Determine the viability and impact of the income-generating enterprises assisted by the project.
  7. Evaluate VITA's relationship to various Government of Chad entities, including such Ministries as Foreign Affairs and Plan.
  8. Make a preliminary judgment of the project's commercial and financial viability. Estimate the cost of its services per beneficiary. What percent of loan value are the costs of the project's services?
  9. Analyze the range of loan amounts and the appropriateness of the interest rate, the amortization period, and the repayment schedule(s). Analyze the relationship between the project's interest rate and:
    - o commercial banking interest rates,
    - o the project's operating costs.
- Are adjustments in its interest rate necessary to recover fully VITA's operating costs/overhead?

10. Evaluate the effectiveness and efficiency of the project's loan management system, including the quality, timeliness and utility of the loan application and loan monitoring procedures. Is there a correlation between the amount of information collected on a potential applicant and his/her promptness in making loan repayments?

11. Analyze the project's monitoring procedures on loan repayments and delinquencies. What is the rate of loan repayments? How does this rate compare to rates in similar programs in other developing countries?

12. Determine the extent to which the project's clients have requested loans to:

- o achieve improvements in production,
- o cover annually operating costs (a loan for working capital), and
- o provide the means to achieve other ends and/or a combination of (a) and (b).

13. Evaluate the project's commercial banking arrangements for handling client accounts and loan repayments. How do the project's services and loan fund compare to similar services which are available in commercial banks in N'Djamena. What effect on the project may result from the revitalization of the Chadian Development Bank?

14. Evaluate VITA's staff development program.

15. Evaluate the effectiveness of USAID/Chad's project monitoring role vis-a-vis VITA/PEP. Is it too strong or too weak, in light of the "substantial AID involvement" inherent in the AID-grantee relationship through the cooperative agreement?

16. Determine to the extent possible the circumstances which may have contributed to the success of VITA/PEP? Have there been any unanticipated events? What lessons can be learned by AID which may increase the chances of successful replication of the VIA approach to private enterprise development in other settings?

17. Recognizing that VITA may seek AID support for continuing and expanding its program in Chad, make a preliminary judgment on VITA's future into the 1990s. Should VITA expand its program with lending capital from sources other than AID? If so, how should VITA go about this expansion? What are the implications for continued AID support to VITA?

18. In undertaking each of the above tasks, make specific recommendations which can be taken by both VITA and AID to ensure the successful completion of VITA/PEP and the successful continuation of the VIA program in Chad.

**REPORTING REQUIREMENTS**

No later than two days prior to departure from Chad, the Intermittent Employee will present her findings and recommendations in both a written draft evaluation report and in an oral presentation to AID and VITA. The final evaluation report must be received by USAID/Chad no later than thirty (30) days after the Intermittent Employee's departure from Chad. Ten copies of the report in English will be submitted to the AID Representative.

INDIVIDUALS CONTACTED

I. Chadian Officials

Djidi Hissein-Mi, Directeur de la Cooperation  
Internationale, Ministere des Affaires Etrangeres.

Issa Ngarmbassa, Coordinator International PVO  
Activities, Ministere du Plan.

Said Bauche, Secretarit D'Etat, Ministere D'Etat et a  
l'Agriculture et au Developpement Rural.

Wouado Kebba, Fonde de Pouvoirs, Banque Tchadienne de  
Credit et Depots (BTCD).

Mougabe Lotar, Chef de Service, Service Statistiques  
Agricoles, Ministere D'Etat et a l'Agriculture et au  
Developpement Rural.

Mr. Duquesne, Director General, Banque Internationale  
pour L'Afrique au Tchad (BIAT)

Officials from Societe des Textiles du Tchad (STT)

Officials from Societe Sucriere du Tchad (SONASUT)

Officials from Cotonchad

II. US Embassy and USAID Officials, Chad

John Blane, US Ambassador

John Woods, USAID Representative

Kurt Shafer, Program Officer, USAID

Diane Blane, General Development Officer, Project Manager  
VITA/PEP, USAID

Harry Dorcus, Former Comptroller, USAID

Loel Callahan, Health Projects Manager, former Project  
Manager, VITA/PEP, USAID

III. Project Clients

Yagur Youai, Agriculture

Bichara Drep, Agriculture

Ndjendei Rolel, Refrigeration Repair

Madame Akaye Bineye, Agriculture

N'Doumanbe Tarous, Cereal Mill

Madame Ngarbatina, Pharmacy  
 Madame Ndhoko, Knitting/Sewing Shop  
 Mahamat Maina, Auto Repair Garage  
 Djelardje Nodjilowabaye Daniel, Agriculture  
 Kouraingalasu Moguelde, Primary School  
 Dr. Djondi, Livestock  
 Dr. Gozzo, Poultry

IV. VITA Staff, Chad

Richard Slacum, Project Director  
 Robert Reitemeier, Deputy Project Director  
 Malloum Monstapha Goni, Loan Officer  
 Tolloum Yondailau, Loan Officer  
 Nboubalo Abdou, Collections Officer  
 Tossem Diondo, Loan Analyst  
 Jacques Mbaoundarin, Loan Monitor  
 Neboussouboa Nemoussa, Loan Monitor  
 Neramiah N'Deikounda, Accountant  
 Amadou Bakari, Accountant  
 Emile Ndoghan, Secretary  
 Marianne Abdoullai, Secretary  
 Rodjeti Ditangar, Facilities Administrator  
 Fachir Yacoub, Assistant Facilities Administrator

V. AID, VITA and Other Officials, Washington, DC

Harlan Munson, AAA, Africa/PRE  
 Lillie Willins, Africa/PRE  
 Francis Johnson, Africa/PRE  
 Michael Farbman, ST/RD/EED  
 Jimaie Adoum, Chadian Agronomist  
 Henry Norman, Executive Director, VITA  
 Laurence Williams, Africa/Near East Director, VITA  
 Donna Reed, Project Manager, VITA  
 Anne Pence, Economist, VITA Consultant (VITA/PEP Phase II Proposal)  
 Timothy Mooney, Consultant (Small Enterprise Development)  
 Steven Haggblade, Consultant (Small Enterprise Development)  
 Philippe Annez, IBRD, Economist/Loan Officer (Chad)  
 Oren Whyche, IBRD Consultant (Private Sector, Chad)  
 James Cotter, AID Contractor, Small Enterprise Project Evaluation

DEMAND FOR LOANS VERSUS LOANS ACCORDED, BY SECTOR  
1984-86

	NDJAMENA								1984-86 Total	TOTAL LOANS AS % OF REQUESTS
	1984	1984	1985	1985	1985	1985	1986	1986		
	QTR. 3	QTR. 4	QTR. 1	QTR. 2	QTR. 3	QTR. 4	QTR. 1	QTR. 2		
<b>SERVICES</b>										
Loan Requests	27	63	85	25	28	34	16	10	288	
Loans Accorded	1	7	3	8	7	6	1	2	35	12%
<b>AGRICULTURE</b>										
Loan Requests	14	21	40	25	34	20	9	11	174	
Loans Accorded	2	5	2	6	2	2	2	22	43	25%
<b>FABRICATION</b>										
Loan Requests	7	9	16	11	10	2	7	3	65	
Loans Accorded	0	4	0	6	2	4	0	1	17	26%
<b>TOTAL</b>										
Loan Requests	48	93	141	61	72	56	32	24	527	
Loans Accorded	3	16	5	20	11	12	3	5	75	18%
Total Loans as % of Requests	6%	17%	3.5%	33%	15%	21%	9.4%	21%	18%	

BONGOR  
9/85-6/86

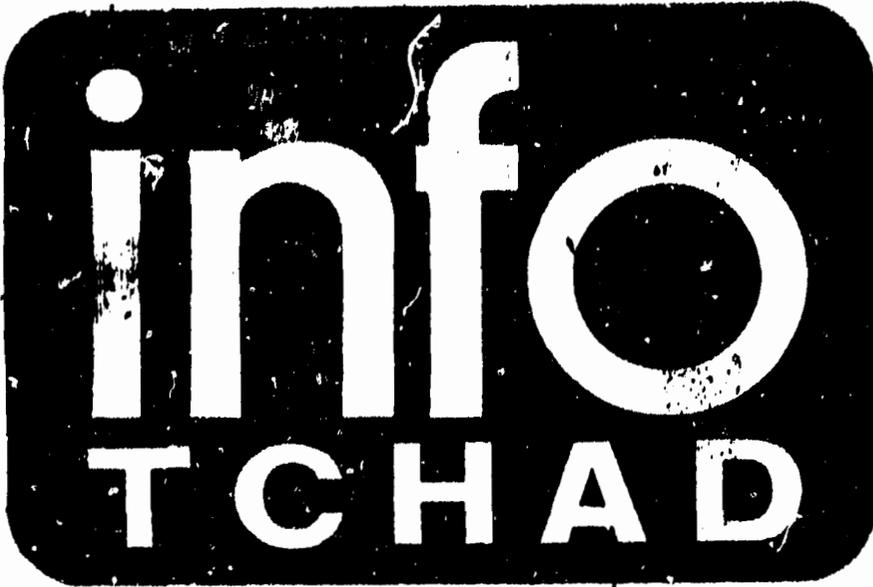
Loan Requests: Services	16
Loan Requests: Agriculture	67
Loan Requests: Fabrication	4
Total Loan Requests	87
Loans Accorded: Agriculture	20
Total Loans as % of Requests	23%

ANNEX 9  
DEMAND FOR LOANS VERSUS LOANS  
ACCORDED, BY SECTOR

## ANNEX 7

PROFILE OF CLIENT ACTIVITIES  
BY SECTOR

SECTOR/ACTIVITY	Number of Enterprises		Proportion of Portfolio
	Subtotal	Total	
<b>I. Agriculture/Agribusiness</b>			<b>58 60%</b>
<b>Agricultural Production</b>			<b>47 48.5%</b>
<i>(Major Crops)</i>			
Vegetables	21		
Rice	20		
Cereals	5		
Poultry	3		
Beef and Pork	2		
Fruit	10		
Fishing	1		
<b>Agricultural Marketing</b>			<b>1 1%</b>
Dried/Smoked Fish	1		
<b>Agricultural Processing</b>			<b>10 10.3%</b>
Cereal Milling	8		
Pasta Manufacture	1		
Bakery, Sandwiches	1		
<b>II. Non-Agricultural Production &amp; Repair</b>			<b>23 24%</b>
Tailors	5		
Metalworking	4		
Vehicle Repair	4		
Brick & block manufacture	3		
Air Conditioning Repair	3		
Mattress, Mosquito Net Manufacture	1		
Battery Repair, Recharge	1		
Wood Mill	1		
Wood Sculpture	1		
<b>III. Services</b>			<b>16 16%</b>
Transport of Construction Materials	4		
Pharmacies	2		
Schools, Training	2		
Vehicle & Parts Retail	2		
General Retailers	2		
Transport Oil & Gas	1		
Medical Laboratory	1		
Engine Rental	1		
Marketing Sodium Carbonate	1		



INFO TCHAD ARTICLE  
ON PROJECT

Boite Postale 670  
N'DJAMENA  
Téléphone 36-36 & 20-20  
Télex 5240 KD  
Adresse télégraphique :  
Tchadpress N'Djaména  
PRIX : 100 F CFA

**Bulletin quotidien d'Information édité par l'Agence Tchadienne de Presse**



--o S O M M A I R E o--



L'OUA reactive le Comité Ad Hoc sur le conflit Tchad-Libye.

..... Page 1 .....

Sortie de la 1ère promotion des élèves officiers sous la 3ème République.

..... Page 2 .....

Bonne pluviométrie, mais menaces acridiennes.

..... Page 6 .....

Des entreprises tchadiennes bénéficient des prêts accordés par VITA.

..... Page 8 .....

Fin du sommet de l'OUA: création d'un comité des Chefs d'Etat chargé de l'Afrique Australe.

..... Page 10 .....

REPRODUCTION ET AFFICHAGES INTERDITS SAUF ACCORD ATP

Journée du:

N°

31 Juillet 1986

( 5 )

ARTICLE PUBLISHED IN INFOTCHAD NO. 1550 OF July 31, 1986

CHADIAN ENTERPRISES ARE BEING GRANTED LOANS BY VITA

Some of the 95 Chadian businessmen who were granted loans by the American PVO Volunteers in Technical Assistance (VITA), met today in N'Djamena with Mr. Soumaila Mahamat, Delegate Minister at the Presidency for Planning and Mr. John Blane, U.S. Ambassador to Chad.

According to a press release from the Information Service of the American Embassy to Chad, the Minister and the Ambassador visited two enterprises which have taken advantage of VITA loans: a farm just outside N'Djamena and a refrigeration and air-conditioning enterprise in N'Djamena, which is so successful that the owner has already paid back the loan .

The two officials met in VITA's office with a VITA customer, who founded, through VITA's loan, a private primary school; this enterprise is also running smoothly. The Minister and the Ambassador were accompanied by Mr. Issa Ngarmbassa, Permanent Secretary of the PVOs' Interministerial Committee, and also by Mr. John Woods, Representative of the American Agency for International Development (USAID) to Chad and Mr. Larry Williams, Manager of VITA Operations in Africa and the Middle-East, now on a visit to Chad.

Through USAID financing, VITA instituted a 836,000 U.S. dollar fund (FCFA 290,928,000). For the past two years, VITA has been granting loans to Chadian private enterprises relaunching businesses which existed before the war or just starting up or developing new businesses. As the enterprises reimburse the loans, other enterprises take advantage of the fund. Priority is given to activities which contribute to reconstruction while creating jobs. The 95 loans granted by VITA since the beginning of the project, can be divided into general categories as follows:

- 45 per cent in food production (chicken raising and egg production, agricultural activities, etc..)
- 18 per cent in building material production (bricks and concrete blocks, steel for metalwork);
- 37 per cent in services (car repair garages, repair of equipment and overhaul, etc..). All the people who have been granted loans can take advantage of VITA's technical advices in management. VITA started its loan program in N'Djamena. However, another office has just been opened in Bongor. Collaborating with the Chadian Government and USAID, VITA intends to expand its activities to other towns. Currently, it mainly emphasizes private sector activities directly related to food production.

- 2 -

Mr. Richard Slacum, VITA/Chad Manager indicated that, although local contractors are experiencing a lot of difficulties (including drought, consequences of recent war, Chad's dependence on neighboring countries for importation of most raw materials, spare-parts, processing equipment, etc..), Chadian customers have shown that they are optimistic, innovative, and that they are competent enough to overcome those difficulties. VITA will continue to grant loans and technical consultant services in management as a contribution to the reconstruction and development of the Chadian economy.

WF/NO185/RECORDS.DOC

ANNEX 9DESCRIPTION OF LOAN APPLICATION AND APPROVAL PROCESS

The VITA/PEP client loan application and approval process includes the following procedures:

1. Receipt of loan application and subsequent filling out of in-house forms showing the applicant's experience and knowledge of the business activity, including pricing and marketing potential for the products to be produced or serviced. (See annex 10 for examples of these forms).
2. Series of client interviews and fact-finding sessions with VITA's loan officers, including a project-site visit. This normally leads to a determination of the applicant's willingness and desire to engage in and maintain basic accounting procedures and agree to monthly site visits by VITA's loan officers and project monitors.
3. In-house discussion concerning the viability of the project between members of the VITA/PEP staff, including economic analysis of the estimated profit margin of the business, projected timeframe of the loan and repayment structure, and personal qualifications of the applicant, including his/her ability to secure a guarantor for the loan, as well the clients apparent commitment, diligence, and trustworthiness.
4. Formal interview between the applicant and VITA/PEP's administration, often including a project-site visit.
5. Further in-house discussion, leading to either a tentative approval or disapproval of the application. If the application is approved, final arrangements are made, such as the official registering of the loan contract, establishment of a bank account by the applicant (if not already accomplished), identification of the loan guarantor (who, legally, is equally responsible for the loan), and verification of appropriate utilization of loan funds.
6. Signing and registration of the loan contract and transfer of funds from VITA/PEP's loan fund to the client's bank account.

ANNEX 10LOAN APPLICATION AND APPROVAL DOCUMENTATIONFIRST VISIT: INTERVIEW SHEET

Date \_\_\_\_\_ Hour \_\_\_\_\_

Full Name: \_\_\_\_\_

Profession: \_\_\_\_\_

Address \_\_\_\_\_ Tel.: \_\_\_\_\_

Motive of the visit: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Remarks (VITA)

PRELIMINARY CONSIDERATION OF LOAN

BASIC DATA REQUIRED

(ENTERPRISE CREDIT)

(FIRST OR SECOND VISIT)

DOCUMENTS AND INFORMATION TO BE SUBMITTED BY

SMALL AND MEDIUM SIZE ENTERPRISES

- Loan application
- Summary of the project (objective, justification, activities)
- Copy of birth certificate
- Two passport photographs
- A Bank statement
- Work method (brief description of how the business is managed or will be managed)
- Work plan
- Proforma invoice for the materials purchased
- Summary statement of receipts and expenditures (dating back from 6 to 12 months minimum)
- Estimate of other related costs (repair, etc...)
- Receipt and Expenditure Estimate
- Personal contribution to the project (in cash or in kind)
- Authorization to operate the enterprise

## STAGE I

PRELIMINARY CONSIDERATION OF LOAN:BASIC DATA REQUIRED(AGRICULTURAL CREDIT)(FIRST OR SECOND VISIT)DOCUMENTS AND INFORMATION TO BE SUBMITTEDBY SMALL AND MEDIUM SIZE ENTERPRISES

- Loan application
- Summary of the project (objective, justification, activities)
- Copy of birth certificate
- Two passport photographs
- A Bank statement
- Work method (brief description of how the business is managed or will be managed)
- Work plan
- Proforma invoice for the materials purchased
- Summary statement of receipts and expenditures (dating back from 6 to 12 months minimum)
- Estimate of other related-costs (plowing, canalworks)
- Plan of the land and irrigation schedule
- Production schedule (Planting, Harvesting, Sale)
- Land purchase certificate
- Receipt and Expenditure Estimate
- Personal contribution to the project (in cash or in kind)

**TECHNICAL ASSISTANCE****FINANCIAL MANAGEMENT****HOW TO ESTABLISH AN INCOME STATEMENT****(FIRST OR SECOND VISIT)**

The income statement allows to determine the final outcome (profit or loss) of your enterprise by bringing out the turn-over/receipts of all the operation-related expenditures.

**SIMPLIFIED MODEL OF AN INCOME STATEMENT****INCOME STATEMENT**

DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT
Purchase of Raw Materials or Goods			
Water/Electricity			
Transport			
Telephone			
Insurance			
Salaries			
Taxes			
Interests			
Depreciation or Provisions (1)			
Result (Profit) (2)			
<b>TOTAL (3)</b>			

**Note:**

1. If you own houses or materials, depreciation is the money you save every year in order to renew those properties when they are depreciated.
2. If your "result" is a loss, it must be shown on the "credit" of your income statement.
3. The total of the "debit" must be the same as the total of the "credit".

### HOW TO PREPARE THE BALANCE SHEET

The balance sheet is a table showing the economic and financial status, that is the resources, claims, and debts of an individual (or company) at a given date.

The balance sheet is made of two parts called Assets and Liabilities.

The Liabilities, on the right side of the table, state the resources available to operate the enterprise, namely:

- The loans (long and medium term debts)
- The suppliers (debts to suppliers)
- The other short term debts (debts to banks for instance)

The Assets, on the left side of the table, state the utilisation (use) of the resources. They are the resources and commodities acquired with those resources, that is:

- Land
- Constructions (buildings)
- Material and tools (machines and equipment)
- Transport equipment (vehicles)
- Furnishings and office equipment (furniture and typewriters)
- Fixtures and installations (installations, counters)
- Stock (raw materials, products, goods)
- Customers (claims on customers)
- Bank (assets in Bank)
- Cash (money available)

### SIMPLIFIED MODEL OF THE BALANCE SHEET BALANCE SHEET

#### ASSETS

#### LIABILITIES

DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT
Land			
Constructions			
Materials and Tools			
Transport Equipement			
Furnishings and Office Equipment			
Fixtures and Installations			
Stock			
Customers			
Bank (1)			
Cash			
		Result (profit) (2)	
<b>TOTAL (3)</b>			

**NOTE:**

1. If your bank account has a debit balance, that is to say if you owe money to the bank, the word "Bank" must be written under liabilities.
2. If your "result" is a loss, it must be mentioned under assets.
3. The total of the assets is to be the same as that of liabilities because assets correspond to the use of the liabilities resources. In other words, you cannot spend more money than you have.

WF/STALLMI2/RECORDS.DOC

PREVIOUS POSITION

DATE:

FILE No.

DESCRIPTION	RECEIPTS	EXPENDITURES	BALANCE

AD5

OPERATION ESTIMATES

DATE:

FILE No.

DESCRIPTION	RECEIPTS	EXPENDITURES	BALANCE

## STAGE I

VITA

PROJET D'ENTREPRISES PRIVEES  
 17, Avenue Charles de Gaulle  
 P.O. Box - Tel. 20-01  
N'Djamena (Chad)

MARKETING PLAN(FIRST OR SECOND VISIT)MARKET RESEARCH

1. What commodities do you need for your activities (raw materials, seeds, pharmaceutical products)

LISTPRICE

- Other costs (installation, repairs)

2. Who are/will be their suppliers.

NAMEPRODUCTORIGIN

Other Remarks:

3. Who are/will be your main competitors?

4. Who are/will be your actual and potential customers?  
Give more details (in general, in particular)

<u>NAME</u>	<u>PRODUCT/SERVICE</u>	<u>ADDRESS</u>	<u>FORMER CUSTOMER</u>
			(NO/YES)

Other remarks:

5. What are your receipts/turnover?

a) before the loan:

b) after the loan:

What are the documents used to determine them?

6. Why do you think the customers will buy your products or will require your services instead of those of your competitors?

- How to perform a more efficient production method?
  
- More reasonable profit margin. Why are the others less reasonable?
  
- Quality: Explain
  
- Availability:
  - Regular supply ensured and purchase of sufficient quantity:
  
  - Storage forecasts:
  
- Technical, administrative, and commercial skills:
  
- Others:

Date: \_\_\_\_\_

Applicant's signature

## VITA

PROJET D'ENTREPRISES PRIVEES  
 17, Avenue Charles de Gaulle  
 P.O. Box - Tel. 20-01  
N'Djamena (Chad)

ENTREPRENEUR & ENTERPRISE DATA  
DATA SHEET

1. DATA ON APPLICANT

Full Name \_\_\_\_\_

Age: \_\_\_\_\_ I.D. Card No. \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Marital Status \_\_\_\_\_

Number of dependent children: \_\_\_\_\_

Number of relatives working in the enterprise: \_\_\_\_\_

Applicant's skills: \_\_\_\_\_

Applicant's former jobs (at least name the last three)

<u>Name of the Enterprise</u>	<u>Position</u>	<u>Duration</u>	<u>Reason for leaving</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Name of people with whom you have professional relationships

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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2. When did you start your business? With which funds?  
And what are your current funds?

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3. How often did you move your enterprise in the past? Why?

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4. Brief history of your business and its development:

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5. The success of your business

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6. The difficulties and failures of the enterprise:

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**THE EMPLOYEES**

7. Indicate the number of employees working now in the enterprise

Total

Salary Total  
(monthly average)

8. State the problems you have had with the employees  
(lack of professional skills, low productivity, theft,  
etc..)

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9. Average of the time spend by employees in the enterprise  
before resigning

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10. Name of the person who manages the enterprise when you are  
absent (relation with that person, qualification, how long  
is he (she) working in that area...)

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III. DATA ABOUT THE PROJECT

RESERVED TO VITA:

1. CHARACTERISTIC OF THE PROJECT

Project title: \_\_\_\_\_

Address: \_\_\_\_\_

Project objectives: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount of the loan \_\_\_\_\_

Use of the loan \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Applicant's Technical & Administrative Skills:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Expected loan duration: \_\_\_\_\_

3. Applicant's Former Experience with loans:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. Nature of the guarantee (detail, furnishings, equipment, tools, concrete or semi-concrete house)

Description

Value

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

All commodities purchased with the loan (a machine for instance) can remain VITA's property until the loan is totally refunded.

Guarantor's name: \_\_\_\_\_

Profession: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Applicant's Signature

APPROVAL DOCUMENT

AD1

IDENTIFICATION SHEET

Date:

File No.:

NAME OF PROMOTOR OR CORPORATE NAME:

ADDRESS:

DEBT STATUS:

PERSONAL AND PROFESSIONAL REFERENCES:

LEGAL FORM:

SCOPE OF THE COMPANY OR NATURE OF THE PROJECT:

LOCATION (AREA, STREET, VILLAGE...):

BANK DOMICILIATION:

AD2

FURTHER DATA REQUIREMENTS

DATE:

FILE No.:

REQUEST

DECISION (DATE AND SIGNATURE)

REQUEST	DECISION (DATE AND SIGNATURE)

STAGE III

AD3

PROGRAM

DATE:

FILE:

I. INVESTMENT COSTS

ITEMS:

AMOUNT:

II. WORK SCHEDULE:

AD4

SETTLEMENT REPORT

DATE:

FILE:

AMOUNT OF THE LOAN REQUIRED :

DURATION OF LOAN:

GRACE PERIOD:

AMOUNT OF MONEY REFUNDED

INTERESTS:

TOTAL AMOUNT OF MONEY REFUNDED (PRINCIPAL AND INTERESTS):

AMOUNT OF MONEY DUE:

GARANTEES PROPOSED:

LOAN IMPLEMENTATION  
MONTHLY MONITORING/CONTROL DATA VITA/PEP  
FICHE DE CONTROLE

OM DU CLIENT:

AGENT VITA:

N DU DOSSIER:

DATE DE LA VISITE:

N DU CONTRAT:

N DE LA VISITE:

OBJECTIVE OF VITA ASSISTANCE:

BUT DE L'INTERVENTION VITA:

OBJECTIVESRESULTATS PLANIFIES.CATEGORIES

1. EQUIPMENT PURCHASES
2. STAFFING PLAN
3. PROCUREMENT
4. ENTERPRISE (PLANT) LAY-OUT  
AND OPERATION FLOWS
5. PLAN OF OPERATION
6. INVENTORY MANAGEMENT
7. EQUIPMENT MANAGEMENT
8. FINANCIAL MANAGEMENT  
RECORD KEEPING AND DOCUMENTATION  
ACCOUNTING CASH MANAGEMENT
9. BANKING OPERATIONS
10. MARKETING  
MARKET DEFINITION  
CLIENTELE CREDIT  
PRODUCT ACCEPTANCE  
RETAILING  
ADVERTISING

ACCOMPLISHMENTSRESULTATS CONSTATES.

INTERVIEW WITH CLIENT AND FIELD OBSERVATION:

ENTRETIEN AVEC CLIENT :

CONCLUSION OF MONITOR

CONCLUSION DE L'AGENT VITA :

COMMENTS OF LOAN OFFICER

CONTROL : DIONDO

COMMENTS OF PROJECT DIRECTOR

RICHARD E. SLACUM

## ANNEX 12

COMPARISON OF AFRICAN SMALL ENTERPRISE CREDIT PROGRAMS  
=====

	UPPER VOLTA/ PFP	KENYA/ AID/PRE	CHAD/ VITA	WEST AFRICA/ ENTENTE FUND
1. GNP Per Capita	\$ 240 (1981) \$ 180 (1983)	\$ 340 (1983)	\$ 80 (1983)	
2. GNP Per Capita Growth Rate (1973-82)	1.6%	1.0%	-7.7%	
3. No. of years in operation	3.2	1.8	2.25	
4. Total Loan Commitments	\$ 275,000	\$ 1,634,000	\$ 453,375 (1)	
5. Number of Loans	416	38	95	
6. Average Size Loans	\$ 666	\$ 43,000	\$ 6,025 (2)	
7. Interest Rate Charged	10%	19%	12%	
8. Repayment over 6 months in Arrears, No. of Payments: % of Portfolio Value:	14% 20%		4.4% 1.7%	
9. Value of Reimbursements			\$ 134,176 (3)	
10. Reimbursements as % Loan Commitments			30%	
11. Employment Generation (Full Time Job Equivalent)	100	431	374	
12. Loan Cost per Job Generated	\$ 2,750	\$ 4,568	\$ 1,212	\$ 6,400
13. Total Program Operating Costs	\$ 515,411		\$ 716,767 (3)	
14. Provision of Business Advisory Assistance	yes	no (4)	yes	
15. Operating Costs per Job Generated	\$ 5,154		\$ 1,916 (3)	
16. Operating Costs per Dollar Rent	\$ 1.87		\$ 1.60 (3)	

(1) as of 8/31/86. All other data represents the status of the portfolio as of this date, unless otherwise specified.

(2) For the 75 N'Djamena loans only (the 20 Bongor loans are extremely small (\$ 72), and thus would skew the overall average).

(3) As of 6/30/86

(4) Funds were provided for business advisory services, but at the time of the evaluation, had not yet been spent.

Note: In cases where data was not provided in this chart, this data was not collected by evaluation teams.  
Source: Evaluations of these projects (see bibliography).

## ANNEX 13

NEW YORK TIMES ARTICLE ON PROJECT

THE NEW YORK TIMES, SUNDAY, MARCH 30, 1966

## For Chadians, Small Loans Rebuild Hope

By EDWARD A. GARGAN

Special to The New York Times

NDJAMENA, Chad — Near where the one-lane asphalt bridge crosses the Shari River, Mariam Moutnon, like her father before her, runs a small drug dispensary for the people of the Chaguca neighborhood.

"I've worked here since I was a child," Mrs. Moutnon said. "This is the only place in the neighborhood to get medicine."

As other small merchants here have also found, the last five years have not been easy. Fierce fighting in 1979 and 1980 gutted much of this town, and merchants everywhere closed their shops or, worse, saw them destroyed. Only in the last two years, with a semblance of peace returning to southern Chad, has economic activity slowly resumed.

Today, Mrs. Moutnon's dispensary is double the size of her father's. On neat wooden shelves, boxes and bottles of medicines are carefully arranged. There is a small white refrigerator in one corner for storing perishable vaccines. Her inventory is meticulously recorded in ledgers, and daily records are kept of sales — all of this a departure from the makeshift shopkeeping that is the rule here.

### Loans From an American

All this was possible, Mrs. Moutnon said, because of a loan.

Down the avenue a bit, a young American named Richard E. Slacum lends money to people like Mrs. Moutnon. In two years he has given loans to a knitter of baby clothes, several brick makers, the owner of a small metalworks, a man who makes sandwiches, a tailor and several farmers.

"We lend money to people who can't get credit," said Mr. Slacum, whose family is in the construction business in New Jersey. "We provide credit to the private sector, to entrepreneurs who can't get credit from banks or elsewhere. We give management assistance, teach them how to keep books and hope they make a profit."

The director of a small, nonprofit agency called Volunteers in Technical Assistance, Mr. Slacum has access to \$400,000 made available by the United States Agency for International Development. Mr. Slacum says he is hoping to stimulate the sort of business activity that can help Chad's moribund

### 'Amazingly Resilient People'

"The Chadians are an amazingly resilient people," Mr. Slacum said. "As soon as the war was over, they came back and started over. The risks involved in commerce aren't new here. But people are hanging in there. What we're trying to focus on is what Chad is trying to do, where there is some employment opportunity and where it is profitable to some extent."

So far, Mr. Slacum has made 67 loans, averaging about \$6,000. The loans are usually for two years and are to be repaid with 12 percent interest. "The commercial banks are reluctant to make loans and are unable to give management assistance," Mr. Slacum said. "And the person without credit would be nowhere."

Across the Shari River, Robert Yowai looked over 10 manicured plots of manioc, peppers and carrots separated by irrigation channels carved out of the clay by hand.

"During the war I went to Bol," Mr. Yowai said, referring to a small town to the north on Lake Chad. "After, I came back here to farm." When Mr. Slacum opened his loan office in August 1984, Mr. Yowai asked for a loan for a pump to bring water from the river to his fields.

The area "was just a sandpile," Mr. Slacum said. "There's no way a bank would give him a loan." Mr. Slacum said the carefully stacked bags of grain outside Mr. Yowai's red mud house persuaded him to make one.

Now Mr. Yowai has six farmhands and a pump that irrigates all his fields, and he wants to rebuild his irrigation channels with cement. "Yes," he said, "I'm a little bit rich."

Mr. Slacum said his loan program had been overwhelmingly successful, and he estimated that the group had created "a couple hundred jobs."

"Sometimes we've gotten loan applications on the back of a paper bag," he said. "We take them and we work with them. We show people how to keep books. And we're getting paid back. We're talking about a psychology of using a credit system that is fairly new."

LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/84)	No. OF PAYMENTS MADE (as of 9/84)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LPM COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.0084 001 BUNAR AKBAR	500	0	6 (6)	Vegetable Production	6	6	100	2			2	250
01.0084 002 KEBBA MELINDO	8351	0	16 (24)	Poultry Production	14	10	71	2			2	4176
01.0084 003 ABDAH MADJALBONGSAM	7303	3	15 (18)	Technical School	3 17	4	24	19			19	384
01.1084 004 H'GAR ANTOIME	4174	0	10 (18)	Pork/Rabbit/ Poultry Production	3 11	10	91	6	1	4	7.5	557
01.1084 005 BINGOTO MADICE	1875	0	16 (24)	Dried/Smoked Fish Marketing	13	11	85	1			1	1875
01.1084 006 SOTI SAMUEL	9253	0	16 (24)	Poultry Production	10	8	80	1			1	9253
01.1084 007 BIONIHAN MANTAE	4179	2	16 (18)	Cereal Milling	14	11	78	1	1		1.5	2784
01.1084 008 UNABE YARDUS	2324	1	17 (18)	Cereal Milling	3 17	17	100 *	3			3	775
01.1084 009 LODJIKEN OBETH	814	2	16 (18)	Tailor Shop	17	6	35	1			1	814

1. NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

\*. Loan paid off

3. Loan rescheduled

LOAN DESCRIPTIONS, REPAYMENT, AND EMPLOYMENT GENERATION BY LOAN

ANNEX 14

LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.1084 010 SU ABDU KURUB	2791	2	16 (18)	Bakery & Sandwich Production	11	4	36	2	3		3.5	797
01.1084 011 ABINA ABBA	5814	6	18 (24)	Mattress & Mosquito Netting Production	11	11	100	5		2	5.5	2907
01.1084 012 DILGAR KAMA	7209	6	18 (24)	Vegetable Production	14	3	20	5	1		5.5	1311
01.1184 013 KAMBU	5354	6	18 (24)	Vegetable Production	9	2	20	5	1		5.5	1010
01.1284 014 ANIN HASSANE	8889	2	22 (24)	Transport & Sale of Construction Materials	15	12	75	8			8	1111
01.1284 015 ERAHME BAMR	667	2	12 (14)	Metal working	6	6	100	3			3	222
01.1284 016 BY NAMI	4151	2	18 (20)	Cereal Milling	11	11	100	3	2		4	1038
01.1284 017 OLMAR ADAKAR	4000	2	18 (12)	Vegetable Production	11	5	46	5	1		5.5	727
01.1284 018 NAHAMAT LILANE	7778	4	20 (24)	Brick/Block Production	11	5	46	7	5		9.5	819

1. NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

3. Loan rescheduled

## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 8/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.1284 019 LADUNAYE NGAROROM	5556	2	22 (24)	Bicycle/ Spare Parts Retailing	16	6	38	4	1		4.5	1235
01.0185 020 ABAKAKA ABOULAYE	6667	4	14 (18)	Sodium Carbonate Carbonate (Household product)	3	7	44	1			1	667
01.0185 021 ZEMASTINE	8889	4	20 (24)	Gas/oil Wholesale Marketing (Tanktruck)	13	10	77	2	2		3	2963
01.0185 022 BOUNGIOUS BOUSSA	6000	3	21 (24)	Vegetable Production (Pump)	12	11	92	7	1		7.5	800
01.0285 023 BHELARAJE	11,534	6	17 (23)	Vegetable, corn Production	3	3	100	6		5	7.25	1591
01.0385 024 ABOUN AGUID	6222	0	12	Air Conditioning Refrigeration Repair	12	12	100 *	4	2		5	1244
01.0485 025 KEINNA JEROME	4211	3	21 (24)	Cereal Milling	11	11	100	2			2	2106
01.0485 026 NISSEIN NAHAMAT	10,256	3	21 (24)	Agricultural Services (Tractor & Farming)	8	5	63	2	1		2.5	4210
01.0485 027 BICHAMA BREP	32	2	14 (16)	Vegetable Production	11	11	100	3	4		5	926

1. NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

\* Loan paid off  
3. Loan rescheduled

LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/84)	No. OF PAYMENTS MADE (as of 9/84)	% OF PAYMENTS DUE PAID	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.0485 028 MARIAM MOUTON	2221	4	20 (24)	Pharmacy	5	5	100	2			2	1113
01.0485 029 HAMMAY ATTEIB	632	3	6 (9)	Vegetable Production (Pump Repair)	6	6	100 *	2	3		3.5	98
01.0585 030 TILKOTI MOUJISSANE	4255	3	21 (24)	Tailor Shop	13	13	100	1	1		1.5	2817
01.0585 031 GOMI MANTOU	4255	2	22 (24)	Battery Repair and Sale	13	13	100	1	2		2	2113
01.0585 032 ABRAY TIRJANI	8511	3	21 (24)	Cereal Milling	11	11	100	1	1		1.5	5674
01.0585 033 ELMAR ABAGAMA	638	6	6 (12)	Tailor Shop	6	6	100 *	1	1		1.5	425
01.0585 034 ZURWAYE NABABI	4522	1	23 (24)	Auto Repair	14	14	100	2	5		4.5	1449
01.0485 035 ACHIVABU GOMBO	9130	2	22 (24)	Brick Production	11	8	73	4			4	2283
01.0485 036 MOUSTAPHA BRAHIM	5152	6	24 (30)	Vegetable Production	7	6	86	4	5		8.5	628

1 NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses) .

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

\*. Loan paid off  
3. Loan rescheduled

## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOBS CREATION	LOAN COST OF F.T.E. JOBS CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.0485 037 WONHOKO (Hao)	3261	3	21 (24)	Tailor shop	10	10	100	4	2		5	452
01.0485 038 BIGUINHAYE GEORGES	7609	6	18 (24)	Vegetable Production	7	1	14	7			7	1067
01.0485 039 BIAOT ABOUM	1567	3	21 (24)	Vegetable Production	10	2	20	1	4		3	522
01.0485 040 TAMMARI LANTAMARI	9896	2	22 (24)	Brick Production	11	6	55	5	9		9.5	915
01.0485 041 ALLABJIN MBAIGIB	6522	2	22 (24)	Cereal Milling	11	11	100	3			3	2174
01.0485 042 MELBONGO SONGNE	8696	3	21 (24)	Medical Laboratory	8	8	100	2	3		3.5	2485
01.0485 043 YOMAI TANGHIR	5152	6	4 (30)	Vegetable Production	4	4	100*	6	7		9.5	542
01.0485 044 HASSANE BRAMIN	6977	2	26 (30)	Auto Repair	10	3	33	5			5	1395
01.0485 045 KOURMYD BOYNE	4750	3	27 (30)	Peanut Milling	7	0	0	2	2		3	1383

1. NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

\* Loan paid off  
3. Loan rescheduled

## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.0785 046 AHMAT MOUSSA	12,264	2	28 (30)	Transport (Construction Materials)	8	1	13	8	1		8.5	1443
01.0785 047 KOURAINMALOM MOGUELDE	5814	3	20 (23)	Primary School	7	7	100	13	2		14	415
01.0785 048 MASSOUR CHETKABINE	8326	4	18 (24)	Vegetable Production	5	0	0	4			4	2082
01.0785 049 PATALLE TEIKY	805	3	21 (24)	Woodworking (Sculpture)	7	1	14	3			3	248
01.0885 050 RAHABINGAM NASRA	2598	2	22 (24)	Engine Rental (Bicycle, Motorcycles)	8	7	88	2	1		2.5	1639
01.0785 051 MAHAMAT BACH	5857	2	22 (24)	Transport (Construction Materials)	8	7	88	11	1		11.5	440
01.0885 052 SOUMALINE BUYA	4452	3	23 (26)	Air Conditioning Refrigeration Repair	7	7	100	4	1		4.5	1034
01.0885 053 SOUMMA BIMASS	1264	1	9 (10)	Retailing (School Supplies)	9	2	22	2			2	632
01.0985 054 ASBA LOBA	2093	0	18 (18)	Fishing	18	8	80	3			3	698

1. NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

0. Loan paid off  
3. Loan rescheduled

LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION
								FULL TIME JOBS	PMIT TIME JOBS	SEASONAL JOBS		
01.0985 055 AHMAT AYOMBA	13,587	3	39 (42)	Pasta Production	2	0	0	5			5	2,677
01.1085 056 IBRAHIMA KEHAYE	4,281	2	22 (24)	Auto Repair	10	10	100	5			5	1,254
01.1085 057 KUALIA IBRAHIM	7,538	3	21 (24)	Transport (Construction Material)	6	6	100	4	1		4.5	1,675
01.1085 058 BAKAT BUTMAN	4,281	4	32 (36)	Vegetable Production	4	4	100	3	4		5	1,254
01.1085 059 NATTA MADJINER	4,281	2	22 (24)	Metal Fabrication	7	7	100	3	3		4.5	1,376
01.1085 060 AHMAT ABAKAR	7,538	3	21 (24)	Metal Fabrication	5	5	100	2	4		5	1,508
01.1085 061 N'BEKOLUNBA MERAHIA	11,219	6	42 (48)	Vegetable Production	0	0	0	4		9	8.25	1,360
01.1185 062 ABOUH YAYA	8,228	3	27 (30)	Wood Milling	6	6	100	5	5		7.5	1,897
01.1185 063 BAMADAN BINEYE	7,089	3	27 (30)	Metal Fabrication	6	6	100	4			6	1,182

1 NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses)

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

6. Loan paid off  
3. Loan rescheduled

## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (month)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/84)	No. OF PAYMENTS MADE (as of 9/84)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.1185 064 AHMAT ABAKAR	5,405	0	4 (4)	Second loan Vegetable Fruit Production	2	1	50	1			1	5,043
01.1285 065 NATMA SALEN	5,405	4	32 (34)	Auto Repair	3	3	100	5			5	1,001
01.1285 066 YOMBALLAU GUE	8,108	4	32 (34)	Air conditioning & Refrigeration Repair	4	4	100	2			2	4,054
01.1285 067 DIRMO TUSSEN	2,432	3	33 (34)	Grocery Store	3	3	100	1			1	2,432
01.1085 068 ABAKAR AHMAT	4,155	3	33 (34)	Vegetable Production	4	4	100	3			3	1,385
01.0284 069 DR. BJOUBI SAMUEL	11,442	6	24 (30)	Livestock (Beef) Feedlot	0	0	N/A	3			3	3,807
01.0386 070 M'GARHIMJIRI	2,228	3	21 (24)	Motorcycle Spare Parts Sales	2	1	50	4			4	557
01.0484 071 HNE MSARHATINA	5,444	2	22 (24)	Pharmacy	1	1	100	2			2	2,833
01.0484 072 TAMBERT TUGNDI	1,983	2	22 (24)	Tailor Shop	1	1	100	2			2	992

1 NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

3. Loan rescheduled

## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
01.0586 073 DANGO DAGJE	8,621	6	30 (36)	Vegetable Production	0	0	NA	6		8	8	1,078
01.0586 074 BIEMARA BREP	14,368	6	54 (60)	Vegetable Production	0	0	NA	2		2	2.5	5,747
01.0486 075 M'BOURAMBE A.T.	10,000	5	31 (36)	Cereal Milling	0	0	NA	3			3	3,333
076 BADANE BINEVE	5,437	6	18 (24)	Vegetable, Fruit & Cereal Production	0	0	NA	6 (est)			6	906
077 MR. SENDOUSSA	12,846	7	31 (18)	Vegetable Production	0	0	NA	4 (est)			4	3462

1 NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

0. Loan paid off  
3. Loan rescheduled

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## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION, BONGOR LOANS

LOAN NO. & BORROWER	LOAN AMOUNT 0	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION 0
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
								ESTIMATED FOR ALL BONGOR LOANS:				
02T0586 001 MAHAMAT BARKA	72	0	3 (3)	Plough	2	2	100	1			1	72
02T0586 002 YOUNANIQUE TCHIANANG	72	0	3 (3)	Plough	2	2	100					
02T0586 003 BONGOLO ELTE	72	0	3 (3)	Plough	2	2	100					
02T0586 004 MOUSSA SOUHALA	72	0	3 (3)	Plough	2	2	100					
02T0586 005 BAVIB GOUBOUR	72	0	3 (3)	Plough	2	2	100					
02T0586 006 MOTEMA NARA	72	0	3 (3)	Plough	2	2	100					
02T0586 007 TCHINKALAFI FALAKOUSSOU	72	0	3 (3)	Plough	2	2	100					
02T0586 008 MAISIA RAINA	72	0	3 (3)	Plough	2	2	100					
02T0586 009 DAR LEVI	72	0	3 (3)	Plough	2	2	100					

1 NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

0. Loan paid off  
3. Loan rescheduled

## LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/84)	No. OF PAYMENTS MADE (as of 9/84)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
02T0584 010	72	0	3 (3)	Plough	2	2	100					
02T0584 011 ALI TEHANGA	72	0	3 (3)	Plough	2	2	100					
02T0584 012 BAISOUNGOL GABA	72	0	3 (3)	Plough	2	2	100					
02T0584 013 MAHAMAT MOULA	72	0	3 (3)	Plough	2	2	100					
02T0584 014 BOUMGASSOU SOMA	72	0	3 (3)	Plough	2	2	100					
02T0584 015 KERTE EMOCK	72	0	3 (3)	Plough	2	2	100					
02 0584 001 MBAIGUEDEN JOSEPH	72	0	3 (3)	Plough	2	2	100					
02 0584 002 ALLADIADA GADURANG	72	0	3 (3)	Plough	2	2	100					
02 0584 003 GARDONJIN MARTIN	72	0	3 (3)	Plough	2	2	100					

1. NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses).

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

0. Loan paid off  
3. Loan rescheduled

LOAN DESCRIPTION, REPAYMENT AND EMPLOYMENT GENERATION

LOAN NO. & BORROWER	LOAN AMOUNT \$	GRACE PERIOD (months)	LOAN REPAYMENT SCHEDULE	PROJECT ACTIVITY	No. OF PAYMENTS DUE (as of 6/30/86)	No. OF PAYMENTS MADE (as of 9/86)	% OF PAYMENTS DUE MADE	JOB CREATION			F.T.E. JOB CREATION	LOAN COST OF F.T.E. JOB CREATION \$
								FULL TIME JOBS	PART TIME JOBS	SEASONAL JOBS		
02 0584 004 PADJA MATHIEU	72	0	3 (3)	Plough	2	2	100					
02 0584 005 SOURAYE YADUSSIA	72	0	3 (3)	Plough	2	2	100					

1 NUMBER OF MONTHLY PAYMENTS AND TOTAL REPAYMENT SCHEDULE (in parentheses)

2. F.T.E. = Full Time Equivalent, including Part time job as .5 full time job and seasonal labor as .25 full time job.

0. Loan paid off  
3. Loan rescheduled

ANNEX 15CLIENT QUESTIONNAIRE USED IN EVALUATION

Client No. \_\_\_\_\_

1. What were your business activities before receiving the VITA loan?
2. How did you use the loan funds?
3. Where did you hear about the VITA credit and business assistance?
4. Have you ever had a loan before? If so, from where?
5. Have you applied for a loan before?  
If so, from where?  
  
What was the outcome?
6. Are there other sources of loans? If so, what are the terms? (after response, ask about informal sector, relatives, friends giving credit).
7. Did you have a bank account before receiving the VITA loan? If not, why not?
8. What was the effect of the war on your previous business activities? (effect during and after war?)
9. What was the effect of the war on your personal life and assets?

How many employees did you have before receiving the VITA loan?

How many employees do you have now?

10. What are your main problems with your business?
  - A. What measures have you taken to solve these problems?
  - B. Has the VITA team helped to solve any of these problems? If so, how have they helped?
11. What are your main sources of supply for inputs?
12. What are your main sales outlet, market?
13. In applying for your loan and in executing the project, did the VITA team assist in any particular areas?
14. How could VITA be of more assistance?
15. (For women clients) How did you decide to pursue your current business?
16. Why do you think more women have not applied for VITA loans?
17. How might VITA inform more women about the availability of credit and business assistance? How might more women be encouraged to apply for this assistance?

## ANNEX 16

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