

EVALUATION
OPERATION HAUTE VALLEE

MALI

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EXECUTIVE SUMMARY

This evaluation report presents the findings of a joint end-of-project evaluation of the Operation Haute Vallee Project. The evaluation was carried out by a team of nine specialists, including two from the GRM's Ministry of Agriculture. The scope of work asked the team to review the project's performance since 1981, the date of the mid-term evaluation, and to make recommendations as to a possible extension of the Phase I project and/or a potential Phase II. Specific dimensions for investigation, agreed to jointly with the GRM, were the project's general management--both by the USAID and the GRM, financial management, the credit program, the extension service, rural organizations, functional literacy, road and building construction, and some more minor project activities, including farming systems research and a blacksmith training program. Particular emphasis was to be placed on project activities, progress and impact since July 1983, when an Amendment was made to the Project Agreement which substantially realigned project components and expectations for performance to the PACD.

The evaluation team divided itself into sub-teams to explore key issues relating to each of the project dimensions, revised the scope of work in some areas, with the agreement of the Mission and the GRM, examined documentation, carried out an intensive and extensive interview schedule with all concerned parties, and took a number of trips to the field, to assess impact at the beneficiary level, particularly of the credit and functional literacy programs. Each team member then prepared a report of one or more of the sub-teams for input into the final evaluation report.

A significant factor affecting project performance since the 1983 ProAg Amendment changed a number of targets was the new Sahel financial management certification requirement. This eventually meant a hold-up in disbursement of project funds from AID to the Operation (OHV) for a period from six months to over twelve months, depending on the project component in question. Some of the allied GRM agencies that are to implement additional project components have still not received appropriate certification, and thus have not received the funds required to commence work.

As a result of this funding hiatus, some project components are significantly behind schedule, and project performance has not reached a state where a determination can be made to recommend a second phase. Thus, the evaluation team's major recommendation is a PACD extension until June 1986. The report presents a large number of subsidiary recommendations which relate to each of the components of the project. These are accompanied by benchmarks against which the Mission and the GRM can measure progress during the extension, in order to decide whether a second phase project is warranted and, if so, what it should contain.

Among the main findings and recommendations of the evaluation are the following:

- The credit program is now on track, and should be further tested by increasing the level of funds put through it during the next agricultural campaign. It should also be computerized;
- Financial management systems within OHV have been substantially improved, but there are a number of steps that still need to be taken;
- The extension system has very little to extend, and is structured in such a way that it does not deliver much in the way of services to its clientele. Agricultural technology in the zone is stagnating;
- A new approach to the farm as a production system is needed, so that emphasis from extension and credit will not be limited to cotton as is presently largely the case. The on-farm research component, if started, should help make this change. However, cotton marketing provides the main part of OHV's operating funds, and an alternative will have to be found if a change of approach is to be realistic.
- Functional literacy, which is crucial to the new group lending approach of the credit system, has suffered from lack of attention, poor management, and absence of appropriate materials. Despite these problems, there is a considerable eagerness for literacy training among villagers in the zone;
- Management within OHV needs to be improved, and this is an important role for the TA team to play. More appropriate systems for planning and strategizing must be introduced, better training programs should be developed, job descriptions and related performance evaluation must be introduced, along with proposed changes in organizational structure accompanied by a better allocation of scarce human resources; and
- The USAID should make a final decision about development of the Bancoumana irrigated rice polder, and convey it clearly to the GRM.

I.0. SCOPE AND METHOD OF OHV PROJECT EVALUATION

I.1.0 SCOPE AND PURPOSE OF THE EVALUATION.

The evaluation of the USAID assisted OHV integrated rural development project took place during the months of July and August, 1984. The evaluation had been scheduled as an end of project evaluation that would determine if planning should go forward for a second phase of the project, as originally had been foreseen in the 1978 Project design.

The 1984 evaluation followed a midterm evaluation done in 1981, and a 1982 AID audit. Reports of these two exercises focused strongly on major flaws in the project design and major weaknesses in project implementation. Consequently, modifications to the project as well as a shift in focus were incorporated into the Eighth Amendment to the Project Agreement. The major shifts in focus incorporated placing increased emphasis on management within the OHV -- institutional, structural and financial -- and creating a viable and financially solvent OHV credit system. Construction of roads and buildings was maintained at original targets, and most other project components were deemphasized such as adult literacy, animal traction, and rural organizational development. Some items such as rural health and irrigated agriculture were supposedly eliminated entirely.

Because of this shift in emphasis, the evaluation team was asked to concentrate heavily on evaluating the management improvements that were supposed to have been initiated at the OHV since the 1982 audit, and look closely at changes in the management and control of the credit operations. That emphasis will be evident in the following report.

I.2.0 EVALUATION PROCEDURE

The evaluation was undertaken by a team of specialists who carried out field work during the month of July in Mali. A team of nine people was composed as follows:

Warren Enger	Ag. Economist/Team Leader	Ronco Consulting
Alice Morton	Social Anthropologist	Ronco Consulting
Paul Libiszowski	Financial Management Specialist	Ronco Consulting
Monteze Snyder	Institutional Specialist	Ronco Consulting
John H. Ericksen	Ag. Economist/Credit	Ithica Int'l
William Baron	Engineer	Indep. Contract.
S.K.Reddy	Agronomist	PSC/USAID
Mme.Sy Maimouna Ba	<u>Conseiller Technique</u>	Min. Ag./Mali
Mme. Sissoko	Institute of Rural Economy	Min. Ag./Mali

The team was subdivided into committees to evaluate specific aspects of the project such as general management, financial management, credit, extension, rural organizations and adult

literacy. The evaluation of the roads, construction and blacksmith program was done by the engineer on the team. With the exception of the engineer, all team members participated on more than one of the component committees. On specific occasions, other people accompanied evaluation team members, such as on the road reconnaissance, adult literacy field trip, agricultural credit and extension field trips, etc. OHV personnel, technical assistants, other GRM agency personnel, and USAID technical specialists accompanied team members on these trips.

The evaluation team reviewed records and documents of OHV, and some collaborating agencies, reviewed the USAID/Mali files, and studied all reports and analyses that had been generated on the OHV project. Interviews were held with OHV and other GRM officials, technical assistants provided to OHV, as well as the contractors supervisor, USAID/Mali personnel and farmers in the zone. Each team member produced at least one committee report which was used as the basis for a general report on the project.

I.3.0. RESPONSE TO COMMENTS ON THE DRAFT EVALUATION REPORT

After the departure of the team members, the Team Leader prepared a preliminary synthesis report for circulation and comment by the Government of The Republic of Mali, OHV, USAID and the Technical Assistance team. Those comments were received in January, 1985. The present report incorporates some of those comments, particularly regarding the extent of detail in the report and organization of the findings. However, in most instances the responses to specific recommendations have not been incorporated as these could not be verified by the evaluation team. Those that were reported to us follow.

I.3.1. Computerization of the Credit System and Financial Records.

Computerization was recommended in both the credit analysis and in the financial management analysis. The AID Mission reports that hardware and software were purchased in 1984 for these two OHV sections as well as for the Division of Planning and Statistics. Short-term training has been done on the use of the computers. One person from OHV attended training in the US and a consultant was brought to Mali under the Institute du Sahel Project. The TA contractor also provided a short-term consultant to do training, and the TA team continues to provide computer training.

I.3.2. Upgrading the Planning and Statistics Section to Division-level status.

This Section has been upgraded to Division status and a fourth Division has been added for Logistics, which incorporates general logistics, engineering studies, the garage, and road construction and maintenance.

I.3.3. Extension Service.

One recommendation of the 1982 audit was that the extension agents should be divested of responsibility for credit placement and recovery. The argument was that these agents had too many responsibilities. This opinion was held by some members of the 1984 evaluation team, but it was a minority viewpoint. Most team members were of the opinion that extension agents did so little in the field, and were technically so weak, that probably the most valuable work they did was handle agricultural credit.

A more serious concern was raised over the potential for the extension agent to maintain his integrity as a friend and advisor to farmers if he also was required to act as a strong-armed bill collector. As noted above, the credit system has been, or is in the process of being, computerized, thereby reducing the paper load in the system. This should permit the credit specialists at the Headquarters and Sector levels to spend more time on problem credit cases, thereby reducing the burden previously placed on the SB agents. Additionally, computerization should create a memory on creditworthiness of clients, which should both improve credit repayment rates and reduce the number of problem cases.

In any case, the evaluation team felt that the extension service had very little redeeming value as a vehicle for transmitting technology to the farmer. The arguments, however, were not centered on the overload of agents, but on their general lack of competence, and the virtual nonexistence of supervision and monitoring by OHV. Apparently, many people in OHV and the Ministry of Agriculture take issue with our conclusions on this point. We find, however, no new evidence being presented that would support an opposite view. We feel we make the case fairly conclusively that the extension service is weak, and has minimal, if any, impact on production in the OHV zone.

On the argument that we advanced for eliminating one level of supervision and administration in the extension system, the evaluators were of mixed opinion, and far less certain about the benefits to be gained from this recommendation. The main point was that too many of the more qualified agriculturalists were totally occupied with administrative functions, while the most poorly trained people were generally the points of contact for disseminating agricultural innovations and technology.

We cannot emphasize enough OHV's previous poor use of technical assistance as a means for improving the extension service. We also feel strongly that OHV needs technical assistance, evaluation, training and supervisory skills supporting the extension service.

I.3.4. Tons Villegois

The eleven tons villegois receiving group credit that were noted during our evaluation have reportedly been increased to 30 this year. As this activity increases, close monitoring of its

progress will be essential. Additionally, the OHV may need a specialist in group formation and group credit.

I.3.5. Bancoumana

Reportedly, USAID has informed the GRM that it will not fund the rehabilitation of the Bancoumana polder in the Phase I of this project. However, it appears that a conflict still exists for any second phase.

I.3.6. DNAFLA

It appears that the transport problem cited for DNAFLA has been resolved. However, it is not clear if local language materials development has materialized. It also appears as if the separate contracting with DNAFLA for functional literacy activities in the OHV zone has not changed the organization and supervision of the adult literacy program. There does seem to have been some progress made in that the intensified language training is now underway in the area. Additionally, the AID project assistant in charge of DNAFLA has undergone training in Tanzania, as recommended by the evaluation team.

I.3.7. DRSPR

A survey for farming systems research is apparently now underway. This should allow the DRSPR component to commence operations this next cropping season. However, DRSPR apparently is still not certified by the USAID Comptroller, and if this is not done by January 31, 1985, this program could be in jeopardy.

I.3.8. PIRT

Problems still exist in negotiating a contract with PIRT to undertake resource evaluation. Additionally, PIRT is also not certified as a subcontractor or collaborating agency. This must be accomplished by MAY 1985 if this work is to be beneficial.

II.0 EVALUATION BACKGROUND AND SUMMARY OF FINDINGS AND RECOMMENDATIONS:

II.1.0. BACKGROUND TO THE 1984 EVALUATION

II.1.1 INTRODUCTION

The Operation Haute Vallee (OHV) Project Agreement was signed September 18, 1978. The project was conceived as a 10 year effort, and a commitment of \$18,395,000 was made by AID for the first five years. The project was aimed at increasing cereals production of farmers in the OHV region. This objective was to be achieved primarily through an animal traction program, launched by a \$1,300,000 credit program, and supported by agricultural research and the development and testing of farm machinery and cultivation techniques. A functional literacy program was supposed to facilitate the transfer of technology, and a rural health program would reduce the effects of debilitating diseases on farmer productivity. An investment in rural road infrastructure would facilitate input delivery and marketing of farmer's produce. An investment in a rice irrigation area was consistent with the project concept of increasing cereals production. Finally, construction, equipment, technical assistance and operating support would allow OHV to undertake this effort.

II.1.2 EVOLUTION OF OHV

The OHV was created in 1972 as an autonomous State agency with a wide-ranging mandate to undertake development activities in an area of the Upper Niger River Valley. At that time the area had already been the target of major efforts at expanding production, particularly for the cash crops of cotton, peanuts and tobacco.

By the time of the project design, the OHV had undergone considerable expansion, more than doubling the number of client villages that it served. This expansion, underway when the project began, was to continue, so that within a year after the project was launched, the client population had again more than doubled, and the land area under OHV's jurisdiction had almost tripled.

II.1.3 OHV FINANCING

Outside of donor assistance, the major source of income for the OHV was from marketing of farmers' produce in the zone. A pricing structure, (bareme) including farmgate prices, subsidies, cost of extension services, marketing costs, and overhead for the Operation was set through a series of State monopoly marketing agencies. With the level of cotton, tobacco, peanut and cereals marketing done by the OHV each year, the financial analysis of the project design indicated that the OHV was optimistic about its financial well-being, although the designers felt that a study to find ways to diversify sources of revenue should be undertaken.

Tobacco marketing activities had been a major source of revenue, although these were declining in the late 70's, a trend that would continue in the early years of the project. Marketing volumes of peanuts were steadily dropping, and as production of peanuts fell, revenues from peanut marketing became non-existent. Although some cereals were marketed on behalf of OPAM, the State grain board, a move to liberalize the grain trade was already underway. Therefore cotton marketing became OHV's main source of revenue.

II.1.4 OHV AT THE TIME OF THE PROJECT DESIGN

When the project was designed, inputs of fertilizers, chemicals and animal traction equipment were supplied by another State-owned company, SCAER. These were sold on credit to farmers, and OHV assisted SCAER in placing and recovering this credit. Therefore, no project funds were targeted for inputs other than animal traction. In fact, the project technical analysis assumed that only animal traction was needed to get the targeted increased production.

In general, the designers found OHV's management sound, its credit system functional, its technical capacity good and improving, its finances solid, albeit needing diversification, and the agronomic and administrative aspects sound. Unfortunately, many of these assumptions were incorrect, and several factors were to enhance the weaknesses of the structure, caused by events that had already been put into motion, and others that were soon to follow.

OHV had been protected by a system of pricing structures fixed by monopoly marketing agencies. It was immune from the risk of credit placement that was assumed by SCAER. It had a revenue structure based on three cash crops and four cereal grains, which both spread its income within the year and reduced its risk of single crop failures. Recent territorial acquisitions had given OHV a greater marketing area for cash crops.

II.1.5 THE EMERGENCE OF PROBLEMS

However, OHV had already undergone a considerable expansion, and this would continue. The expansion would increase OHV's administrative and management burden, expand its staff and significantly increase its expenses. At the same time, the decline of major cash crop production and marketing volumes was already underway. The parallel market already commanded the bulk of cereals marketing, and as liberalization of those markets took place, OHV's market share would decline. Finally, SCAER was in the throes of bankruptcy, and OHV would have to find the funds for financing the revolving credit fund for inputs as well as develop the control system for credit delivery and recovery.

As these problems arose, a fundamental conflict developed between the objectives of USAID and those of OHV. Whereas AID had financed a project that was based on increasing cereals production, OHV's interest lay in the production and marketing of cotton, the crop that was rapidly evolving as its major source of revenue. OHV needed funds to procure the inputs that it sold to the farmers on credit for the production of cotton in order to increase its market volumes. The AID credit fund was earmarked exclusively for animal traction. AID wanted stress placed on research and extension of technology for cereals production, supporting activities such as functional literacy and health, and closer supervision of road construction. OHV was obliged to concentrate its management on maintaining cotton production.

II.1.6. THE FIRST PROJECT EVALUATION

By the middle of 1979, the problems of OHV were already evident to the then-USAID Project Manager, who noted the lack of financial accounting, weakness in management, and the absence of a credit system. These themes would be reiterated by the 1981 evaluation of the project, in which 38 recommendations concentrated on financial controls, the credit system, management, and the lack of progress in almost every aspect of the project. The evaluation stressed the fact that there was no agreed upon direction for the project. The design assumptions had been incorrect, the project was not of manageable proportions and a major redesign was recommended.

II.1.7. THE PROJECT AUDIT

In 1982, an AID audit reinforced most of the findings of the 1981 evaluation. Already the animal traction component had been virtually abandoned, the irrigation system had not started, the health component was dead, the literacy component was non-functioning, and road and building construction were far behind schedule. At the same time, the credit funds were being utilized to procure inputs for cotton, and the credit system was so bad that only 38 % of funds had been recovered. Financial controls appeared to be lacking and major misuse of AID funds had occurred. Again, the auditors called for a scaling down and complete redesign of the project.

II.1.8 THE PROJECT REDESIGN

In responding to these evaluation and audit findings, USAID/Mali did a redesign of the project which was included in the Eighth Amendment to the Project Agreement dated July 30, 1983. By this time the health component had been officially dropped, and no mention was made of the Bancoumana rice irrigation system. Functional literacy targets were reduced and plans were made to shift this component to the national functional literacy agency. A clearer emphasis was placed on farming systems research, and some reinforcement of the extension service was called for.

The Eighth Amendment retained the original Project Purpose, as a food production project, while the major emphasis of the amendment shifted to reinforcing OHV as an institution. The life of the project was extended 18 months to allow the project objectives to be met, including the original design for road construction. However, restructuring of OHV management, financial controls and credit were to receive the major stress. The amendment even called for a technical assistant to be placed in charge of the OHV Finance Division.

At the same time, more strict requirements of financial controls were imposed on AID-funded projects, which led to re-vamping the accounting and credit systems at OHV. Certification requirements were extended to all collaborating agencies and all

sub-contracts in the Project. The immediate result was the suspension of funding for almost all project components, a situation that would exist for almost six months. The OHV was therefore forced to operate on its own financial resources until March of 1984.

II.2.0. THE 1984 EVALUATION

II.2.1. PROGRESS MADE SINCE THE REDESIGN

The present evaluation will find that significant progress has been made in improving the management of OHV. Technical assistance has been more thoroughly integrated into the system. Medium-term planning is beginning to take place. The credit system is functioning with a reasonable degree of efficiency, and financial controls are being exercised. Marketing continues to operate with a fair degree of efficiency, and some improvements have been made in maintaining the vehicle fleet. The roads are being built to better than expected standards for less than budget, but remain behind schedule primarily due to stoppages of funds. Procurement of supplies appears to be better controlled, although OHV still suffers from budget cutbacks and lack of capital to make this more efficient.

II.2.2. SUMMARY OF PROBLEMS

Problems, however, remain. The on-farm research has not improved, and there are serious doubts about the effectiveness and efficiency of the extension program. With the exception of the technology for cotton production which has existed a long time in the area, and some attempts at introducing a new variety of maize, agricultural technology remains stagnant. The functional literacy program has also stagnated, and is still plagued by the same problems that existed previously. Regardless of efforts by AID, the Bancoumana rice irrigation subproject is still expected as an output by the GRM, and although not covered in this evaluation, we cannot help but notice the tremendous time and emotion that has gone into this issue.

The most glaring problem continues to be that inherent in OHV's concern over maintaining its cotton marketing revenues. For example, OHV still cites the inappropriateness of the trucks supplied by AID, discussing mainly their inefficiency in the marketing of cotton when compared with CMDT's trucks. This is not surprising considering that AID supplied the trucks for the marketing of cereals. The use of the credit funds for inputs is almost exclusively for cotton production, and the credit system now in place almost excludes access to all but cotton producers. The development of village organizations is largely done to facilitate credit for cotton production and to cut the costs of cotton marketing.

Unless AID and OHV can come to some understanding about the priorities of development in the zone, and develop a project

strategy, it is unlikely that the previous tensions that existed between them will be resolved. This we think requires a new approach to production in the zone which includes an overall view of the farm as a system of production which does not exclude some crops in favor of others. The emphasis on farming systems research should help to do this. It also requires a serious review of what kind of agency OHV should become, and how it should find the sources of finance to operate in a more general development context.

II.2.3. EFFECTS OF FINANCING DELAYS

The difficulties that OHV experienced in receiving AID certifications of its financial and credit systems, as well as the delays in certification of affiliated government agencies and subcontractors, caused delays in the implementation of the project. For long periods of time project funding was suspended and OHV could not proceed with project activities. For example, with road construction, over a period of 12.5 months during the construction period, the road brigade was stopped because funds were suspended. A combination of funding suspension and bureaucratic delays within the MOA caused a year's delay in the agricultural research activities. Lack of funds, and delays in certification have retarded the implementation of the DNAFLA functional literacy contract. Consequently, many of the targets established in the Eighth Amendment will not be reached by the current PACD (Project Activity Completion Date). In many cases this is not the fault of OHV. But it is true that the GRM and OHV have maintained unrealistic expectations of USAID's willingness to accept low standards of performance and financial accountability. It appears that these perceptions are now corrected, and USAID and OHV understand the level of performance expected. However, it also means that project performance has not reached a state where a second Phase of the Project can be recommended. The credit system is in its first year of operation, but even so, delays in certification means it is operating below planned capacity. The financial reorganization is only now beginning to function with AID funds moving through. Literacy training will only start up again after the 1984 cropping season under the new contract. The roads component has not been brought up to full speed, and will require at least eighteen months to complete the targeted 398 kms. Ag research will need another year before it can be used to develop a longer-term program for Phase II.

II.2.4. OVERALL RECOMMENDATION

Therefore, the evaluation team recommends that the current PACD be extended to June of 1986. This period of time should allow the project components to function fully for at least a year. It should allow AID more time to handle the programming requirements for Phase II. It should also allow AID the chance to observe the functioning of OHV and the project elements and determine which if any of those elements it wants to include in any further investment in OHV. This evaluation has, therefore, set some benchmarks which it is felt should permit AID to do an

internal evaluation next February or March in time to schedule a second design team.

II.2.5. SPECIFIC RECOMMENDATIONS

II.2.5.1 GENERAL MANAGEMENT

II.2.5.1.1 Organizational Structures

1. Any redesign of the OHV structure should consider both headquarters and field levels. The field-level structure for reporting and supervisory relationships of field staff through one Section should be re-examined by OHV.

2. The role and placement of the Functional Literacy and Action Betail coordinators in the organization and the project should be clearly defined by OHV.

3. In collaboration with Secteur chiefs, a task force from the Technical, Administrative Division and the Credit Section should analyze several alternative organizational arrangements, including reporting and supervisory relationships and position descriptions for field staff and their supervisors.

II.2.5.1.2. Human Resources

4. Work plans should be developed immediately for OHV personnel beginning with those who are important in the specified activities of the project.

5. Once decisions are made on the structure of OHV field operations and specialization of agents, the personnel system should be considerably modified.

6. In-country management seminars should begin as soon as possible.

7. Underemployed staff should be given specific tasks to do. Field agents with low technical ability should be given appropriate training.

8. The long-term effort to improve the personnel management and supervision of field operations should provide support to both headquarters and field levels. Concentration at one level only will not result in an effective delivery system.

9. The role of technical assistants in providing structured seminars for small groups should be considered. This may be particularly important in credit and in planning. These seminars should be combined with practicums--undertaking concrete assignments in OHV.

II.2.5.1.3. Planning

10. The next phase in the middle-term plan should be an analysis of OHV's role in the provision of each good/service listed in its medium term plan.

11. Strategy statements specifying OHV's role in the short-term, medium-term and long-term should be prepared.

12. A concrete work plan for the DNAFLA activity should be developed which presents the current situation and gives specific objectives for the next 6 months.

13. The use of various client groups in the delivery of services warrants further evaluation. The studies should provide the basis for defining the "demand strategy" of OHV.

14. Seminars on planning and evaluation should be provided for the Planning Commission and other staff at OHV. The differences in relationship between organizational planning and agricultural production planning should be addressed.

15. A survey should be conducted by the Technical Division on the number of clients actually served by OHV field agents.

16. The Technical Division and Evaluation Section should collaborate on an assessment of agent - client relationships.

II.2.5.1.4 Collaboration and Communication

17. A project committee for this project should be established within USAID to permit the Project Officer to handle the decisions which require concurrence of multiple offices.

II.2.5.1.5. Project Monitoring

18. The committee including MOA, LBII (the contractor), OHV and USAID representatives should be established. The committee should meet in three months to assess progress in addressing recommendations of this evaluation and in accomplishing scopes of work of the T.A. team members.

19. As specific activity objectives are developed, the contractor and headquarters and field-level report formats should be accordingly.

II.2.5.1.6. Management of the Technical Assistance Contract

20. Specific tasks should be defined for the contractor's Chief of Party. There should be clear outputs or activities which can be reviewed at given intervals.

21. Procedures for monitoring contractor performance and for communication among the parties should be agreed upon by all three parties to the Project and then implemented.

22. USAID, OHV and LBII should review progress to date against existing terms of reference, identify problems which caused lack of progress, and clarify the respective responsibilities of all parties for solving these problems.

23. The original terms of reference for the planner/management technical assistance position should be reviewed and arrangements made for short-term technical assistance to cover those tasks.

II.2.5.2. FINANCIAL MANAGEMENT

24. General accounting brought up to date.

25. Budget encumbrance function in place.

26. Procurement section systems in place and functioning.

27. Inventory controls implemented with consideration given to old stocks.

28. Bank account reconciliations completed within 15 days of receiving bank statements.

29. Computerize the financial accounting and inventory systems by March 31 of 1985.

30. A petty cash policy established and implemented by March 1985.

31. Interest earnings on AID accounts determined and deposits made to a U.S. Treasury account.

32. Internal audits of inventory function implemented.

33. Financial viability and sensitivity analysis completed.

34. Analysis of sources of revenues and assignment of costs completed.

35. Financial systems manual materials formulated.

II.2.5.3. CREDIT

36. Computerization of the OHV credit program should proceed as quickly as possible and should be completed by the end of the Phase I project. All necessary computer hardware should be in place not later than January 1985.

37. Provision of additional short-term technical assistance is justified to advise OHV in the definition of the hardware configuration most appropriate for the computerization needs, the selection of pre-packaged computer software, and the intensive training of OHV staff in computer operations.

38. OHV, in collaboration with SAFGRAD, PIRT, DSPRA, and DRA, should delineate distinct agricultural capability sub-zones within the overall OHV zone and identify differing requirements for agricultural inputs and credit delivery methods based upon the varying agricultural capabilities of the sub-zones. A preliminary plan resulting from this joint collaboration should be prepared and submitted to USAID/Mali by January 1986.

39. Revision of the current OHV system of projecting agricultural input demands and placements based upon projected crop hectareage estimates is necessary to allow inclusion of more appropriate criteria reflecting the differing agricultural capabilities of different sub-zones of the OHV zone and actual farmer and village association performances in credit repayments. Criteria for linking credit performance to input deliveries in the following crop season should be developed by January 1985 for use during crop season 1985/1986. Criteria for linking input deliveries to agricultural capabilities should be defined by January 1986 for use during the 1986/1987 crop season.

40. Assessment is needed of the exact causes of current losses in the value of inventory stocks held in the OHV input delivery and warehousing operations. The assessment should be followed by development of a better plan to reduce these losses in the future. The plan should be submitted to USAID/Mali for review and comments by November 1984.

41. USAID/Mali should consider the provision of additional grant funding for repair of village association warehouses. The plan should be submitted to USAID/Mali for consideration and action by February 1985.

42. OHV should make more timely payments of the rebates ("ristournes") due to the village associations for marketing of their agricultural produce.

43. OHV should conduct an agent by agent evaluation of all OHV field credit staff to determine which of these personnel are capable of carrying out the tasks entailed in the new OHV credit system.

44. The Government of The Republic of Mali, USAID/Mali and OHV should agree on a one-time action to remove all outdated and/or deteriorated inventory stocks from OHV warehouses and write them off as losses to the credit program.

45. USAID/Mali and OHV should collaborate in a joint study of the possible consequences of a change in the legal status of OHV to a fully independent corporation ("societe mixte").

46. The internal formula used by OHV to assess percentage charges for administrative costs, transport costs, and allowances for risk, inflation and interest in delivery of agricultural inputs to farmers should be based upon the results of an annual post-credit campaign financial evaluation.

47. OHV, BNDA and USAID/Mali, with outside assistance as necessary, should jointly determine the actual structure and magnitude of the transaction costs incurred by OHV in implementing the procurement and delivery of inputs under the village association credit program on an annual basis to determine appropriate cost factors to be used in each successive credit campaign.

48. Primary attention in the administration of OHV credit through the end of the Phase I project should be given to servicing individual farmer accounts. Village association accounts should be carefully expanded in number and closely monitored to assess their possible larger role in the anticipated Phase II project. One output should be an acceptable plan specifying how group defaults are to be handled in the future. This plan should be completed by June 1986 as an output of the Phase I project.

49. The target repayment rate on all credit loans by OHV should be 100 percent of outstanding balances due.

50. USAID/Mali should allow OHV additional funding as necessary to be expended in the credit program to permit the purchase of agricultural inputs for the 1985/1986 crop season at a level at least 150 percent of the actual cash value of input deliveries in the 1984/1985 season.

51. Credit fund utilization within OHV should be programmed jointly by the Credit and Procurement Sections of the Finance Division so as to permit the latter to place all orders for agricultural inputs at least twelve months prior to the expected time of use by Malian farmers.

52. The technical assistance position as OHV credit advisor should be extended through the entire period of the proposed Phase I project extension - i.e. through June 1986.

53. Additional training is recommended for two qualified Malian candidates in strategic planning for agricultural credit programs and agricultural credit operations, respectively.

54. The recommended benchmark for evaluating success in credit repayments for the 1984/1985 credit campaign -- for purposes of the proposed internal USAID/Mali project review in March 1985 and the subsequent decision on any Phase II project -- should be 80 percent of repayments due paid to OHV by 15 March 1985, using the credit formula now in place which counts repayments against both arrears and current payments due.

55. A pilot ZER-level experiment program is justified in which there would be no a priori judgements made by OHV of what farmers must use credit for on their farms.

56. USAID/Mali should issue a new Project Implementation Letter stating that PIL No. 4 has been superceded by the credit conditions stipulated in the Eighth Amendment.

57. The project should more clearly distinguish in its future credit operations between the objective of encouraging more farmers to use animal traction techniques and encouraging more farmers to own their own animal traction equipment and draft animals, regardless of the area they cultivate annually or the agricultural labor they have available.

II.2.5.4 EXTENSION

58. Test the ZER and SB level agents and replace those not meeting the desired levels of skills and technical knowledge. Agents not meeting disciplinary standards of the agency should be weeded out to improve morale and credibility of OHV.

59. Examine the extension structure, considering a streamlined system that may eliminate some structural levels.

60. Create teams of subject matter specialists at HQ or Secteur levels; Agriculturalists with special training in cotton production, rice production and sorghum/millet/maize production. These teams should be mobile.

61. Improve the Training Program.

62. Review the Extension Methodology, considering such things as group versus individual approaches, farm level-research and demonstration fields, farm visits, etc.

62. Improve Supervision of Field Staff.

63. Short-term training should be considered to remedy the deficiencies of supervisory staff of the Technical Division.

64. Improve scheduling of activities of agents at SB and ZER levels to enable them to devote significantly more time to technical activities.

65. Technical assistance in agronomy/extension should be provided for the remaining period and in future years.

70. The Technical Division should be given greater authority commensurate with its responsibilities. A certain degree of decentralization seems inevitable if the functioning of OHV's extension service is to be improved.

71. The Technical Division should make a serious effort to develop a set of concrete recommendations based on available research information and field observations. Economics of such recommendations should be prepared with simple and clear explanations.

72. OHV should establish a reward/incentive system to encourage better performance of field agents.

II.2.5.5 LOCAL ORGANIZATIONS

73. Before AID-funded credit is extended to any of the 70 target Tons identified by the TA credit specialist, a study should be carried out of traditional and modern organizations in the Project zone.

74. The TA team should assist OHV management to review its approach to village-level organizations, including Tons, Groupements and extension groups.

75. The USAID and the TA team should assist OHV management in thinking through the implications of group credit and other group activities, such as marketing, for its future structure and functions.

II.2.5.6. FUNCTIONAL LITERACY

76. The present FL Coordinator seconded from DNAFLA to OHV should be put on a three-month probationary status, and if he fails to meet pre-arranged performance criteria, the OHV DG should reconsider his nomination by DNAFLA for the sake of improved project implementation.

77. Subsequent to implementation startup on the USAID-DNAFLA contract, attention should be given to altering the program by a) providing third-country training to the then-present FL Coordinator as foreseen in the PP; b) assuring that all chefs de ZAF, monitored by the DNAFLA hq staff, test all auditeurs in literacy and numeracy six months into implementation, and that system be introduced to bring the unsuccessful up to speed or to create separate supplementary classes for them; c) providing a training plan for all chefs de ZAF and all existing animateurs and animatrices, and for additional ones to be added; d) developing special materials for the Tons Villageois and Groupements Villageois on book-keeping, financial concepts, ordering, warehousing, and estimating hectarage and input needs. (See the recommendation for similar materials from the 1981 evaluation report.)

78. The necessary OE funds should be made available for third-country training of the USAID Project Assistant handling the literacy component concurrent with the training of the FL Coordinator.

79. Additional funds should be provided under the DNAFLA contract a) for maintenance of DNAFLA's vehicles that will be used in the project zone for the project FL component; b) for the development of the special group post literacy materials outlined above, and c) minimal cash remuneration for animateurs and animatrices on a trial basis in one or two ZAFS, including Ouelessebougou and Kati. This remuneration should come from village resources, but resources to conceive and conduct the experiment should come from the project. Suggestions can come from USAID, DNAFLA or OHV, but must be acceptable to the villagers.

80. The OHV Director General should require the Technical Division and the appropriate TA specialists to assist DNAFLA in developing post-literacy training materials.

81. The USAID should consider folding the UNFM Women's Project under the OHV Project.

82. DNAFLA should be encouraged to explore new concepts and approaches to the timing and duration of FL courses, as well as to their content, and to carry out some experiments in this regard in the OHV zone.

II.2.5.7. BLACKSMITHS

83. USAID/Mali should continue with the blacksmith training at the rate that the OHV Training Section is prepared to and capable of handling. Training should continue throughout the life of the project.

84. The technical advisor to OHV's Training Section should be skilled in blacksmithing and have a working knowledge of Bambara.

85. The provision of welding equipment to the project, which has not yet been delivered, should be further delayed until funding and logistics for resupply of gases can be worked out.

86. Training in business and management should be included in the blacksmith training program.

87. Some arrangement should be made to guarantee a continued supply of materials needed by the blacksmiths.

88. The problem of replacement tools and equipment for the blacksmiths should be studied to determine if a system can be worked out to assure that adequate tools can be made available.

II.2.5.8. ROADS

89. The Project should continue the funding of the roads.

90. The engineer on the technical assistance team should be retained.

II.2.5.9. CONSTRUCTION

91. More care should be given to choice of building design and contract terms.

II.2.6.0 BENCHMARKS

The recommendations listed above are very comprehensive, and meeting them may extend beyond the present PACD. A specific set of criteria, by which the USAID Mission can judge progress, is given below. These should be used as benchmarks by which an evaluation is made on granting the recommended extension to the project or terminating funding on the present PACD.

1. The finance and credit systems should be computerized by March 1985, with training continuing throughout the project extension period.
2. Work plans for the technical assistants for the proposed extension period should be developed by March 1985.
3. A workplan with specific targets should be developed for DNAFLA by February 1985.
4. A plan for the development of local language literacy materials should be completed by February 1985.
5. A project committee to monitor the progress of the project and resolve problems should be established by January 1985.
6. A contract for a study of the resources of the OHV zone should be completed with PIRT by June 1985.
7. Certification of PIRT and DRSPR should be completed by March 1985.
8. Monthly financial reports current within 15 days, subject to the availability of bank statements, should be received by USAID.
9. A yearly budget should be submitted to USAID by March for all of OHV's planned expenditures.
10. An updated viability and sensitivity analysis of OHV's financial status should be completed within the first 6 months following the end of OHV's fiscal year.
11. The roads in Section C as listed in the evaluation report, should be completed by the end of December 1984, and sufficient progress on Section D roads to indicate construction is on target should be evident by March 1985.
12. A funding plan should be developed for the replacement of OHV vehicles, particularly the truck fleet, by April 1985.
13. Credit recuperations should reach 95 % by March 1985.
14. By March 1985, the OHV and GRM should submit a plan for reducing losses of inventory and removing old stocks.

III.0. DETAILED PROJECT BACKGROUND

III.1.0. HISTORY OF OPERATION HAUTE VALLEE

The Haute Vallee as a distinct development region began with a study undertaken by the Bureau pour le Developpement de la Production Agricole (BDPA) in 1960. The region was at that time made up partly of the political sub-divisions of Kangaba and Bamako. This area corresponded to the ancient territory of the Mande, first geographic seat of the empires of Soundjata. The area was a relatively small region on the Upper Niger River between Bamako and the Guinea (Conakry) border.

From 1960 to 1965 BDPA was actively involved in the agricultural development of the region. The Fonds Francais d'Aide a la Cooperation (FAC) financed development activities in the same region from 1965 to 1970. For the next five years, April 1970 to August 1975, the development activities were financed by the Malian National Budget, with the exception of a tobacco production project (Action TABAC), funded by the European Common Market (FED). During this latter period OHV was officially created by decree No. 117/PG-RM of 16 September, 1972. With the creation of OHV the concept of auto-financed rural development came into being, as OHV was created as a Rural Development Organization (ODR) with self-management powers. Effectively this allowed OHV as an organization to seek revenues and financial sources for its activities.

Outside of external donor assistance, and some funds from the national budget, OHV's major source of income was from marketing of farmers' produce in the zone. A pricing structure, known as a bareme, which included farmgate prices, subsidies, costs of extension services, marketing costs, and overhead for the Operation was set through a series of State monopoly marketing agencies. The major crops marketed through OHV were peanuts, cotton, tobacco and cereals.

In the cropping year 1970/71, just prior to the official creation of OHV, the Haute Vallee covered an area which included 179 villages and hamlets. It was composed of two Secteurs of rural development, divided into 9 "ZER" (zones d'expansion rurale) and sub-divided into 39 "SB" (secteurs de base). In 1973/74, the Secteurs, ZER's & SB's were replaced by Zones de Developpement Rural, Unites de Developpement Integre (UDI) and Unites de Developpement Integre de Base (UDIB). At this time 3 zones were created (Kangaba, Siby and Dangassa) and they had 10 UDI and 66 UDIB covering 266 villages.

In 1974/75, Kati, formerly a zone of the Operation Arachide et Cultures Vivrieres (OACV), was integrated into the Zone de Developpement Rural de Bamako, and the tobacco production in the Baguineda area was added.

In 1976/77, the structure returned to the Secteurs, ZER's, & SB's. Further expansion took place in 1978/79 when the Secteur of

Ouelessebougou was opened, being formed from the old ZER's of Dangassa/Nanguila and the zone of Dialakorba, formerly part of the CMDT area. The latter was divided into 2 ZER's, Dialakorba and Sougoula. In addition, all of the agricultural activities of the zone of Baguineda, except for the irrigated perimeter, came under the OHV. The Secteur of Bamako was divided into two new Secteurs, Bancoumana (made up of the ZER of the old Secteur of Siby and the ZER of Bancoumana), and Kati, made up of the zone originally transferred from OACV, and Baguineda.

With the level of cotton, tobacco, peanut and cereals marketing done by the OHV each year, the OHV was optimistic about its financial well-being. This optimism was enhanced with the addition of new zones that had traditionally been good producers of cash crops. Therefore, the OHV zone, when the AID funded project began in September 1978 (1978/79 crop year), had already been undergoing a decade of fairly rapid expansion of geographic area and client population. In fact, the fourth Secteur had been added during the Project design phase.

In 1979/80, two new ZER were created in the Secteur of Kati, made up of the zones of Gouani and N'Kouraba, transferred from CMDT. In 1981, the zones of Koulikoro and Banamba were incorporated as Secteurs from the old (now defunct) OACV. Therefore, by 1983 OHV was comprised of six Secteurs as follows:

<u>Secteur</u>	<u>ZER's</u>	<u>SB's</u>	<u>Villages</u>	<u>Population</u>
Kangaba	5	22	95	43,913
Bancoumana	4	24 *	69	33,887
Ouelessebougou	6	26	156	76,631
Kati	6	30	181	122,072
Koulikoro	6	26	248	106,787
Banamba	3	32	190	89,960
TOTAL	30	160	939	477,240

* Includes 1 SB for the perimeter of BANCOUMANA

The two Secteurs added in 1981, transferred from the zone that had been under the OACV, tripled the area in the OHV zone, and more than doubled its target population. More seriously, it shifted another financial burden onto the OHV with no commensurate sources of revenue. This was true as the major "cash" crop in the two new areas of Banamba and Koulikoro had been peanuts. The decline in production of this crop, and the loss of revenues gained from marketing peanuts, had already created the conditions for the demise of OACV.

Although tobacco marketing had supplied some revenues to OHV, (in fact at the time when analysis of the project was done, it had supplied the largest portion), tobacco production was declining, a result of the discontinuance of FED funding. Further increases in tobacco marketing revenues did not seem likely as the Malian tobacco company could not increase the quantities it bought. Additionally, cereals marketing was about to be liberalized under a multi-donor program aimed at increasing farmgate cereals prices and reducing parastatal involvement in cereals marketing. Thus, cotton production and marketing were rapidly becoming the major source of OHV's revenues.

EXPANSION OF OHV 1970 TO 1983

	<u>1970/71</u>	<u>1973/74</u>	<u>1978/79</u>	<u>1982/83</u>
Area (sq.kms)			13,800	31,530
Population			211,000	477,240
Farms		16,000	21,663	53,806
Villages	179	266	501	939
Secteurs	2	3	4	6
ZER	9	10		30
SB	39	66		160

Source: OHV

III.2.0. THE PROJECT DESIGN.

A project for integrated rural development for the OHV zone was approved September 18, 1978 for a total AID commitment of \$18,395,000. This project was to assist the Government of Mali in the financing of development activities of the Operation Haute Vallee. The purpose of the project was to increase agricultural productivity, production and marketing throughout the Haute Vallee region, an area of 13,800 square kilometers. The project was to affect 211,000 people who lived in over 200 villages and towns in the region (a figure inconsistent with the 501 villages noted above). According to the 1977 "Socio-economic study of the Haute Vallee" by the GRM Institute of Rural Economy (IER), there were about 16,000 farm families in the area. This figure was obviously pre-project (i.e. before 1978/79), as that figure had already exceeded 21,000. Seven specific activities made up the project.

1. Animal traction training and research
Eight animal traction training and research centers to demonstrate rational use of work oxen and increase the number of teams, develop better farm implements, and train farmers and blacksmiths were to be built.

2. Rehabilitation of the Bancoumana polder
rice irrigation area of approximately 640 hectares was to be rehabilitated. Yields were to increase from 700 kgs./ha. to 3000 kgs/ha and 160 farm families, about 2000 people were to benefit directly.

3. Agricultural Credit Modifications were to be made in the existing credit system by increasing interest rates, extending the length of credit terms, and offering credit for work oxen. A comprehensive study of the credit system was to be made, and a revised system installed in year four.

4. Road and trail rehabilitation and upgrading
398 kms. of secondary roads and trails were to be improved in the project area.

5. Health Assistance to design a low-cost rural health system to treat endemic diseases in the project area was to be undertaken, and a rural health project was to be started.

6. Functional Literacy was to be expanded through the functional literacy program into 100 villages in the region.

7. Administrative support for Operation Haute Vallee The project was to provide a socio-economic baseline study, assist in planning & training, and provide technical assistance, construct a new headquarters building as well as additional field office space, and supply trucks and vehicles to the OHV.

\$ 500,000 were authorized for FY 1978.

At the time of the project design and approval, the design team felt that "the agronomic, credit, engineering, irrigation and administrative aspects of the project are deemed to be sound." Some concern was raised about the financial viability of OHV, however. Specifically, the PP recommended that serious consideration be given during project implementation to ways of increasing OHV's operating revenues to ensure that it would be able to continue to meet recurrent operating costs after AID assistance terminated. The financial analysis (although extremely suspect; none of the expenditure and revenue totals are correct),

noted that there was very little room to reduce expenditures. Peanut marketing commissions were already declining, due to low GRM prices, and high parallel market prices, which effect was also to soon be the downfall of OACV, and although tobacco marketing commissions were the major source of revenue, low GRM-controlled producer prices were limiting tobacco production. The only glimmer of hope seemed to be a projected new source of revenue that was to come from expanded cotton marketing with the addition of the two CMDT zones in Kati to OHV. Another source of revenue was projected from rice marketing from the Bancoumana polder, a reason cited for OHV's extreme interest in that component.

When the project was designed, inputs of fertilizers, chemicals and animal traction equipment were supplied by another State owned company, SCAER. These were sold on credit to farmers, and OHV assisted SCAER in placing and recovering this credit. This reduced the cash requirements for OHV, as it was not required to maintain inventories of agricultural inputs or carry credit balances through a cropping season. At the same time OHV was immune from the risk of credit losses. Inputs for cash crops, so necessary to OHV's financial well-being, were supposedly assured.

In addition to the above design assumptions, major assumptions were contained in the technical and economic analyses of the Project Paper. The project was designed around a core of food crop production that, with the exception of the irrigated rice polder, would require virtually no inputs other than animal traction, which would be supplied to the farmers through a credit program. Therefore no project funds were provided for inputs other than animal traction. Dryland crops of corn, millet and sorghum were assumed to give yield increases of about 12 % almost exclusively due to the effects of deep plowing (although the analysis suggested that 50 to 100 % increases were usually obtained from this technology). Farms were expected to increase cropland from 5 hectares to 10 hectares. The engine that would drive this was to be the creation of 8 animal traction training and research centers, which would produce 800 trained farmers per year when fully operational. 2000 farmers would be trained and equipped with animal traction units over the first phase of the project.

In the irrigated rice polder, 2.143 million dollars were budgeted, of which \$ 666,000 were for construction. It was expected that production would average 3 tons of paddy per hectare, which the PP noted "should make it a showplace for OHV and will make an incalculable contribution to stirring up farmer interest in working with OHV - an element so necessary to the project's overall success." A large part of the rehabilitation of the polder as well as cultivation afterwards, was to be done with animal traction. The PP noted that animal traction was not presently used by most farmers on the polder because of the unavailability of credit. In fact, the real reason was that most of the land preparation was being done with tractors, which were much preferred in the heavy soils to power from the region's

light oxen.

A research element was included, originally attached to the animal traction centers, but eventually involving a large on-farm research and demonstration effort "using the assistance of Peace Corps Volunteers and two American Agronomists....to test plows, plant spacing, varieties, planting dates, weeding techniques, etc. When the results of all this work become clear, the forthcoming recommendations will be incorporated into the improved 'package' on which the credit program is based." Later the analysis states that "..there is no viable substitute for the applied research and demonstration trials to obtain the information needed." (A statement somewhat inconsistent with that above).

At the time of the project design, it was estimated that over 95% of the farms in the Haute Vallee with over 20 family members used work oxen for cultivation. There were estimated to be 2,631 plows in 1972, or one for every 23 hectares, and that figure was estimated to be 25 % higher at the time of the design in 1978. It was assumed that the only impediment for further expansion of animal traction, and hence acreage and production, was the lack of long-term credit. A credit fund of \$ 1.3 million was therefore budgeted, to provide credit for work oxen and machinery. Although some credit would supposedly have been used for other inputs such as seed, no chemical fertilizers were to be financed under this fund. Three other elements would complete the package of required inputs for expansion of animal traction: functional literacy, animal traction training centers -- including blacksmith training -- and research on crop inputs and implement design.

The Project Grant Agreement was signed September 29, 1978.

III.3.0. THE EMERGENCE OF PROBLEMS

Although the Project Paper stated that the management of OHV was generally adequate, the USAID Project Manager, by mid-1979 had already determined that most aspects of sound management were lacking at OHV. The Operation had already undergone a considerable expansion, and this would continue. The expansion would increase OHV's administrative and management burden, expand its staff and significantly increase its expenses. At the same time, the decline of major cash crop production and marketing volumes was already underway. The parallel market already commanded the bulk of cereals marketing, and as liberalization of those markets took place, OHV's market share would decline. Finally, SCAER was in the throws of bankruptcy, and OHV would have to find the funds for financing the revolving credit fund for farm production inputs as well as develop the control system for credit delivery and recovery. This contraction of revenue sources, in the face of the recent demise of SCAER, could well have brought the OHV itself into bankruptcy.

As these problems arose, a fundamental conflict developed between the objectives of USAID and OHV. Whereas AID had financed a project that was based on increasing cereals production, OHV's interest lay in the production and marketing of cotton, the crop that was rapidly evolving as its major source of revenue. OHV needed funds to procure the inputs that it sold to the farmers on credit for the production of cotton in order to increase its market volumes. The project financed credit fund was earmarked exclusively for animal traction. AID wanted stress placed on research and extension of technology for cereals production, supporting activities such as functional literacy and health, and closer supervision of road construction. OHV was obliged to concentrate its management on maintaining cotton production. By the summer of 1979, major warnings of project problems were beginning to surface. Major delays in commodity procurement had already occurred, particularly ominous for the road construction component. The AID Project Manager, after reviewing the status of the project, noted in a memo that OHV was sorely lacking in management capabilities, had virtually no accounting system, either for its own or project funds, and did not have a workable credit system. A similar memo noted major weaknesses in the functional literacy component, notably lack of supplies and post-literate reading materials.

III.4.0. THE 1981 EVALUATION

The first evaluation of the project was done during the summer of 1981, with the preliminary draft of the report issued in September of that year. Major weaknesses in the project were noted. One of the crucial findings was that, although the technical assistance team had tried to provide some focus to the project, no project strategy had been articulated, let alone agreed to by OHV. Much of this problem stemmed from the conflicting priorities between USAID and OHV. The latter had to focus on cash crop production in order to earn the revenues it required for its very survival, while AID was promoting a project whose entire focus was on cereal crops. In addition to this conflict, the project suffered from seriously faulty technical assumptions or inadequate attention to design. Further, poor implementation was also evident. The evaluation concluded that the project would not reach its objectives. In all, 38 recommendations were made by the evaluation team. We regroup these and summarize them as follows:

1. An overall strategy be done, including long-term planning (1)
2. An integrated animal traction program be prepared (2)
3. Financial reviews or audit be done, including reorganization of the credit fund (3, 4, 6, & 7)
4. Undertake a survey of village organizations (5)

5. Reach agreement on road construction and maintenance (8,9,10& 11)
6. Make a determination of the implementation of the health component (12 & 13)
7. The functional literacy component be reorganized (14 & 15)
8. A serious review be done about undertaking the rehabilitation of the Bancoumana polder (16 & 17)
9. Construction be reviewed for cost and type (18 & 19)
10. Increase the effectiveness of the technical assistants (20, 21, &22 & 29)
11. Revise the training plan (24)
12. The changes in the project be officially documented (25 & 26)
13. That a monitoring system be established (31, 32, 33, & 34)
14. Improve communications (35 , 33, & 34)
15. Improve management (36, 37, &38)

III.5.0. AUDIT OF 1982

Such concern about the credit and operations funds had arisen on the part of the AID project manager, that he felt an audit was necessary. The Director of USAID/Mali requested an AID audit of the Operation Haute Vallee Project to determine the situation of the AID-provided monies as well as in response to problems raised in the Evaluation of 1981. A three-man AID auditing team carried out an extensive financial and management audit in 1982. The final report was issued September 20, 1982. The auditors undertook a comprehensive review of the project and project finances, and the results were generally negative. They state that "The AID-financed activities in this project have not achieved any significant results nor do they appear likely of doing so. The project, moreover, is presently drifting without any defined focus of where it is headed." Further they felt this was due to "...the project being too large and complex with an unrealistic assumption of what could be accomplished within the existing institutional and financial constraints; and a number of inexcusably faulty assessments in the Project Paper on which some key project activities were developed." Problems pointed out by the audit were:

1. Operation Haute Vallee lacks financial resources to absorb recurring costs of the project.
2. Because of the Operation's dire need to obtain credit funds for cash crop farmers, the project's focus on food production has been lost.
3. OHV's extension system is inefficient and ineffective.
4. The credit system has an appallingly low repayment rate of 38 percent.
5. Subsidies, which were provided to farmers on the credit sales of agricultural inputs, were borne by the credit fund, and inputs such as fertilizer were being financed with credit funds.
6. There had been numerous changes in the road construction program and they felt that only 150 of the 398 kms planned would be completed.
7. Construction of the Bancoumana polder had not started due to design problems.
8. AID funding of the literacy program had been suspended.
9. The health activity had not started, nor did AID plan to initiate it.
10. Accounting for AID funds was inadequate, large expenditures for operating costs were unjustified, and accounting for the credit fund was almost non-existent.
11. AID-financed technical assistance had not been used effectively.
12. Procurement for contract services was done incorrectly.
13. AID's project management had been deficient and ineffective.

A general redesign of the project was recommended, a suggestion that was accepted by USAID/Mali. USAID/Mali, however, felt that the extension system could be improved through training, definition of responsibilities, providing support and improving monitoring. Expanding animal traction, it was felt by the Mission, required more than credit. Equally important was a source of appropriate equipment. However, USAID said that since the project made no provision for the adaptation or improvement of animal drawn equipment, a R & D program was needed, but beyond the scope of the project. Finally USAID/Mali informed the auditors that purchase of fertilizer was on a one time only basis, and OHV had been informed of that.

The auditors made 18 specific recommendations as noted below:

1. USAID/Mali should redesign the Operation Haute Vallee Project before any additional obligations are made, making it less complex by focusing on only a few activities directly related to food production.
2. USAID/Mali should assess and demonstrate that Operation Haute Vallee has the financial capacity to finance the project.

3. USAID/Mali should assess and demonstrate how Operation Haute Vallee's credit needs can be fulfilled without jeopardizing the availability of sufficient credit funds for the animal traction program.
4. USAID/Mali should assess and determine how the extension system can be made effective to justify the investment of additional AID project funds. In this regard, it should consider divesting the extension agents of the accounting responsibilities for the credit system.
5. USAID/Mali, prior to releasing any AID funds for the credit program should (a) address the problem of poor loan repayments by working with Operation Haute Vallee to establish village councils or associations; (b) establish an interest rate consistent with other Malian organizations, such as the National Agricultural Development Bank; (c) ensure that Operation Haute Vallee is capable of funding subsidies from sources other than AID funds; and, (d) ensure that down-payments are made as required.
6. USAID/Mali should suspend funding for the construction of modified class "A" roads unless appropriate justification is provided by Operation Haute Vallee.
7. USAID/Mali should ensure that maintenance funds will be provided before releasing any further AID funds for construction.
8. USAID/Mali should assess that Operation Haute Vallee has the management capability before releasing AID funds for Bancoumana Polder.
9. USAID/Mali should withhold further advances for operating funds until reporting on the use of prior advances has been brought up-to-date by Operation Haute Vallee.
10. USAID/Mali should request Operation Haute Vallee to establish a revolving fund for the repayments on mopeds and recover the MF 45,159,296 (\$75,265) that was inappropriately used by Operation Haute Vallee for its operating expenses.
11. USAID/Mali should request Operation Haute Vallee to return the MF 855,436 (\$1,426) earned as interest and deposit the funds to the account of the U.S. Treasury.
12. USAID/Mali should recover MF 1,566,100 (\$2,610) which Operation Haute Vallee received as a refund on the return of tires purchased with AID funds.

13. USAID/Mali should determine the repayments on loans made with AID's MF 52 million (\$86,667) released for the 1980/81 season. These funds should be deposited to the AID credit fund account.
14. USAID/Mali should recover the MF 49 million (\$81,667) in AID funds used to purchase fertilizer which was not delivered.
15. USAID/Mali should (1) recover the MF 32 million (\$53,333) in repayments that Operation Haute Vallee owes to the AID credit fund; (2) obtain a detailed accounting for MF 92 million (\$153,333) that Operation Haute Vallee has not accounted for; and, (3) recover those amounts that the Operation is unable to document.
16. USAID/Mali should establish administrative procedures to ensure that all host country contracts financed by AID are reviewed prior to receiving approval.
17. USAID/Mali should establish administrative procedures to ensure that all significant modifications of project plans are fully justified and documented.
18. USAID/Mali should ensure that adequate project management is provided for the Operation Haute Vallee project before any additional funds are obligated.

III.6.0. THE EIGHTH AMENDMENT

The Eighth Amendment to the Project Agreement, dated July 30, 1983, addressed the issue of redesigning the OHV project to make it more streamlined and manageable. The amendment contained several Conditions Precedent, of which the most important are summarized below.

- a. Prior to further disbursements, except for TA and research,...(Mali) shall prepare a revised financial assessment of OHV, demonstrating OHV's financial viability and ability to pay its debts.
- b. (Mali) should describe the role of technical assistance.....and officially name a technical assistant as head of the finance Division of OHV, in charge of all financial resources of OHV.
- c. AID would require detailed plans for construction.
- d. AID would require certification of accounting of collaborating agencies.

Significant Covenants included in the Amendment were:

- a. Insure that OHV has an adequate and certifiable credit system, ..." and that "...OHV applies terms of credit and rates of interest in accordance with the rate charged by the Banque Nationale de Developpement Agricole (BNDA), for all loans for the purchase of equipment and work animals,..".
- b. To provide \$ 20,000 of project funds for studies and management training programs to strengthen or initiate the establishment of village associations.
- c. To insure that road maintenance on project constructed roads was done, and funds for this were available.
- d. To undertake a study (GRM/USAID) to look for ways to increase OHV's revenues.

The Eighth Amendment included a revised project description. In that description it was stated that the objective of the amendment was to respond to the recent audit and evaluation. Mainly, the intent is stated to simplify the project to improve its management capability. The Project Purpose and Goal remained the same. Six Outputs were defined.

1. A farming systems research activity.
2. 398 kms of roads and trails.
3. 100 functional literacy centers.
4. A functioning credit system.
5. Restructuring of OHV, including operating manuals on all aspects of management, and a description of the roles, duties and responsibilities of OHV agents, and performance criteria.
6. An extension service including a unit working directly with farmers to develop farmer's associations for credit and marketing.

The Eighth Amendment extended the PACD of the project from August 31, 1983 to February 28, 1985. Major emphasis was placed on improving management and financial controls. Other activities specifically meriting an extended timeframe were road construction, building construction, agricultural research and functional literacy. The health component, from the original PP, was not included as this had already been officially dropped with the issuance of P.I.L. # 12. No mention was made of the Bancoumana polder.

Given the revised project, primarily as stated in the Eighth Amendment, the present evaluation has focused mainly on the past two years of the project. However, as much of the environment within which the project activities are being undertaken has roots going back to the beginning of the project, many pre-1983, and even pre-1981, circumstances and events are reviewed.

IV.0. DETAILED DISCUSSION OF PROJECT COMPONENTS

IV.1. GENERAL MANAGEMENT ANALYSIS

The Management section of this report includes two parts. The first addresses management issues which are internal to Operation Haute Vallee: organizational structures and information flows, human resources management, and planning for implementation. The second part addresses the relationships among USAID, the technical assistance contractor, Operation Haute Vallee, and the Ministry of Agriculture, which have all had a role in the project.

IV.1.1. ORGANIZATIONAL STRUCTURES AND INFORMATION FLOWS

IV.1.1.1 BACKGROUND

The previous evaluation and the audit reports did not address this issue. The structure of OHV has been revised twice since the project began. From 1978-1981, there were two functional divisions (Administration and Accounting) and two service divisions (Technical and Marketing). Project-supported activities were concentrated in the Technical Division and the SCAER section (one person) of the Marketing Division. Most of the Sections within these Divisions contained only 1-2 specialized staff; this pattern of structural differentiation is not unusual in Mali where the mechanism of establishing specialized subsections substitutes for the personnel process of developing position descriptions.

In September 1982, the OHV Director General revised the existing structure, combining accounting and supplies in a new Finance Division and establishing the Garage/Motor Pool as a separate Division. In January 1983, the 10 sections of the Technical Division at the headquarters level were combined into three: extension, training, and planning and statistics. Assignment of returning trainees and adjustments in the role of some of the technical assistance staff roughly coincided with these structural changes. During this period, intra and interdivisional staff meetings were held infrequently, which may have reduced coordination among the various units.

IV.1.1.2. CURRENT SITUATION, July 1984

In the current structure, Finance, Technical, Administration and Garage, Functional Literacy and Action Betail have re-emerged as separate Divisions. While the structure and functions of the staff at headquarters are highly differentiated into specialized units, the bulk of the Operation's staff are unspecialized and are differentiated on a geographic basis. The structure of field staff maintains the typical Secteur de base, ZER, and Secteur hierarchy. This arrangement results in a staff of more than 200 reporting through one unit while the chain of command in other units is 3-10.

Although the bulk of the field staff report through the Technical Division, a parallel system for information on credit has been developed which requires reporting through a Secteur based credit coordinator to the headquarters credit staff, which is under the Finance Division. The Planning and Statistics staff (which will be a new Division) are also working directly with Secteur and ZER-level staff to obtain data for planning. However, the supervisory relationships which determine field agent transfers or promotions remain under the Technical Division.

The Director General has proposed a new organizational chart which has not yet been approved by the National Agricultural Department. This structure would reduce the number of Divisions to three. The structure of field-level reporting and supervisory relationships is not included in the proposed reorganization.

At the suggestion of the Ministry, a control unit (cellule de control) had been established at the Director's level. The Director General does not view this as necessarily permanent. It functions as a trouble shooting unit to follow up on the implementation of day-to-day decisions made at the Director General's level. To date this unit has been principally expediting procurement actions and verifying subsequent use of purchased commodities on an as-needed basis. Theoretically, the efficient operation of procurement procedures is in the domain of the Finance Division. However, this Division is currently involved in establishing basic systems for each step of procurement. The control unit follows the flow of work for a given action and could be viewed as keeping things moving while the Finance Division is deeply involved in establishing basic procedures.

IV.1.1.3. PROGRESS

1. Under the proposed organization, each Division would have a staff large enough to warrant Division status.
2. The planning function would be given increased visibility and status. While the capacity of this unit does not yet match the task laid before it, it does establish the importance of the function.
3. Some adjustments in specialization of field staff have been made. In effect, Secteur-level positions have been established under the supervision of the credit section which provides a specialized presence in the field and establishes a new reporting relationship which is important in strengthening this function. Similarly, a training officer has been designated for each Secteur.
4. Task-forces have been used as an integrating device for specific time-limited tasks requiring coordination among several divisions and sections.

5. Routine staff meetings within the Divisions and among the Division Chiefs and the Director General have been reinstated and appear to be valued by the staff and the DG as a means of coordination.

IV.1.1.4. PROBLEMS

1. In the proposed organization, Administration will be a section within the Finance Division. The role of this unit is narrowly conceived by the Finance Director. (See Human Resources section of this report).

2. The function of the control unit is not well understood by other Divisions, which appears to create unnecessary tension, particularly with the Finance Division.

3. The proposed reorganization will reduce the income (benefits) of the Action Detail and the Functional Literacy Coordinators as well as reduce the visibility of the Functional Literacy program -- which is viewed as a priority. The positions of these staff should be considered in relation to their functions.

4. Separate Sections are used for a small number of staff in lieu of position descriptions for those individuals.

5. The specialized headquarters structure is not supported by specialized field staff. This situation is further confounded by the low level of technical skills of field staff.

6. In the proposed organization, the supervisory relationship for all field staff except the new credit positions remains through one Section: Extension. Yet the principle activity of many of these staff is not communication of technical information to and from farmers.

7. The information needed for management decisions has not been clearly identified. This is further complicated by the fact that the Secteur reports do not have a consistent format. While the overall topics are the same, the unit of analysis or basis for comparison varies.

8. Information from the majority of the staff flows through one point at headquarters, and this information is transmitted through five levels (farmer, SB, ZER, Secteur, Chefs de vulgarisation) before it reaches a Division head and vice versa. Distortions occur as the information is moved through channels. This can be clearly seen in a comparison of Secteur level reports on pilot farmers in the animal traction program with the composite report of the Technical Division. The bulk of the problems which were identified have not been reflected in the composite report. As a result, the Director General may then be provided with inaccurate information on the status and problems of this activity.

IV.1.1.5. RECOMMENDATIONS

1. Any redesign of the OHV structure should consider both headquarters and field structure. The field level structure for reporting and supervisory relationships of the field staff through one Section should be re-examined by OHV. This also involves reconsideration of the notion of multipurpose SB and ZER field agents. (Specialization of tasks of these agents is not effectively accomplished by seasonal variation in principal activities; credit, input delivery, research trials, data gathering and extension often occur during the same period).

2. The role and placement of the Functional Literacy and Action Betail Coordinators in the organization and the project should be clearly defined by OHV. If the Functional Literacy coordinator is to have supervisory authority over the ZAF agents, Section status will be appropriate. If ZAF agents are to report to DNAFLA for technical review and support (in addition to Chefs de Secteur), the responsible staff at DNAFLA should be identified; in that case, the role of the OHV agent is clearly one of coordinator and the proposed placement is appropriate. Similarly, if the major animal health activities are to be carried under the Mali Livestock Secteur Project, the Action Betail staff would also be coordinating positions.

3. In collaboration with Secteur chiefs, a task force from the Technical and Administrative Divisions and the Credit Section should analyze several alternative organizational arrangements, including reporting and supervisory relationships and position descriptions for field staff and their supervisors. Technical assistance should be provided to support this analysis.

IV.1.2. HUMAN RESOURCES MANAGEMENT

IV.1.2.1. Previous Evaluation and Audit Findings

With the exception of training, neither of these documents addressed the personnel issue.

IV.1.2.2. Evolution of Personnel Levels

The total level of staff increased steadily during the early years of the project. Between 1979 and 1984, the total increase was 49%. These increases were principally in staff based outside of the Bamako headquarters(1): there was a 44% increase in headquarters staff and a 77% increase in field staff in Secteurs covered by the project(2). However, during the past year the overall level of staff has decreased by 1%.

The staff includes three types of personnel: civil servants, contractors provided through the National Labor Office, and contractors hired by OHV. Civil servants constitute 35.7% of total current staff. This group includes the staff with technical training in agriculture above the primary school level, administration and engineering. The Director General of OHV submits his request for certain types of staff, who are assigned by the National Civil Service to the Ministry of Agriculture and by the Ministry to Operation Haute Vallee. As a result of revisions in the national education and employment policy, which previously guaranteed positions to all graduates, the number of agriculturists to be placed has declined and the Director General now has the authority to refuse civil servant nominees which exceed his request.

The majority of the staff (61%) are contractors hired directly by OHV for an indefinite period. This staff includes the field agents who have direct contact with the client population, janitors, guards, secretaries, manual labor, mechanics, drivers, electricians, and radio operators. There has been a 40% increase in this staff during the 1979 to 1984 period. Decisions on hiring and firing of these staff, and thus the growth of this cadre, are

(1) While much of this staff is not in direct contact with the client population, it will be referred to here as field staff.

(2) If the staff of two Secteurs excluded from the project are counted, the increase was 127%. While OHV is responsible for paying this staff, their level of salaries and conditions of employment are largely beyond the control of the Director General. The current Director General has, in fact, cut the salaries of two civil servants for malfeasance, but the final decision on firing them or reassigning them to other organizations rests with the Ministry of Agriculture and the Civil Service.

under the control of the Director General. A third group of employees are those contractors who are under the auspices of the National Labor Office. They constitute about 1% of the total staff at OHV and include some categories of staff which are also hired directly by OHV as contractors.

IV.1.2.3.CHANGES IN STAFF

Approximately 50% of the staff remain in the same positions which they held in 1980. This is true for both the headquarters and the field staff. Reasons for this rate of change appear to be several. For instance, during the past year, half of those transferred from one SB post to another were associated with accounting and/or mismanagement of credit funds. Less than 10% of transfers from Secteur de Base were attributable to promotions. Others were transferred for personal reasons (e.g. no schools for field agents' children) or because they had been in their positions for several years. This seems to a rather high rate of turnover for agents who are in principle most valuable for their thorough knowledge of the area which they serve. Data on the number of agents which have left the OHV zone entirely were not readily available.

From the perspective of the project components, staff shifts have occurred in the following areas. While the number of encadreurs ruraux (the lowest level field agent, no secondary school technical training) increased by 20%, the number of moniteurs (CAA graduates) has increased by 80%. The PP specified that here would be no substantial increase in the number of encadreurs while the moniteurs would increase from 35 to 65. There are currently 74 moniteurs. Implicit in the PP is the assumption that moniteurs would be substituted for lesser trained encadreurs at the field level. This has not been the case, and encadreurs remain the point of direct contact for the farmers. There are now, however, 22 Ingenieurs de Travaux Agricoles and Ingenieurs d'Agriculture - a 120% increase. Similar increase has occurred in the Ingenieur des Travaux Agricoles and Conducteurs Agricole categories, where there are now 46 of this level; however, six of these are working in the Finance Division and are thus not involved in the technical work of the agriculture program. Nevertheless, from the standpoint of increasing the supervisory technical staff with higher levels of agronomic training, the Operation is in principle better prepared to launch an agricultural extension program than it was five years ago. From the standpoint of entry-level training of farm level agents, however, the situation has not improved.

In livestock, however, the situation is the reverse. When there were formerly seven ingenieurs elevage, there is currently only one; the project paper had envisioned an increase to 17. For functional literacy, the number of agents has increased from ten to seventeen. Using the DNAFLA standard of a maximum of 25 centers per agent, OHV should be able to support up to 425 centers with the current level of staff.

In accounting and financial management, one of three accountant positions remains while there are two assistant accountants. However, an agronomist has been trained in finance at the Masters level and is working as the counterpart to the Technical Assistant in Finance. The number of accountant aides has increased from 8 to 15.

IV.1.2.4. PERFORMANCE ASSESSMENT AND REWARDS AND SANCTIONS

The assessment of personnel performance and decisions to promote civil servants are typical of those in other Malian public organizations. In this sense, the Operation functions no differently than a subnational unit of a line agency. A general evaluation form is prepared by the supervisor annually which is approved by the Director General and forwarded to the National Direction, to the Ministry level and on to the Civil Service where promotions are approved. Last year, most of the civil servants in OHV received an advance of at least one level. In the case of contract staff, no evaluation forms have yet been provided in the field although a decision was made in January to do so.

There are no specific job descriptions or written work plans for a specified time period for the staff against which agent performance can be assessed. In Project Implementation Letter # 16 (Nov. 22, 1982) the need for job descriptions and work plans for all OHV staff was clearly identified. The T.A. team was to assist in this process. This has not occurred. OHV headquarters staff appear to consider the tasks of most of the field to be the same, and thus they may not perceive the need for clear work plans for each agent. However, a review of the distribution of credit accounts indicates that only 17% of the field agents are heavily involved in input and credit delivery for 14 ha. or more. Similarly, cotton production and marketing is concentrated in certain areas (53% of all cotton commercialized in 1982-1983 was in the Kati Secteur and one ZER within that Secteur accounts for 37% of the total). These data suggest that the potentially useful tasks of agents (and appropriate agricultural training) do vary from ZER to ZER and possibly agent to agent.

The credit program specified criteria for evaluating the performance of the field agents, and these evaluation sheets are filled out at the time of the routine supervisory visit. The criteria for other aspects of field agent work are not well defined. The ratings conducted by the Credit Section staff are perhaps the principal indicators of ZER and SB level staff performance. However, these are not used in the decision process for determining advancement of this cadre.

Primes and certain living allowances formally are currently provided by OHV under project funds. These are paid in compliance with a 1977 Ministry of Agriculture decree which is currently under revision by the Ministry. The primes of responsibility are limited to the Director General, Assistant Director and those

Division chiefs and other headquarters staff whose jobs require them to handle large amounts of money. Research primes are to be provided by SAFGRAD to field agents who participate in the on-farm field trials. No primes for superior performance are paid; additional grade increases are used as the principal mechanism for reward. Promotions from one grade to another are largely limited by the entry level education of the employee.

IV.1.2.5. TRAINING

IV.1.2.5.1 Previous Evaluation

The 1982 evaluation recommended that USAID support the establishment of an in-country management training program along the lines of the Denver Research Institute proposal and authorize project funds to finance the participation of OHV personnel in such a program.

IV.1.2.5.2. Current Situation

Training in specific areas (credit, extension themes) is discussed under those sections. Here, the use of project funds for training outside of Mali and for management training in the context of the project is discussed.

A comparison of training envisioned by the PP with that which has been provided to date is presented on Table 1. For the most part, returning trainees have been placed in important positions. Five heads of Division, or homologues to Division Heads and Secteur Chiefs were participants in these training activities. However, training has not taken place in several areas. This is particularly significant in the Credit Section. No additional overseas training is planned for the remainder of the project.

With regard to in-country management training, only limited efforts have been made. The USAID Controller staff has provided some basic training in accounting. Additional seminars are planned under the Sahel Regional Financial Management Seminars (see Finance section of this report). Recently, a management seminar sponsored by the University of Pittsburg has been proposed and the OHV Director has provided suggestions regarding content as well as a list of participants. Participants would include secteur chiefs as well as a variety of headquarters staff.

IV.1.2.6. PROGRESS

1. Specific criteria for evaluating the performance of SB and ZER level agents in credit and input inventory management and commercialization have been developed. Field agents have been systematically evaluated according to the criteria for the credit and input inventory.

2. The total number of OHV staff has not increased in the past year, considered progress in that more effective management of

existing staff should precede increases in personnel numbers. For the civil servant category, this is in part due to a shift in national policy regarding job guarantees for secondary school graduates. For contract staff, this is a result of constraints in hiring on the part of the Director General.

3. For the most part, sanctions have been applied for agents whose poor performance was documented in the credit program. However, there are some instances where agents who have small credit reporting violations have been promoted.

4. Most of the returning trainees have been placed in positions appropriate to the area in which they specialized. The DG of OHV is aware of the exceptions to this and is proposing adjustments in the staff assignments.

5. The current DG has participated in a U.S. management training seminar and views this area to be one in which Americans have much to offer. He strongly supports in-country management training for a variety of the staff and has provided suggestions on content and nominees for training.

IV.1.2.7. PROBLEMS

1. Position description, work plan and the task related performance criteria for staff for most of their work are not well defined. It is not clear that OHV recognizes the importance of this activity for the success of the project. Personnel Administration is viewed as a legal function where the Malian labor code is involved or as a responsibility of the Ministry. The proposed organization would make Administration a section within the Financial Division, but the current Finance Director has a similar view of the subject.

2. Where specific performance criteria and rating systems have been developed, (e.g., credit, and to some extent, marketing) these ratings have not been integrated into a system of overall performance evaluation or rewards.

3. Although the criteria were developed in the marketing program, the supervision and monitoring of marketing activities was conducted only sporadically during the last season.

4. Field agents have not been systematically evaluated on specific technical topics. Increased attention to technical expertise appropriate to the area of assignment will be needed in the future. This may be less significant at the present when technical extension activities receive limited emphasis and themes are not well differentiated according to location. However, this weakness will become increasingly important as the technical knowledge bases of the research extension program develops and specialized agents are incorporated into extension activities.

5. Staff transfers at the field level are made frequently. Often this is done for the stated reasons of breaking up local

alliances or stimulating work effort. If agents are to develop in-depth knowledge of the local situation and to be trained for specific technical areas in the future, this process should be reduced. Moving an agent is a poor substitute for supervision.

6. Staff morale seems low and idle staff are frequently observed.

7. The long-term training activities of the project have not been completed, and no additional overseas training has been planned for the remainder of the life of the project. Most notable are gaps in functional literacy, marketing management and credit where no counterpart to the Technical Assistant or head of the section has been trained. The training plan did not specify training in program planning which has emerged as an important area in the project.

8. The in-country training, particularly in management, has not yet been held as recommended in the last evaluation. Funds for that activity have been blocked for most of this period. Since there was no agreement on the role of the T.A. contractor in this area, in-depth training seminars as part of the T.A. support were not instituted.

IV.1.2.8. RECOMMENDATIONS

1. Work plans should be developed immediately for OHV personnel beginning with those who are important in the specified activities of the project. e.g., functional literacy coordinator, Finance Division staff, credit counterpart. These should specify resources needed and realistically available from OHV, contribution to meeting the projects' objectives and expected accomplishments, and training to be provided.

2. Once decisions are made on the structure of OHV field operations and specialization of agents, the personnel system requires considerable modification. Criteria already developed for evaluating specific tasks of field agents and the results of these periodic assessments should be incorporated in the annual performance evaluation rating process, and rewards and sanctions should be based on them. Additional criteria should be developed for other technical areas and incorporated (as., statistics gathering, research trials, etc.) as well. ZAF agents should have specific criteria also. Similarly, achievements of work plans for key project related personnel at headquarters and at the sector level should be incorporated in the evaluation system. Initially, this may require a rating program which is paralleled to the existing civil service rating process. Recurrent short-term consultancy would be the most effective way to assist OHV here. The T.A. would conduct short seminars and collaborate with the Administration head, the head of Finance and Administration as well as heads of specific divisions and secteur chiefs involved. Thus transport into field should be specifically provided for this consultant. If the LBII contract cannot be amended to increase funding for this recurrent technical assistance, another

mechanism like the centrally funded NAASPA contract or USDA should be considered. It will not be possible to complete this task for the entire organization by March, 1985, but determination of staff functions and determination of criteria for all staff in one secteur should be possible by that time.

3. In-country management seminars should begin as soon as possible. Funds from the OHV training budget and other USAID management-related projects may be used for this purpose where resources are not currently targeted at agencies where AID works.

A seminar proposed by the University Pittsburg has the endorsement of the Director General of OHV as well as the Director of the Cabinet of Ministry of Agriculture.

There would be an advantage in including DNAFLA, DRSPR and the Livestock Project who are responsible for planning and delivery of animal health and feeding services in this seminar, as collaboration between OHV and these organizations is needed for planning and monitoring their joint project activities.

4. Underemployed staff should be given specific tasks to do.

5. The long-term effort to improve the personnel management and supervision of field operations should provide support to both headquarters and field levels. Concentration at one level only will not result in an effective delivery system. Efforts to improve extension in one secteur should be made in conjunction with changes at the Technical Division level.

6. The role of technical assistants in providing structured seminars for small groups should be considered. This may be particularly important in credit and in planning. These seminars should be combined with practicum-undertaking concrete assignments in OHV.

OVERSEAS TRAINING

TABLE 1

SPECIALITY	LEVEL OF TRAINING PLANNED	TRAINING COMPLETED TO DATE	PRESENT POSITION TRAINEE
Management	1 master (2 yrs) 1 lyr course	1 32+mo. inventory mgmt 1 2 1/2 mo.	In training Outside OHV
Agronomy	2 masters	completed	Chief, Technical Di Chief, Extension Se
Credit Mgmt Credit	1 masters 5 6mo course		
Marketing management	1 3mo. course		
Water Mgmt	1 6mo. course		
Engineering	1 masters	1 BS	In training
Agricultural Extension	1 12mo. courses	1 12 mo. course	Chief, Training section
Statistics	1 12 mo. course	1 12 mo. course	Chief, Planning and Statistics
Finance	2 12mo. courses	1 12mo. accounting 1 MBA (26mo)	Accountant (AID) Finance Division Counterpart, Financ Division
Mechanics	3 6mo. training	2 21mo.	Mechanics at garage
Rice Culture	3 6mo. training	3 6mo	Credit agent Chief ZER Bancouman Rice Agent Farabana
Crops Mgmt	8 3mo training	1 2 1/2mo. soils 2 2mo. farming system	Chief of Training Section Chief of Training Assistant, Training Section
Animal traction	3 3mo. training		
Functional Literacy	1 3mo. training		

IV.1.3.0. PLANNING

IV.1.3.1. SITUATION IN 1982

Long-term and medium-term planning is concerned with defining the role of the Operation and of the project in the socio-economic and political environment. While the enabling legislation which created OHV theoretically provides the framework for the Operation's functions, its potential domain is quite broad; further planning is necessary to define what the organization could and should do. The 1981 evaluation indicated that the project paper failed to provide a clear strategy for the project. Neither had OHV, the contractor, nor USAID developed a strategy during project implementation. One of the reasons given for lack of a strategy was the difference in perceptions, objectives and priorities of the two agencies. The recommendation of the evaluation was thus "that OHV and USAID, with the participation of the contractor, establish long-term project goals and develop a medium strategy for the project and medium-term implementation plan, i.e., to the end of the current phase of the project".

The evaluation suggested that the long-term strategy of OHV include:

- a) Provision of extension services, including on-farm testing of research results (agronomic and cultivation practices);
- b) Some residual delivery of production inputs;
- c) Coordinating, monitoring and/or supporting the provision of credit and the services of the Livestock Ministry;
- d) Coordinating activities that related directly to the effectiveness of extension services, e.g., functional literacy, creation of village associations and cooperatives, other community development activities;
- e) Planning the economic development of the region and preparing programs, or insuring their preparation, for implementing the plans, e.g., in such areas as secondary and tertiary road rehabilitation or construction, road maintenance, health, literacy, etc."

A medium-term strategy was also suggested which included:

1. Promotion of the private sector as a means for delivery of inputs and equipment, including supply contract to Bamako wholesalers and development of village level input storage facilities, and the support of the blacksmith manufacturing activity. The credit program would be the principal instrument for these changes.

2. Revamping of the credit system to coordinate with BNDA, and establishment of a village credit system for agricultural equipment and animal traction.
3. Development of a program to upgrade the extension service which would be increasingly important as OHV phased out of other functions; pilot-farms were accepted as the client unit.
4. Classification of OHV zones according to development potential and preparation of Secteur plans which would provide the basis for specialized training of agents and more appropriate ties to research. These Secteur plans should include both food crops for household consumption and food and nonfood crops produced for sale in the market.
5. Integration of functional literacy into program activities (while reducing OHV's role in actually delivering these services at the village level).
6. Road maintenance and trail improvement plans should be developed with village participation.
7. Assessment of irrigation potential of 550 ha in Bancoumana.

OHV was to develop the medium term strategy in phases, beginning with a meeting to obtain agreement on the proposed long term priorities and to establish a work plan for initiating the medium-term process. Gaps in information should be identified and studies to address them should be planned. The technical assistance contractor should be given responsibility for these activities. The contractor could be requested to provide other support to the planning process: a long-term credit advisor; short-term consultants on logistics planning, financial management, field office support and revenue generating activities, and a short-term team to develop a plan for one region, e.g. Bancoumana.

In the short-term, planning activities should be concentrated on principles indicated elsewhere in the report and on the development of a viable road maintenance program.

Discussions with staff present in 1982 indicate that neither medium-term strategic planning nor operational planning were carried out effectively. The projected production targets in the Annual Campaign plans were not based on previous production achieved in the zone. Neither existing resources nor concrete organizational objectives and outputs were identified.

The dialogue about changing the role of OHV has emerged gradually over the last years. Assessment of the performance of all the Operations in the World Bank-financed study in 1982 stimulated much of the dialogue at the national level, which is still going on. Prior to this, the analysis and reconceptualization of OHV's role in development in the zone was not specific-

ly addressed. The redefinition of the role of OHV in development activities thus has to be considered in the broader context of this policy debate.

The auditors took an even stronger position with regard to OHV's role. They specifically recommended that the management of direct delivery of several components of the project be placed in the line agencies specialized in these activities.

IV.1.3.2. CURRENT SITUATION

The planning function was not stressed by the Auditors, and AID management gave less attention to this area than to credit or financial management. The terms of reference of the T.A. chief of party were revised so that his role in this task was given less emphasis.

IV.1.3.3. PROGRESS

1. Recognition of Importance of Medium-Term Planning

In 1982 there was no organizational unit at OHV specifically charged with planning, and the planning function was given little emphasis. In 1983 a Planning and Statistics Section was established as part of the Technical Division with responsibility for agricultural campaign planning. One of the returning participant trainees trained in agricultural statistics was made head of the Section. The current Director General has indicated his support for planning in the request to establish Planning and Statistics as a division with responsibility for planning as well as medium-term and strategic planning. To assist this unit, which has a small, untrained staff, a Planning Commission was established in March, 1984. An agronomist has been designated the full-time secretary for the Commission. The T.A. team's Chief of Party is coordinator, and the Director General is the president.

2. Planning Orientation has Broadened

While National Plan production objectives are the basis for the Campaign Plan, the concept of involving field staff and farmers in the medium-term and campaign processes has become accepted. Field agents are being consulted on proposed road construction. The planning Commission has begun consultation with the Secteur Chiefs on the medium-term strategy and ways of involving the rural clientele in this process. Farmer expectations for area to be planted in each crop are being systematically surveyed.

3. Increasing Capacity to Provide Basic Statistics

During the growing season of 1983, the Planning and Statistics Section identified a basic set of data needed for the development of annual campaign plans. Data gathering forms were developed and distributed to field agents. Basic training in providing the data was quickly conducted. While the quality of

data gathered during the initial exercise is viewed as poor by the Planning and Statistics staff (see problems below), the effort provided experience for revising the forms, the methods of exploiting and analyzing the data and developing training approaches. As a result, routine training in collaboration with the newly-assigned trainers at the secteur level has been undertaken with higher levels of attendance, the number of villages sampled has increased, and the questionnaires and manner of distributing them have been revised. It is expected that data on animal traction, equipment, yields, area planted and farmers' expectations regarding the next season's production will be available this year. With the exception of cotton production data, none of this previously reported information has been reliable. Field agents that were interviewed understand the process and the purpose of the survey which is underway.

4. Evaluation

The concept of evaluation has been accepted as an important task within OHV. In the 1984-85 Campaign Plan, it is proposed that several evaluation studies be done at the end of the season: assessment of group extension, various group and individual lending approaches (e.g., tons), and the seed multiplication activity. Until these studies are completed, OHV proposed not to expand the local organizations. This indicates an understanding of the importance of evaluation in further program planning.

5. Operational Planning

A marketing task force was established which provided a mechanism for the operational planning and monitoring of that time-limited activity which cut across several divisions of the operation.

6. Possibility for moving beyond crisis management to planning

OHV has identified their major planning task as the advance procurement and distribution of inputs. Without financing to do this, from OHV's perspective this translates into reduced cotton production, insufficient operating revenues and thus another management crisis. However, USAID recently approved funding to permit development and implementation of plans for ordering imported commodities in time for the 1985 agricultural season. This increases the possibility that OHV will not be overcome by the pressures of crisis management and will be able to concentrate a broader range of planning concerns.

IV.1.3.4. PROBLEMS

IV.1.3.4.1. Medium-Term Planning

1. Within the Operation, medium-term planning is at a very rudimentary stage. Moreover, defining the strategy of OHV and other Operations is in part a subject of on-going national policy debate and cannot be finally settled at the level of the Operation. A careful analysis of existing resources in OHV (the

organization as well as the domain covered by it) could do much to improve the quality of that debate.

2. Basic strategy issues in the medium-term plan regarding OHV's role have not been quickly resolved. OHV has not apparently agreed with USAID's position on its role in the delivery of a variety of services. The debate seems to be characterized in terms of whether OHV will manage these programs or not. An alternative way of pursuing the debate is needed which presents a wider range of options for OHV in arranging for providing these services.

3. The newly-established Planning Commission has not reached the point of suggesting priority areas of concentration for OHV, characterizing the extent of coverage of existing services in the area (due in part to lack of data), identification of concrete objectives or alternatives sets of objectives, or analysis of alternative courses of action. Activities suggested for the group are essentially a brainstorming listing which includes a mix of studies, strategies for addressing program areas, and specific technical recommendations.

4. No development plan has been prepared for any given zone of OHV, although this was recommended in the 1981 evaluation report. The existing technical assistance team members have worked part-time on planning and no concentrated effort to demonstrate the utility of area planning has been undertaken. There are not sufficient resources in the remaining T.A. contract to provide the short-term T.A. which would be needed to supplement the existing T.A. team in this endeavor.

5. In addition to technical and social issues, the appropriate role of OHV in irrigated agriculture remains ill-defined. Will they be managers of the irrigated perimeters, technical advisors to farmers, supervisors of constructions activities, organizers of water user groups? Existing technical capacity of the present staff in this area and the organizational implications of an expansion warrant careful analysis in any further assessment of the potential of irrigation in the region.

IV.1.3.4.2. OPERATIONAL PLANNING

1. One purpose of the annual campaign is to provide the Ministry of Agriculture with an indication of the OHV zone's intended contributions towards accomplishments of the National Five Year Plan. As such, it does not yet provide the Ministry with a realistic reflection of what will be possible in the zone. Nor does it indicate the support/resources/decisions which OHV will require from the Ministry to accomplish the plan.

2. The Annual Campaign Plan does not serve as an annual work plan for the Operation. While it indicates the programmatic areas in which the Operation will work, it does not provide operational guidance to the staff at any level. This is a function of its content as well as of the timing of the issuance of the report.

In previous years the plan was prepared based on the National Five year Plan. The Ministry of Agriculture sent production objectives to the Operation and these were by and large accepted as the objectives for OHV. Theoretically, the production targets in this year's plan for cotton have been slightly modified based on actual production achieved last year and farmers' expectations. However, at this point in the season, only 5592.45 ha. of the projected 8730 ha. have actually been planted. This suggests that additional work is needed on campaign projections. Estimates for cereals remain suspect due to the poor quality of data.

The timing of the publication of the report is based on the date specified by the Ministry. It does not respond to OHV's needs for guiding initial seasonal actions. By the time it is officially approved, the planting for the current campaign has been completed.

3. The poor data base for campaign planning is noted above. However, OHV's attempt to develop basic production data was hindered by USAID's blockage of funds even for those research activities which were to have been excluded from the C.P. restrictions. Purchase of equipment for measuring area planted and vehicles to supervise these studies was denied by USAID even after PIO/T 's were signed and a waiver was obtained to purchase the vehicles.

4. To date, reporting on plan achievement includes limited data and analysis. For example, climate and input prices are noted as principal factors in reducing the area planted in cotton. Yet there is no analysis based on actual rainfall data in different Secteurs nor any comparison with conditions in neighboring areas covered by other Operations. Thus, the reasons for reduced production are not adequately explored even for the one crop where existing production statistics are believed to be the most reliable. Thus, it is not possible to identify those factors which may be subject to control or influence by OHV versus those which are not.

5. While the ultimate performance of the Operation may be based on the production achieved by the farmers, the indicators and objectives obviously include many factors beyond the control or influence of OHV. Organizational outputs, which are under the control or influence of OHV, are indicated only in very vague terms. Thus it is not possible to assess the performance of OHV as differentiated from the performance of its farmers.

6. In extension and functional literacy services, the Operation does not know how many clients it currently serves, where they are located, or what they grow. Agents are assigned to villages, and the total population of villages or the number of farm units (exploitations) are taken as the clientele who are served. In discussions with groupements de vulgarisation it became clear that, in some areas, only the members of those groups are visited by field agents. Other farmers do not have access to extension

services. These groups often included fewer than 10 members. They reported spordic visits by field agents. Moreover, the members had organized to receive access to some limited credit for seed multiplication not principally for extension, per se. The only available data on clients served is through the credit program. It appears that extension services follow credit services. Without more accurate data on the actual clients, it is impossible to determine what the Operation is actually doing, if coverage has expanded or intensified or how effective it is. A review of S.B. agent activity books supports these findings.

7. As a result of Implementation Letter #8 the role of OHV as a direct provider of several activities has been terminated (from USAID's perspective anyway), but the function of OHV in planning these services is only beginning. Thus, concrete work planning based on a clear and realistic assessment of resources (human and financial and physical) and a current service delivery capability has not yet been undertaken for most elements of the program. The calendar of extension activities was one step towards more concrete planning, but basic information on who agents actually see or who they should see is not specified. Concrete services delivery plans should specify actions required by OHV and the responsible parties for these actions. Because these actions (particularly the timing of them) are subject to uncertainties, it is expected that such plans should be revised as necessary.

IV.1.3.5. RECOMMENDATIONS

1. The next phase in the middle term plan should be an analysis of OHV's role in the provision of each good or service OHV has listed in the medium-term plan. OHV, USAID, and LBII should prepare an analysis of alternatives for each activity (1). The existing staff and material resources and technical capability of OHV to pursue each of the possible modes should be noted. Support of the LBII headquarters supervisor or other short-term consultants in service delivery analysis and planning may be required for this.

2. Based on this analysis, a strategy statement specifying OHV's role in the short-term, medium-term and long-term should be prepared. This task and the preceding one are critical for OHV's operations and for consideration of any future USAID support to OHV. Both of these documents should be completed by March, 1985.

(1) The framework for analysis used by Snyder for the OMVS Integrated Development project would be useful here.

3. A concrete work plan for the DNAFLA activity should be developed which presents the current situation and gives concrete objectives for the next 12 months. The tasks of each individual involved should be indicated. The USAID Functional Literacy project manager should work with DNAFLA and OHV to develop this plan. Monthly meetings should be held with the OHV Director General and DNAFLA Director to assess progress against these objectives and address problems.

4. The use of various client groups (e.g., extension groups, tons, individuals, pilot farmers, etc.) in the delivery of each of those services warrants further evaluation, and this has been proposed by OHV. The short-term services of an anthropologist with USAID project design and evaluation experience should be provided to assist Planning and Statistics in designing and implementing this evaluation. The studies should provide the basis for defining the "demand strategy" (2) of OHV. It is likely that the results will not be available by March. Results and recommendations for further testing in 1-2 service areas should be available, however.

5. Small seminars on planning (including types of planning) and evaluation should be provided for the Planning Commission and other staff at OHV. Training funds should be used for this. The differences in, and relationship between, organizational planning and agricultural production planning should be addressed.

6. There is a gap in information about who the clients are, how many there are, and who the headquarters staff perceives them to be. To close this gap and to provide OHV with basic planning information a survey should be conducted now by the Technical Division on the number of clients actually served by the field agents. The Technical Division staff (not only Secteur chiefs) should analyze activity note books, interview SB agents and interview in villages. This survey could be combined with an assessment of the technical extension skills of the staff (3).

7. To improve the quality of service delivery planning and implementation, the Technical Division and Evaluation Section should collaborate on an assessment of agent-client relationships. In some villages we visited, agents seemed to view farmers as laborers to be given instruction (to which they complied in order to get credit) rather than as clients to be offered services. A similar attitude is apparent in the routine Secteur level reports. The first step to changing this is for headquarters staff to become aware of it. Then, extensive work directly with field agents and their supervisions will be needed to address the problem. (This issue is also critical in any irrigation activity which OHV undertakes). This should be undertaken early in the next phase of the project.

(2) Samuel Paul.

(3) The method used by Lemard in Kenya could be adopted to Malian circumstances.

IV.1.4.0. COLLABORATION AND COMMUNICATION AMONG AID, OHV AND THE MINISTRY OF AGRICULTURE.

IV.1.4.1. EXISTING SITUATION

Since the 1981 Evaluation and 1982 Audit drafts were presented, the bulk of correspondence between USAID and OHV and the MOA has concentrated on those recommendations. Twenty-four implementation letters have been sent, and two amendments have been signed. Apparently, not all of these implementation letters have been accepted by the MOA. (e.g., No. 16). However, neither the Program Office nor Agricultural Office files provide this information). In addition, conflicting communication and/or failure to reach mutually acceptable agreements are evident, particularly around the following issues:

1. Reduction of the complexity of the project by eliminating the health activity and transferring functional literacy and road construction management to other agencies. While these changes have been effected, the OHV Report of Execution of AID Financing, June 1984, (p.32.) indicates that OHV considers these to have been unilateral decisions.

2. The inclusion or exclusion of any or all of the Bancoumana polder has remained and remains unclear. The handling of this issue by USAID reflects AID's failure to make a clear decision or to clearly define the conditions for a final determination. PIL #7 (Oct. 26, 1981), drafted by an AID/REDSO engineer, confirmed USAID's commitment to the polder and called for analysis. In January 1982, USAID authorized a contract with OTER. In February 1982, in a USAID meeting (internal) additional studies were identified; an economic analysis was subsequently done which shows positive cost/benefit ratios. In April, 1982, the REDSO engineer confirmed the technical soundness of the proposal. In May, 1982, the rice agronomist was shifted to extension on the condition that Bancoumana will be done. The Project Officer confirmed AID's commitment and stated that final issues were contractual matters. The USAID social scientist and project officer visited the polder. Later that month, the AID attorney from Abidjan reviewed the contract. In August the USAID/Engineering office responded to the attorney's question regarding contract terms, source, statement of work and contract amount. While the issue of undertaking less than 115 ha. was raised, the Engineering office prepared contract documents for the 115 ha. Land tenure and perimeter management issues were also identified by OHV, and the Engineering office was unaware that a sociological study had previously been done.

By November 1982, the LBII headquarters supervisor reports that the USAID did not intend to finance Bancoumana. While the 8th Amendment (July 10, 1983) specifically deleted health, it was silent on the issue of Bancoumana. Upon the occasion of an AID/W visit to Bancoumana, the Mission Director agreed to consider funding for partial rehabilitation of the polder. These remarks

were perceived by the Minister as a promise. The Conseiller Technique of the Ministry reports that three subsequent meetings were held between the Minister and the Director and that agreement was reached. OHV has submitted a request for rehabilitation of 115 ha. in its budget submission. In addition, a proposal for complete rehabilitation of the polder (at a cost of \$3,000,000) was submitted to AID on July 19. While the proposal was sent by the Minister of Agriculture, it was sent apparently without the knowledge of the Conseiller Technique with whom AID works.

3. Acceptance of Banamba and Koulikoro as zones to be included in the project. These secteurs were added to OHV in 1981, but there are conflicting opinions about it. In March 1981, the AID project officer requested that an official letter be sent to USAID on the expansion and that the list of staff of OHV personnel there and elsewhere be provided. No response is in the USAID files. On April 23, 1982, the financial manager of the T.A. team stated that AID had given its agreement to support activities in these zones. No response from AID is found in the files. Funding was authorized to aid with the cotton commercialization in those zones, but in March 1984, the project officer confirmed that those zones are not included in the project area. The issue has again been raised with the new project officer.

4. The ability and/or willingness of USAID to finance fertilizers including rock phosphate from Telemsi or others which are used in crop rotations which include cotton. In 1981, the Mission Director advised OHV that project funds could not be used for phosphates because they were not economical. OHV responded in March, 1982, citing SAFGRAD and other research findings. Soon after his arrival in Mali, the AID project officer stated that USAID would not finance fertilizer and that all credit funds should go to equipment and oxen. In March 1982, the Director of OHV requested authorization to purchase herbicide complex, urea and phosphate telemsi for corn. At a meeting later that month, the project officer advised that USAID must make a decision on its position on financing fertilizer and reiterated the suggestion of financing animal traction. By April 23, 1982, no fertilizers could be bought until the credit account was certified, and OHV was advised to borrow from CMDT. OHV reiterated its request for AID to finance fertilizer and insecticides. The credit account remained uncertified until March 6, 1984. In a subsequent meeting at the Ministry, the USAID Deputy Director agreed to finance cotton fertilizers and to permit a line item transfer to permit adequate funds to purchase these commodities. PIL #30 released additional funding so that these commodities, including fertilizers, could be purchased.

5. The composition and roles of the technical assistance team are discussed elsewhere.

6. Interpretation of CPs in Amendment 8. The issues regarding the T.A. team covered in these CPs were identified in PIL # 16 and in a letter in November, 1982 from the project officer to MOA requesting a meeting to discuss the issue. In July 1983, a memo

was circulated by the Program Office within AID regarding Amendment Eight which notes that a space has been left in the draft to permit adding a CP to further disbursement of funds if a revised financial plan is needed to deal with OHV's debt to SCAER. This CP (4 a) was subsequently added to the Grant Agreement Amendment No. 8. Debate emerged within the Mission about the intent and meaning of this CP. In discussion with OHV, the Project Officer and ADO had understood that the CP blocked only new obligations. The Controllers' Office insisted that the terms applied to release of prior year funds as well and subsequently held to very tight conditions for meeting the CP. None of the correspondence in the files addresses what the Program Office said to OHV regarding this issue during the Project Agreement negotiations. This appears to have been a case of poor communication within AID and between AID and OHV. The result of this interpretation was that all funds were blocked until Feb. 6, 1984.

7. There is little correspondence or discussion regarding the animal traction element of the program. By mutual agreement both AID and OHV appear to have given little priority to that activity during the first extension phase of the project, but this is not explicitly declared and analyzed in files available to us.

The issues noted above are obviously central issues in the implementation of the project. Unless these issues can be resolved quickly and decisively, inability of all three parties to resolve them during the two-year period since the last evaluation does not bode well for a further extension.

IV.1.4.2. RECOMMENDATIONS

(1) A project committee for this project should be established within USAID to permit the Project Officer to handle the decisions which require concurrence of multiple offices. The project officer role in USAID/Mali is often reduced to that of a broker who negotiated with other offices on an individual basis, and some decisions have remained deadlocked within USAID for long periods of time. Well structured meetings with issues of alternatives and responsible parties identified may improve this situation.

(2) The OHV-MOA-LBII-AID committee recommended in the previous section is critical for dealing with unresolved issues identified here.

IV.1.5.0. PROJECT MONITORING

IV.1.5.1. BACKGROUND

Project monitoring was cited as a significant weakness in the 1981 evaluation. Four recommendations were made in this regard:

- 1) That the OHV Director request the contractor to develop a project monitoring system for the Director General, based on a revised implementation plan for the duration of the project, and assist subordinate OHV officials in preparing more detailed activity work plans.
- 2) That USAID establish a project monitoring system.
- 3) That OHV, USAID and LBII hold regular meetings, at least quarterly, to review:
 - a. Implementation progress against previously established targets.
 - b. The implementation management system employed by activity managers; and
 - c. The information system supporting activity managers and the Project Director.
4. The Minister of Agriculture and the USAID Director periodically hold joint reviews of project progress and project impact.

IV.1.5.2. PROGRESS AND CURRENT SITUATION

In order to increase joint USAID/OHV project planning and monitoring, Implementation Letter #16 (Nov. 1982) required the establishment of a project advisory committee to review budgets, work plans, and progress reports. This committee was to include the MOA Director of Cabinet, the USAID ADO, Director General of OHV, contractor Chief of Party and others as considered necessary by the Director of the Cabinet.

This letter was apparently not signed by the Minister, and there was no response to subsequent requests for this forum until March 1984, following a change in Conseiller Technique to the Minister. At that time, it was agreed that a committee would be established to handle critical implementation issues in all USAID supported projects. The OHV Director and contractor Chief of Party were thus not included as members, although the OHV Director General can be included as needed. The one meeting of this forum has proven useful in resolving one critical issue for OHV: the shift of funding across line items to permit sufficient credit for advance purchase of inputs. While this forum is an important improvement in communication between AID and the Ministry, overall it does not substitute for the specific project development and monitoring forum called for in Implementation Letter # 16.

The USAID Project Officer was given responsibility for several agricultural projects in USAID in May 1982. OHV has thus not had a full-time USAID Project Officer since the last evaluation. The Project Officer and OHV maintained routine weekly meetings, and the OHV Director General has indicated that from his perspective, the lack of a full-time Project Manager did not hinder the project. These meetings have tended to focus on current operational problems and particularly the actions necessary to respond to the audit recommendations and to obtain the release of AID funds. Given the constraints on funding, less emphasis was placed on monitoring project accomplishments, with the exception of credit and financial management. Greater attention should have been given to the accomplishments, or lack thereof, in planning and extension.

With the departure of the Project Officer in May 1984, a new Project Officer has been named. Until a personal services contractor arrives in September, he also has responsibility for three regional projects. He is supported by two Malian assistants, including an experienced Project Manager who will coordinate the Functional Literacy activity.

IV.1.5.3. PROBLEMS

1. The need for a forum for review of concrete work plans and review of progress remains. Because the Ministry has played an important role in the past (by not acting in some instances), involvement of the Ministry is important. This will be particularly important in the development of plans for any follow-on projects.

2. The number of organizations involved in implementation of the project has increased. This increases the task of monitoring and coordinating project activities. While OHV remains the focal organization, DNAFLA, PIRT, TP and DRSPR now have a substantial role in the project. There is currently no forum for reviewing the work plans and to program against them for these additional agencies.

3. The contractor's monthly reports provide better coverage of the project's activities than indicated in the previous evaluation. However, activities are not specifically reported in terms of contribution to project objectives.

4. The reports of Secteur chiefs and the summary report prepared by the Technical Division do not specifically address project objectives. Without clearly-defined project-related objectives (other than crop production targets and credit recuperation rates) for each Secteur, this will continue to be a problem.

IV.1.5.4. RECOMMENDATIONS

1. The Project committee including MOA, LBII, OHV and USAID representatives should be established. The committee should meet in three months to assess progress in resolving recommendations of the evaluation and in accomplishing scopes of work of the T.A. team members. As concrete plans for individual activities are produced, these should be included in the review.
2. As specific activity objectives are developed, the contractor and headquarters and field-level report formats should be revised to permit reporting according to them.

IV.1.6.0. MANAGEMENT OF THE TECHNICAL ASSISTANCE CONTRACT

IV.1.6.1. Previous Findings

The 1982 evaluation noted inadequate use of the technical assistance team and recommended that the contractor's scope of work and team composition be reviewed and revised as part of a general review of project strategy and the preparation of an implementation plan for the duration of the project. The report also proposed that the earlier recommendations on contractor relationships be implemented, namely:

1. A format and procedures for periodic evaluation of contractor performance should be developed by USAID, the GRM Project Director and contractor Chief of Party. Indicators of contractor performance should be developed, and progress should be reviewed each trimester.
2. Guidelines be developed such as:
 - a) Without prejudice, the contractor can refer an order to AID for decision or discussion if the order seems contrary to the Project Agreement, the contractor's contract, or approved implementation and financial plans.
 - b) OHV would advise USAID in writing of any dissatisfaction with contractor performance as soon as it arises including the intended action, and USAID would have a week to seek to protest the action formally.
 - c) USAID has the right to seek information from all project personnel about project activities but will not give instructions to them unless authorized to do so by OHV.

The Audit Report reiterated the problem of restricted or prohibited communication between USAID and the contractor and of instructions by OHV to the contractor which are contrary to AID regulations and project objectives. The audit report found that the contractor had provided little support in general planning because "the Consultant's advisors (are) being treated like employees of OHV, thus being subject to the Operator's [sic] control."

IV.1.6.2. PROGRESS AND CURRENT SITUATION

There has been an improvement in the use of T.A., notably in finance and credit. Reinstating project funding depended principally on these areas, and the technical assistants were assigned executive positions.

An extension of the technical assistance contract for the period of Aug 31, 1983 to November 30, 1983 was approved by AID on March 6, 1984. The definition of the contractor's scope of work and composition of the team was the subject of a CP in the 8th Amendment. The protracted debate on this issue contributed to delays in release of funds and in negotiation of a contract extension for the T.A. team. The contractor has worked without a signed contract from Nov 30, 1983, to the present, a period of 8 additional months. While the T.A. team has remained in place, it is likely that their effectiveness during the past 11 months has been compromised by the lack of a contract as well as by the issues underlying the delay.

Delays in executing a contract extension for technical assistance have recurred for a variety of reasons:

1. The appropriate legal mechanism for extending the LBII contract was unclear. The USAID Mission sought advice from REDSO/WA and received a response on Nov. 15, 1983.

2. There was lack of agreement between AID and OHV on the size and composition of the T.A. team. The Ministry of Agriculture proposed two technical assistants, a financial manager and a mechanic. In PIL #24, Sept 23, 1983, USAID proposed seven: chief of party (management), accountant, credit advisor, heavy equipment maintenance, financial manager and extensionist; a research agronomist was to be provided under a separate T.A. contract. Debate within the GRM appears to have exacerbated the problem. Intervention of the Ministry of International Cooperation was required to resolve the conflict. On Nov. 12, 1983, the MOA and USAID Director agreed to accept five technical assistants excluding the accountant and heavy equipment mechanic, which would be provided by a Malian contract. With the end of the life of project and the termination of the T.A contract in August, the composition of the T.A. team was again debated.

3. Although the Minister and USAID had agreed on the composition of the T.A. team in November, MOA would not approve terms of reference for the T.A. team members until February, 1984. These were approved by USAID shortly thereafter (PIL #25 Feb. 6. 1984). Thus, disagreement about the composition and function of the T.A. team, particularly of the team leader, has resulted in the major delay. During this period of time, due to contract uncertainties, LBII did not replace the financial manager.

4. A new National Commission has been established which must review and approve procurement actions. There are apparently some conditions under which project contracts can be excluded, but these are not known to OHV or AID. The contract was thus held for their approval which resulted in another month's delay.

5. USAID, LBII and the GRM disagreed on the fixed fee rate and application of the "prompt payment act". Thus, the contractor delayed accepting the terms offered by the Ministry.

Moreover, the composition of the T.A. team has been repeatedly adjusted during the life of the project. In May 1982, due to delays in the Bacoumana polder, the rice agronomist was shifted to an extension position and charged with evaluating and re-designing the extension system. From the death of the financial manager, in August 1982, until March, 1983, no financial manager was provided by the contractor, apparently on the grounds that it was difficult to recruit without a contract.

IV.1.6.3. PROBLEMS

1. During the T.A. contract negotiations, the scope of work for the chief of party was substantially reduced, eliminating any specific mention of responsibility for the planning function, organizational design, personnel management, or preparation of the second phase of the project. His responsibilities are limited to monitoring work of other T.A. team members, helping the Finance Division with marketing, helping with improved data collection and analysis, analyzing OHV's performance and undertaking other tasks as requested by the Director General.

2. During this evaluation, the OHV requested that the Chief of Party be removed and that the extensionist assume his role. These terms of reference for the chief of party do not provide an adequate basis for assessing the performance of the outgoing chief of party or the proposed new chief of party.

3. While the contract extension corrects flaws in the basis of payment in the original contract, it contains no provisions for evaluation of the contractor or guidelines regarding communication among the parties.

4. While lack of OHV support and failure of the contractor to produce during the past year have been recently alleged, neither OHV nor LBII sought USAID support in alleviating a nonproductive situation. Although USAID requested and received MOA concurrence that all copies of correspondence between the T.A. team and OHV would be sent to USAID, there is only one exchange of correspondence in the files.

5. During negotiations on the composition of the TA team, USAID agreed to OHV's request that the extension position be terminated in August, 1984. The review of the extension service indicates that this technical assistant has not been able to implement his terms of reference. According to OHV and the contractor, part of this difficulty appears to have been a lack of commitment by the previous USAID Project Director. However, the Extension section of this report indicates that no substantial change is observable in the past 6 months.

6. The current T.A. contract provides for only 3pm of short term technical assistance (beyond that budgeted for LBII supervision). There is no T.A. budgeted for improvements in the personnel system or specific planning activities. Especially with the proposed change in team leader, additional support in planning will be required (see planning section of this report).

7. The out-going Chief of Party played a role in planning and monitoring the cotton commercialization campaign. OHV should identify how that function will be covered this year, and a work plan for that staff member should be prepared immediately.

IV.1.6.4. RECOMMENDATIONS

1. Specific, identifiable tasks should be defined for the T.A. Chief of Party. Given the weakness of the extension system and the experience of the proposed chief of party in this area, the USAID Mission and OHV should consider tasks in this area. There should be clear outputs or activities which can be reviewed at given intervals. Other sources of support will be required to meet the planning and management needs.

2. Procedures for monitoring contractor performance and for communication among the parties should be agreed upon by all three parties and implemented.

3. USAID, OHV and LBII should review progress to date against existing terms of reference, identify problems which caused lack of progress (e.g., in extension), and clarify the responsibility of all parties for solving these problems.

4. The original terms of reference for the planner/management technical assistant should be reviewed and arrangements made for short-term technical assistance to cover those tasks. Additional detail for short term T.A. in planning and in management is indicated in the sections on these subjects.

IV.3.0. CREDIT

IV.3.1. BACKGROUND

The original Project design saw credit as one of the two essential elements of the project. The credit component was to be operated with a \$1,300,000 revolving credit fund to enable the Operation to offer farmers loans for agricultural implements and oxen. These loans were to be for 4 or 5 years, at interest rates adequate to maintain the integrity of the revolving credit fund. Production credit loans were also to be provided to farmers cultivating in the Bancoumana polder. Loans for oxen were to require a 25 % downpayment and a 2.5 % insurance premium against death loss.

An expatriate credit advisor was to be provided to assist OHV in making the necessary modifications in the credit system. A detailed study was to be undertaken, so that in the fourth year of the project, improvements in the existing credit system could be made.

The Project Paper and the Project Agreement, then, proposed to build upon a pre-existing OHV/SCAER credit system and modify it as necessary over the course of the project. The four key assumptions underlying this credit component were:

1. That the demand for agricultural credit in the OHV zone would not rise greatly for several years.
2. That it would not be possible to design a new and improved credit system for the zone until the expatriate credit advisor - and other members of the technical assistance team - had been in Mali for some period of time.
3. That villages or village associations could be made collectively responsible for loan repayments and that the threat to cut off credit to everyone in a village would ensure sufficient peer pressures on bad credit risks to guarantee adequate repayment rates.
4. That the basic OHV credit system in place was operating satisfactorily in processing farmer loans.

The credit component began to change immediately after the project was designed. First, the credit advisor was eliminated from the technical assistance team, leaving the program without the day-to-day contributions of outside technical expertise and without the spur to institutional changes in the pre-existing credit program. Second, SCAER, the Malian national credit agency, collapsed into bankruptcy in 1980. This left the OHV credit

program without a source of credit funds for seasonal production loans for farmers. By the end of the 1980/81 season, the OHV could not supply production inputs or make production loans to farmers, and its only credit funds were for animal traction. USAID was also without a resident source of expertise on credit operations within OHV.

The OHV requested that USAID consider expanding the initial conception of project assistance to the credit component to include short-term production credit for inputs. USAID agreed, but with conditions imposed (see P.I.L. # 4) that were almost impossible for OHV to meet. With apparent agreement by OHV, USAID released 290,000,000 Malian francs to the special agricultural credit account. With the credit campaign of 1981/82, the OHV ran into difficulties with the conditions of the credit program as set by A.I.D. OHV claims it asked for relief from some of the conditions but received no response from USAID.

The first evaluation provided an analysis of the state of the project's credit component and issued several specific recommendations for reorganization of the program. These included:

1. That USAID/Bamako conduct a financial review or request an audit of the use of agricultural credit funds.
2. That USAID/Bamako make no further funds available for the credit fund until the following actions have been taken:
 - a. Agreement is reached on interest rates, downpayments and repayment terms for oxen and equipment loans for the coming campaign and on initiating the work oxen insurance program. The foregoing should be incorporated in a new Project Implementation Letter and PIL No. 4 should be cancelled.
 - b. Agreement is reached to recruit a short-term logistics planning advisor to review the OHV system for planning, purchasing and distributing production inputs, agricultural equipment and work oxen.
 - c. Agreement is reached on the recruitment of a long-term credit advisor for a tour of at least two years.
 - d. Agreement is reached on increasing the amount of credit available to producers of cereals, even if they are not producers of cotton.
 - e. A procedure is agreed to for determining the amount due to the special credit account and for establishing loan records that will become the basis for the new credit system.

3. That arrangements be made to do a survey of the availability of Commissions de Vulgarisation, village associations, etc., and the feasibility of their use in the administration of the credit program. The survey should identify other possible ways of involving the villagers directly in the administration of the program. The survey should be initiated in time to put its recommendations into effect for the 1983/1984 campaign.
4. That the long-term credit advisor work with appropriate officials of OHV, USAID/Bamako, the technical assistance team and research organizations in the area to develop means of using credit to foster small-scale private enterprise activity in the region which would improve services to the farmer (e.g. equipment repair or manufacture) and/or lead to increased production either through farming larger areas or obtaining higher yields (e.g. tractor rental or other equipment rentals).
5. That the long-term credit advisor and his OHV counterpart maintain close contact with the BNDA so that the system evolving in the OHV zone is as compatible as possible with the BNDA's system to facilitate the transfer of the administration of the OHV credit system to the BNDA at an appropriate time.

USAID blocked all further advances to the credit fund until the credit program could be deemed "certifiable", demanded that OHV repay to the credit fund all previous advances, demanded that a credit advisor be recruited, and called for an audit of the project.

The audit report issued on 22 September 1982, listed a total of 18 recommendations of which 13 referred directly or indirectly to the OHV credit program (see Introduction: Audit 1982; these were numbers; 1,2,3,4,5,8,9,10,13,14,15,17, & 18). These recommendations range from redesigning the project, reviewing OHV's financial viability, repaying previous advances, to setting interest rates compatible with other lending institutions.

OHV, hoping that "certification" of the credit fund would occur, had borrowed inputs for the 1982/83 crop season. Certification would have unblocked funds in the credit account, and permitted new funds authorization by USAID, funds which could then have been used to repay the input loan. With the issuance of the audit report, the hopes of obtaining A.I.D. credit funds was destroyed, and the input loan refunds had to come out of the upcoming marketing seasons, thus severely restricting OHV's cash flow, and leaving it with no source of funds to purchase inputs for the next season. A long-term credit advisor arrived at this time (one had been recruited earlier, but had left due to illness) to help restructure the credit program.

In December of 1982, the new credit advisor and his counterpart started with a virtually non-existent credit system. The two agents were charged simply with recording payments to headquarters of the field repayments on credit loans outstanding. These payments were recorded as repayments against debts established simply as field agents' verbal statements of prior loan activities. The necessary procedures for verification or monitoring of outstanding loans were non-existent at the headquarters level.

IV.3.2. CHANGES

Major gaps in the credit documentation existed everywhere. The agents in the field were placing credit as they saw fit; the control of inventory of stocks and credit loans was cursory; and the documentation that existed was rarely transmitted to OHV headquarters. As a reaction to the existing situation and the numerous criticisms of the first evaluation and audit reports, the OHV redefined its goals for the credit program in January of 1983. These were broken down into short-term goals and long-term goals. The former consisted of establishing the debt level for the 1982/83 season, achieving a repayment rate of 80% on that debt, defining a precise credit policy, establishing a system to meet AID certification, and unblocking the OHV/USAID credit fund. The latter, as two-year goals, were to shift from extending loans to individuals, to a system whereby loans were extended through groups, and to diversify credit sources by increasing the BNDA's intervention in credit activities in the OHV zone.

To achieve these goals, the OHV had to deal with a series of internal problems. These were the absence of a central document establishing the credit policy, and the absence of established criteria for the granting and repayment of loans. Additionally, the Credit Section was not playing a central role even in matters that should have been within its purview. The lack of loan documentation made it virtually impossible to establish the status of old loans, the Credit Section did not have documentation sufficient to monitor stock inventories or funds under its responsibility, and it had no system for the retention of credit records. The Credit Section did not have the basic supplies needed to operate, there was a great variability in the competence of field agents, and there were no training and operations manuals for them.

Early in 1983 a credit policy was defined, establishing the levels of debt, guarantees for loans, permissible arrears, and allowable increases in the level of indebtedness. In addition to the definition of a new credit policy during 1983 and its application during the 1983/84 credit campaign, the Credit Section at OHV produced a detailed flow chart of an integrated system of agricultural input placements, transfers, inventory controls, cash sales, credit placements, crop marketings, loan repayments, and return of loan repayment receipts to OHV headquarters and the special credit account. From this flow chart, appropriate forms

to document and cross-check each step in the flow chart process were developed and printed in standard formats. These forms were distributed to the field accompanied by a printed series of technical notes that together constitute the new OHV credit operations manual. Training sessions on the use of the forms and the new credit system being put in place were held for agents at all levels throughout the OHV zone.

The Credit Section staff assisted the field agents in implementing the system, and the field staff were subjected to a series of spot performance checks by headquarters and field credit supervisors. Cross-checks on inventory of stocks were initiated, along with a similar system for control of receipts from cash sales of inputs and loan repayments. Agents found to be negligent were reported to the appropriate Malian authorities for investigation and punishment as appropriate. Finally, a system was worked out with the Director General of the OHV which commits OHV to the suspension and/or discharge of field agents found to be criminally deficient in their duties for two consecutive credit campaigns.

A significant shift in credit placements and the number of borrowers serviced by the OHV program took place in 1983/84. Credit placements decreased by 37 percent overall and 33 percent on short-term loans compared with the previous year. The number of individual borrowers serviced went down by 29 percent. Active accounts dropped from 8,274 in 1982/83 to 5,768 in 1983/84, of which 1,531 were disqualified due to unpaid arrears. This shift, however, was not uniform throughout the OHV zone. The greatest drops tended to be in ZER's where credit management was poor and where a high percentage of irregularities had been uncovered during the campaign. Credit was, however, still being supplied to 13 percent of the farmers in the zone.

Credit repayments for the 1983/84 season were 72% of the total amount due on April 30, 1984. Calculations of the 1982/83 repayments were 87 percent of the credit placed and due that year. If the 1983/84 repayments are calculated on the same basis, the repayment rate would be 95 percent. It is important to note that a significant portion of the improvement in the 1982/83 repayment rates was due to the fact that farmers with arrears were brought before the Malian authorities for non-payment which encouraged many of them to pay arrears quickly. This measure was not employed during the 1983/84 credit campaign and the repayment rate improved still further, if calculated on the same basis. There is every indication that repayment rates will continue to improve as long as the credit criteria and the pressure for prompt credit repayments are maintained by OHV.

In 1980, 31,630,675 Malian francs were lent for animal traction units, including oxen, to 80 farmers. As of the end of the 1983/84 season, less than 50 percent of this had been recovered. Although these funds that have been repaid should be available for further lending, loans for oxen cannot be extended until a viable animal insurance program and a viable program to

monitor animal health are established.

Equipment for 14 blacksmiths was also financed by the OHV/USAID project for a total of 11,243,650 Malian francs. This credit was placed on five-year credit terms. Five were equipped in 1979, one in 1981, and eight in 1982. Repayments from this group totaled 1,755,716 Malian francs. The low repayment rate on these loans is due primarily to the fact that for a long period, no one within OHV was clearly responsible for supervision of repayments. Presently they are under the supervision of the Master Blacksmith but OHV does not consider this satisfactory. Meanwhile, all further loans for the blacksmith program have been suspended.

IV.3.3. CURRENT SITUATION

The evaluation team investigated the financial management system involved in the credit program after it had been extensively examined and certified as in conformance with all USAID/Mali financial requirements. Certification of the financial system was finalized on 7 March 1984, with the assistance of the USAID/Mali Controller's Office. We see no reasons for not accepting the prior judgements rendered as the conclusion of this evaluation report with respect strictly to the accounting and financial system at OHV.

When one goes somewhat beyond the strict accounting aspects of financial management, however, there are a number of actual and potential problems with losses from the OHV credit system which should be evaluated in greater detail during the rest of the Phase I project. These potential losses were isolated in discussions with Credit Section personnel and are as follows:

1. Since farmers granted credit loans under the OHV program are only obliged to repay 90 percent of their payments due to be considered eligible for additional credit in the succeeding year without any penalties, the system has a potential internal loss of up to 10 percent per year built into it.
2. Losses can also occur in OHV's dealings with the BNDA over the village association program because the administration overhead rebates as negotiated at present are fixed at 3 percent of the total costs of the agricultural inputs procured and delivered to the village associations by OHV. The real costs estimated by the Credit Section for this overhead are about 8 or 9 percent of the loan value of the inputs distributed.
3. Losses can also occur from the practice of having to set the OHV fee schedules, which are expressed in percentages, on the base of an artificially low base sale price (i.e. a price considerably below the actual cost price of the input CIF Bamako) for each input. These sale

prices are essentially dictated to the Credit Section from elsewhere in the Financial Division and the precise way these prices are arrived at is anything but clear at the moment.

4. The current OHV fee schedule for charges on cash sales is set as two percentage assessments. For credit sales, OHV charges 3 percent of the base price ("prix de cession"), which is an administratively determined price, for administrative overhead and 6.5 percent as a factor to cover inflation and interest. This total fee assessment clearly does not fully cover the real opportunity cost of money even in the relatively controlled capital market in Mali. If one estimates that the real opportunity cost of money is at least 12 percent per year in Mali, then the present fee schedule would have to be raised considerably just to cover this factor if it were determined that all of this cost should be borne by farmers applying for credit loans.
5. The lost value of deteriorated inventory stocks and those stocks purchased by OHV but never distributed to farmers because of inappropriateness or lack of farmer demand is also a drag on the financial viability of the OHV credit program. Planning for and purchase of these agricultural inputs currently reside in the OHV's Planning and Statistics Section and Procurement Sections, respectively. However, the impacts of poor planning and procurement mistakes quickly show up in artificially high inventory values for the credit program based upon essentially useless inventory. The current accumulated total of such stocks is valued as a loss of 41,000,000 Malian francs over five years of project operations.
6. Outright theft by dishonest field agents is estimated by the Credit Section to have amounted to about 5 percent of previous credit placements. It is too early to establish whether this loss has diminished under the new OHV credit program but the situation should be clearer after the 1983/1984 season, particularly if the OHV Director General actually takes the actions promised against field agents caught stealing funds or inventory stocks for a second credit campaign in succession.
7. Losses to the entire OHV credit program occasioned by the difficulties in the tobacco program and the Farabana rice scheme seem to be growing and could endanger an otherwise good performance in credit operations for rainfed crops.
8. Necessary retransfers of inventory stocks from warehouse to warehouse within the OHV zone due to bad planning by the Technical Division in the past has resulted in unnecessarily higher transportation costs per unit of input delivered. This problem arises because the distribution of inputs to OHV warehouses has been dictated in the past

by technical decisions based on the hectareage formula for crops in the annual campaign strategy and plan. These allocations have been made irrespective of credit performance records from previous campaigns. This practice leads to conflicts between the different OHV Divisions and sections at the level of the field agents who are being told to meet their production quotas by one Division and being told to be extremely careful in placing agricultural inputs on credit by another Division.

Due to lack of data over a long period in the OHV project, it is impossible at the time of this evaluation to analyze in any greater detail the potential decapitalizing effects of these real and potential losses within the OHV credit program. The strong impression that one gets in reviewing these potential losses to the credit system is how many of them are essentially outside the control of the Credit Section at present. Many are also outside the control of the OHV organization as a whole and will take extensive negotiations at higher levels of the Government of the Republic of Mali to correct. This is particularly true when one is considering items like national policies vis-a-vis the BNDA's operations or the use of cost schedules ('baremes") as a means of subsidizing Operations and reimbursing them for their costs of operation.

The evaluation team reviewed the record keeping system of the Credit Section, including all the forms utilized within the system, and worked through the flow chart of operations to determine exactly where each form was used in the system and what were the responsibilities of the user. We also reviewed in detail the present credit agent's manual and technical information sheets to determine the degree to which all forms are explained to the responsible parties. Finally, we conducted detailed field interviews at all levels of OHV operations to establish for ourselves that agents actually knew how to use the required forms and to keep adequate records of all transactions.

USAID/Mali had previously determined that the record keeping system in place for the OHV credit system met all of A.I.D.'s requirements. We again see no reason to contradict these findings. The OHV credit system is organized on a rational geographical basis. The verticle diffusion ratio is one to six.

While the present system currently functions effectively, it is not operating at optimal capacity. At optimal levels, limitations upon the central credit unit's present manual operations would be very much more evident. This and other reasons which lead to high transaction costs, leads us to believe that computerization of the record keeping system at OHV is not only justified but long overdue.

It was extremely difficult to obtain any independent appraisal of the quality of OHV credit personnel. Due to the nature of the evaluation and its necessary concentration on the management improvements installed under the new credit program,

team exposure to OHV field agents was rather limited. Our general impression was that credit personnel at the headquarters were hardworking, seemed to understand their jobs and could explain their daily functions to us without difficulty. At the field level, our impression was that the personnel resource was quite a bit more variable. Field agents interviewed gave performances of their competence in handling their credit tasks that range from excellent to mediocre.

Under current operating conditions, OHV credit recipients seem to fit the description of the intended beneficiaries as presented in the Project Paper, the Project Agreement, and Amendment No. 8 to the Pro Ag. There are no indications that the farmers receiving credit are so specialized as not to be food crop producers or that any significant number of them receive project benefits while living outside the project zone. It is certainly true that a high percentage of the farmers receiving credit under the OHV program use their agricultural inputs on their cash crops, rather than directly on their food crops. This type of allocation of resources is encouraged by the OHV credit regulations and marketing efforts, as it is by the entire governmental apparatus in Mali.

In general, the view is that benefits to food crop production are secondary, either through the residual effects of fertilizer in a cotton-cereals rotation, or because cash crop farmer have received guidance in crop production that has made them generally better producers of all crops. The above is not to say that credit cannot be used effectively to stimulate commercial food production, but it would seem to us that a number of other actions are necessary to complement the simple provision of credit.

Given the difficulties entailed with the OHV credit program over most of the project, it is difficult for the evaluation team to recommend any sweeping changes to enlarge the scope of the program at this time. Therefore, we have presented only very limited recommendations for some experimentation with foodgrains producers as credit clients in one ZER in the last crop season of the Phase I project, and testing the credit system by increasing the flow of those inputs normally handled, to 150 percent of the 1984/85 level next year.

The GRM has advocated economic and social development through village associations. At its most basic, the argument is that people working through village associations can achieve a higher proportion of their objectives, can assume more responsibility for their own affairs, and are more easily and efficiently approached by government agencies engaged in development work. The OHV and BNDA are collaborating in an experimental program with eleven village associations (tons villageois) in the OHV zone. The purpose of the program is to assess the possibility of utilizing the associations for group administration of agricultural credit, delivery of agricultural inputs, and marketing of products.

Given the conditions laid down for participation in this type of program, the OHV credit advisor estimated that, in the foreseeable future, there will be approximately seventy villages in the OHV zone that will be able to qualify for the program. This represents less than 10 percent of the total villages in the zone.

Although the evaluation team endorses the present limited experimentation with village association credit in the OHV zone, we are skeptical at present that the alleged benefits of group credit accounts are as great as projected or that the transaction costs on these accounts will be that much lower than those on a similar group of individual accounts.

The evaluation listed 10 current problems in the credit program dealing with high transaction costs, losses incurred in input delivery, credit administration and marketing, tension inherent in the desire to serve poorer farmers and have high credit repayment rates, inadequate data base leading to plans with flawed projections of the Operation's real needs, difficulty in disciplining personnel, deficiencies in communications between USAID and OHV, a narrow base for the credit program, and limited scope for servicing livestock farmers and other entrepreneurs.

To deal with issues in the credit program, raised by the evaluation, a detailed list of 27 recommendations is presented below. These have been discussed thoroughly with the OHV Credit Section. Some are specific recommendations with benchmarks that can be evaluated as to progress to help determine if a further extension or second phase of the project should be undertaken.

IV.3.4. RECOMMENDATIONS FOR THE PHASE I PROJECT

The following are recommendations which we believe the parties to the Phase I project might wish to consider in negotiating the evolution of the OHV credit program for the proposed project extension through June 1986, and in the expectation of a Phase II follow-on project. They are as follows:

1. Computerization of the OHV credit program should proceed as quickly as possible and should be completed by the end of the Phase I project. All necessary computer hardware should be in place not later than January 1985.
2. Provision of additional short-term technical assistance is justified to advise the OHV in the definition of the hardware configuration most appropriate for the computerization needs, the selection of pre-packaged computer software, and the intensive training of OHV staff in computer operations. If the computer system is to function by the end of the Phase I project, immediate action is needed by the USAID project manager on both technical assistance and procurement of computer hardware.

3. OHV, in collaboration with SAFGRAD, PIRT, DSPRA, and DRA, should delineate distinct agricultural capability sub-zones within the OHV zone and identify differing requirements for agricultural inputs and credit delivery methods based upon the varying agricultural capabilities of these sub-zones. A preliminary plan resulting from this collaboration should be prepared and submitted to USAID/Mali by January 1986.
4. Revision of the current OHV system of projecting agricultural input demands and placements based upon projected crop hectareage estimates is necessary to allow inclusion of more appropriate criteria reflecting the differing agricultural capabilities of different sub-zones of the OHV zone and actual farmer and village association performances in credit repayments. Criteria for linking credit performance to input deliveries in the following crop season should be developed by January 1985 for use during crop season 1985/1986. Criteria for linking input deliveries to agricultural capabilities should be defined by January 1986 for use during the 1986/1987 crop season.
5. Assessment is needed of the exact causes of current losses in the value of inventory stocks held in the OHV input delivery and warehousing operations. The assessment should be followed by development of a better plan to reduce these losses in the future. The plan should be submitted to USAID/Mali for review and comments by November 1984.
6. USAID/Mali should seriously consider the provision of additional grant funding for repair of village association warehouses, in addition to the funds currently available for repair of OHV warehouses. A plan should be developed by OHV and the village associations for these repairs in the context of the larger plan for better inventory management. Priority in this plan should go to the needs of the eleven village associations now enrolled in the OHV/BNDA credit program, to be followed by additional village associations as they qualify and are brought into this program. The plan for repairs should all include a detailed analysis of the probable maintenance requirements for these repaired warehouses over time and the means at the disposal of the OHV and the village associations to sustain these costs. The plan should be submitted to USAID/Mali for consideration and action by February 1985.
7. Improved provisions for more timely payments of the rebates ("ristournes") due to the village associations for marketing of their agricultural produce are justified to improve the village associations' cash flow situations and to facilitate more effective village-level planning activities.

8. Any OHV agents proven to be criminally negligent in their responsibilities for administration of OHV agricultural input stocks, cash sales receipts or credit funds for two consecutive credit campaigns must be relieved of all credit responsibilities and referred to the appropriate authorities. If OHV agents are imprisoned for cause, they must not receive any salary or indemnity payments from OHV during their period of confinement. Necessary actions should be initiated by the Director General of OHV not later than September 1984 based upon the documented performances of agents during the 1982/1983 and 1983/1984 credit campaigns. A definitive list of such actions taken should be submitted to USAID/Mali by 30 September 1984.
9. OHV, with the collaboration of USAID/Mali, should conduct an agent by agent evaluation of all OHV field credit staff to determine which of these personnel are capable of carrying out the tasks entailed in the new OHV credit system, which could be trained to bring performance to an acceptable level, and which should be dismissed as incompetent to handle these tasks. All personnel evaluations should be entered into the official OHV personnel files and appropriate retraining and/or dismissal actions should be initiated by the Director General of OHV. Any dismissal action should result in immediate cessation of USAID/Mali funding for the agent's salary and/or indemnities.
10. The GRM, USAID/Mali and OHV should agree on a one-time action to remove all outdated and/or deteriorated inventory stocks from OHV warehouses and write them off as losses to the credit program. This action, including destruction of all such stocks, should be completed by January 1985 and OHV should be in a position to certify to USAID/Mali on the basis of a complete warehouse inventory exercise, that no unusable inventory stocks remain in the input system and that all values attributed to these stocks have been removed from OHV inventory records and financial statements.
11. USAID/Mali and OHV should collaborate in a joint study of the possible consequences of a change in the legal status of OHV to a fully independent corporation ("societe mixte") to facilitate greater autonomy specifically with respect to possible joint ventures with outside business partners, control of personnel actions, and external financial dealings with local and international banking institutions. This study should be completed by June 1986 as preparation for the anticipated Phase II project.
12. The internal formula used by the OHV to assess percentage charges for administrative costs, transport costs, and allowances for risk, inflation and interest in delivery

of agricultural inputs to farmers should be based upon the results of an annual post-credit campaign financial evaluation and not, as is presently the case, upon arbitrary percentages set by external devices and pressures. Moreover, these percentage charges should be assessed on the basis of the real cost price ("prix de revient") defined as the actual CIF Bamako price paid on average by OHV per unit of input procured for each agricultural campaign and not, as is current practice, on the lower and administratively-established unit base price ("prix de cession"). If the GRM wishes to dictate that certain agricultural inputs must be sold by OHV at prices lower than the actual CIF Bamako cost per unit plus the appropriate percentage assessments to cover the real costs of cash and/or credit sales to farmers, then the GRM should be responsible for reimbursing OHV directly for the full difference between the average unit cost price ("prix de revient") per unit delivered to farmers and the dictated unit base price ("prix de cession"). The total amount of such reimbursements should be based on the actual number of units of each input placed with farmers for cash or credit during each crop campaign multiplied by the difference between the two prices as determined jointly by GRM auditors, OHV credit and financial staff and an independent auditor supplied by USAID/Mali. Reimbursements by the GRM should be placed in the OHV credit fund account not later than the 30th of June following each annual credit campaign in order to permit OHV to purchase necessary inputs in a timely manner for the next crop campaign twelve months hence.

13. OHV, BNDA and USAID/Mali, with outside assistance as necessary, should jointly determine the actual structure and magnitude of the transaction costs incurred by the OHV in implementing the procurement and delivery of inputs under the village association credit program, on an annual basis, to determine appropriate cost factors to be used in each successive credit campaign. Once these cost factors have been jointly determined based upon actual performance in the previous year and the volumes of agricultural inputs needed for the succeeding year's credit campaign have been established in consultations with the village associations, BNDA should advance to OHV 75 percent of the expected full cost of purchasing and distributing the next year's inputs by the 30th of June of each current year. This will allow OHV to act as a solvent broker in procurement of the necessary inputs for the village associations. The remaining 25 percent of the payment should be made as soon OHV can satisfactorily establish that all projected inputs for the next crop year have been delivered to the authorized village associations. As necessary, USAID/Mali should enter into a separate agreement with the BNDA to reimburse it for costs entailed in installing this new system and making the initial necessary advance credit payments to OHV.

Such a plan should be developed by the concerned parties by March 1985 and implemented on the basis of the actual results derived from the 1984/1985 credit campaign with the eleven pilot village associations in the OHV zone.

14. Although village associations may develop over time as a significant vehicle for distribution of agricultural inputs on credit, primary attention in the administration of OHV credit through the end of the Phase I project should be given to servicing individual farmer accounts. Village association accounts should be carefully expanded in number and closely monitored to assess their possible larger role in the anticipated Phase II project. One output of this monitoring of the pilot village association accounts should be an acceptable plan drawn up by OHV and the BNDA specifying how group defaults are to be handled in the future without endangering either the credit program's integrity or OHV financial receipts from crop marketings. This plan should be completed by June 1986 as an output of the Phase I project.
15. The target repayment rate on all credit loans by OHV should be 100 percent of outstanding balances due. Farmers paying less than 100 percent but greater than 90 percent are currently considered eligible for loans in the next crop season but these clients should have their individual credit accounts earmarked for surveillance during that following credit campaign to ensure that a pattern of sub-optimal credit repayments is not established. Farmers in arrears for more than 10 percent of their outstanding annual loan payments due should not be permitted to receive any additional credit until all arrears have been paid in full. This was the OHV credit policy in 1983/1984 and we believe it should continue to be very strictly enforced in the future.
16. USAID/Mali should allow OHV additional funding as necessary to be expended in the credit program to permit the purchase of agricultural inputs for the 1985/1986 crop season at a level at least 150 percent of the actual cash value of input deliveries in the 1984/1985 season. This is to allow OHV input deliveries next year to better match farmer demands and to permit the new credit system to function at a higher level of input and credit flows thereby testing the local capabilities to deliver services to a wider client group. These funds should be made available early enough in 1984 to permit the OHV to procure and distribute the inputs to village-level ("secteur de base") warehouses not later than 15 April 1985 so as to provide backhaul cargo during the crop marketing season for OHV trucks hauling cotton to the CMDT cotton gins.
17. Credit fund utilization within OHV should be programmed jointly by the Credit and Procurement Sections of the

Finance Division so as to permit the latter to place all orders for agricultural inputs at least twelve months prior to the expected time of use by Malian farmers.

18. OHV should investigate the need for rented warehousing facilities in Bamako to eliminate the necessity of leaving agricultural inputs in the Malian customs warehouses and thereby incurring demurrage and other penalty charges on shipments when deliveries to the field warehouses are not feasible. Rental space in Bamako would also eliminate the current costs entailed in initially shipping inputs to field warehouses and then transferring them back to Bamako when client sales occur at OHV headquarters.
19. The technical assistance position as OHV credit advisor should be extended through the entire period of the proposed Phase I project extension - i.e. through June 1986. A contractual arrangement to supply this technician should be completed not later than 1 December 1984 to allow a sufficient overlap with the current credit advisor, who is scheduled to leave in February 1985. Moreover, while this new credit advisor will probably have to be appointed as the head of the Credit Section initially, the transition to a credit advisory position vis-a-vis an appropriate Malian Section head should proceed as quickly as possible with the Malian specialist being in place not later than September 1, 1985.
20. Additional training is recommended for two qualified Malian candidates in strategic planning for agricultural credit programs and agricultural credit operations, respectively. Candidates and appropriate programs should be selected by OHV and USAID/Bamako not later than October 1, 1984 and the candidates should depart for training as soon as possible after January 1, 1985.
21. The recommended benchmark for evaluating success in credit repayments for the 1984/1985 credit campaign for purposes of the proposed internal USAID/Mali project review in March 1985, and the subsequent decision on any Phase II project, should be 80 percent of repayments due paid to OHV by 15 March 1985, using the credit formula now in place which counts repayments against both arrears and current payments due.
22. In an effort to experiment with alternative credit techniques which do not depend upon farmer production of cotton or tobacco as a cash crop, a pilot ZER-level program is justified in which there would be no a priori judgements made by OHV of what farmers must use credit for on their farms. Credit proposals would be accepted from farmers and evaluated strictly on their technical and financial merit, and an accompanying certification of the farmer's creditworthiness based upon either his previous credit record with OHV or a village attestation.

This pilot program should include a well-designed monitoring system aimed to determining what farmers actually request credit for, and how successful they are in setting and realizing their own financial goals for credit use.

23. USAID/Mali, in collaboration with the Government of Mali, OHV and the BNDA, should completely revise the outstanding Project Implementation Letter (PIL) No. 4 of September 4, 1980 with the aim of making its instructions on credit operations fully compatible with the OHV credit program as it is actually run, since this program has already been approved by USAID/Mali but is incompatible with many of the requirements of the existing PIL No. 4. Moreover, it is suggested that any additional instructions which USAID/Mali may wish to add for future credit operations within the project should be fully negotiated with all concerned parties prior to the issuance of any replacement PIL on credit. The new PIL should be negotiated and issued as soon as possible but not later than 1 January 1985 to facilitate next year's credit operations.
24. The project should more clearly distinguish in its future credit operations between the objective of encouraging more farmers to use animal traction techniques and encouraging more farmers to own their own animal traction equipment and draft animals, regardless of the area they cultivate annually or the agricultural labor they have available. On many small Malian farms -- i.e. under five hectares of annual cultivated area -- arrangements for sharing -- or even renting -- equipment and draft animals may be a better way of spreading the fixed costs and maintenance requirements of such an investment over a large number of crop acres and a larger pool of financial resources.
25. The OHV -- to the extent that it continues to be involved in distribution of animal traction equipment -- should consider two possible modifications in its credit program. The first might be to set a minimum annual cultivated area standard for use in assessing animal traction loans to avoid saddling farmers with small farms with an excessive annual debt burden not commensurate with their real production capacity. The second is allowing qualified farmers to procure their own draft animals directly from private livestock dealers, subject to OHV inspection and certification of the animals' acceptability for draft purposes and payment on credit terms compatible with OHV's credit program. In this regard, group procurement actions through village associations or producer groups in any individual village would seem both efficient and less costly than the imposition of OHV agents as intermediate buying agents.

26. In cases where effective farm size is too small to support the financial burden of ownership of animal traction equipment or topography is unsuitable or crop risks are rather high, donor assistance directed toward improving farm labor productivity might be better applied to development and propagation of improved hand tools -- e.g. cultivators, maize shellers, pedal threshers -- with low unit prices, little maintenance requirement and no year-round commitment to draft animal feeding and husbandry. Development or importation of such tools would also seem to be more in keeping with an objective of intensifying production per hectare of crops cultivated, rather than excessive dependence upon extensification of the crop areas for most of the incremental gains in food and cash crop production. Finally, development of such tools would also seem to be more compatible with USAID's stated equity goals in agricultural development, as opposed to promotion of costly and non-divisible animal traction packages in a situation of credit rationing.
27. Since financial receipts from use of a farm cart are somewhat more independent of the crop area cultivated by a farm family than are receipts from other equipment, consideration might also be given to greater promotion of improved farm carts on credit terms divorced from purchase of an entire animal traction equipment package to provide year-round earnings potential for farm families. Development of farm carts that can be used with draft animals other than oxen would also seem to be justified as a cost-reduction to small farmers.

IV.4.0 EXTENSION PROGRAM

IV.4.1. BACKGROUND

The OHV Project Paper (PP) made no reference to the status of improvements needed in the extension service to achieve the Project strategy. The PP included demonstration farms to be attached to the animal traction centers, and some discussion in the annexes of TA and Peace Corps Volunteers doing field demonstrations in animal traction. The agronomic aspects of the project zone were deemed sound. Therefore, the technical assistance composition identified in the PP, both long-term and short-term, did not include an extension specialist. The underlying assumption in the project design seemed to be the existence of a well trained and organized extension service.

The 1981 OHV Project Evaluation Report recommended improvement in the extension system. That recommendation dealt specifically with the participation of OHV agents in the technology development process (serving as a link between farmers and researchers and conducting on-farm trials). The evaluation did not address the overall quality of the extension service. Therefore, no specific recommendations were made to improve the extension service except "to develop and implement appropriate training programs and to provide meaningful incentives to agents".

OHV objectives were reoriented about mid-1982 by dropping certain activities in order to improve the rest of the activities during the remaining 12 months of the original Project phase. Two activities targeted for such improvement were management (financial management, credit, marketing and planning) and the performance of the extension service. Training and OHV's participation in the research program were considered as a means of bringing about the improvement (Rapport d'Execution du Financement; AID-OHV, June 1984, p. 21). In August, 1982 an evaluation study of the system was undertaken by the LBII TA team at the initiative of OHV senior management. The agronomist on the T.A. team prepared detailed proposals to improve the extension system of OHV. (Propositions pour l'Amelioration du system de vulgarisation de OHV, Dec. 1982). The aspects of the situation identified in this study for critical interventions and problem-solving were:

- a) the lack of task and activity programming at all levels of the system;
- b) the poor coordination between extension and input supply;
- c) the very poor quality, not to say absence in some instances, of monitoring and follow-up of agents at all levels;
- d) the low level of knowledge and training of agents at all levels;
- e) the lack of necessary means to allow agents to do their work; and
- f) the poor quality of communications between the rural world and the extension structure.

The 1982 Audit Report noted that "OHV's extension system needs to be improved" and that the "OHV's extension system is inefficient and ineffective". The following excerpt was quoted in the report as a summary of the auditor's observations; " The extension work program is usually ad hoc in nature, defined by the sector chief. Little guidance is available on its content, presentation, or means of execution. There is no monitoring of program effectiveness. The extension agent is a 'general agricultural agent' with tasks that range from promoting new technology, organizing credit schemes, and supplying inputs, to general administrative duties. The wide-ranging responsibility normally results in little organized work being done. Since working conditions, general support facilities, and supervision of extension agents is poor, salaries low, and educational requirements for recruitment minimal, it is not surprising that, in general, extension results are negligible, and morale in the service is low".

The audit report recommended that "USAID/Mali should assess and determine how the extension system can be made effective to justify the investment of additional project funds. In this regard it should consider divesting the extension agents of the accounting responsibilities for the credit system".

While the weaknesses of the OHV extension system were now quite apparent, no references were made in the revised Project description contained in the Eighth Amendment about the need to improve the quality and performance of the extension service.

IV.4.2. EXISTING SITUATION

IV.4.2.1 Organization of OHV Extension Service.

The OHV extension service is organized on four levels; headquarters, Secteurs, ZER's, and Secteurs de Base.

At the headquarters level, the Extension Section of the Technical Division is responsible for managing, supervising and coordinating field operations. At the field level, OHV is divided into six Secteurs which are subdivided into thirty zones called ZER's (Zone d'Expansion Rurale). ZER's are further subdivided into 160 village-level units called Secteurs de Base (SB's). The village-level agents are the backbone of OHV's extension service. The ZER and Secteur-level agents perform mainly supervisory and support functions.

The 160 village-level agents cover 939 villages with an average of six villages per agent and a range of 3 to 8, and 55,800 farm units (exploitations), averaging 350 farm units per agent, with a range from 132 to 837. This range is further highlighted when one considers that of a total of 26 workdays per month, an agent would have to visit 1-2 farms per day in Bancoumana, while in Koulikoro an agent would be required to visit 11-12 farms per day.

Number and Quality of Extension Personnel.

	<u>Ing. d'Ag</u>	<u>I.T.A.</u>	<u>C.T.A.</u>	<u>Moniteurs</u>	<u>Encadreurs</u>	<u>Total</u>
Division						
Level	1	-	-	-	-	1
Subsection/ Section	5	1	2	-	-	8
Sector						
Level	3	1	2	-	-	6
ZER Level	4	9	10	7	-	30
SB Level	-	6	7	58	80	151
Other Areas	6	3	5	7	-	21
Total	19	20	26	72	80	217

Broadly speaking, Secteur level agents have degrees equivalent to a B.S. in agriculture while those at ZER level have diplomas at ITA or CTA level. A few ZER level agents are experienced moniteurs. The agents at the village level are either moniteurs or encadreurs. While moniteurs have received three years of formal training in professional agriculture, the encadreurs have about 6-8 years of schooling, and have gained knowledge of professional agriculture through short-courses, on-job-training and work experience. Fifty percent of village level agents belong to this last category.

Technical knowledge of many agents at the village level and certain agents at the ZER level seems inadequate for the job. Interviews and observations have indicated that roughly 25-30 percent of village level agents have inadequate technical preparation and knowledge to do the job.

IV.4.2.2. Number and Range of Activities

IV.4.2.2.1. Extension Section.

The goal of this Section is to manage and coordinate effectively all extension activities. Its assigned tasks include the monitoring and follow-up of all agent activities through information provided by them in monthly reports, 10-day reports, and bi-weekly reports. It establishes the annual work plan of the agents and gives them technical backstopping support. It proposes technical themes for training. It organizes monthly meetings for the Secteur chiefs at HQ, and puts out reports in the monthly and 10-daily situations for the Ministry of Agriculture, which are first approved by the Division Chief. It is also responsible for the evaluation of activities carried out within the Section itself. The extension Sub-Section is placed under the authority of the

Extension Chief. The Pre-Extension Sub-Section is responsible for liaison between extension and the external applied research services. It develops proces verbaux (minutes of meetings) and acts as source of technical advice for field agents.

IV.4.2.2.2. Activities at the Field Level

Secteur Chief

This individual is responsible for administrative and management activities within the extension service, for external relations, and for training. He is the main authority at the field level, and reports directly to the head of the Extension Section.

ZER Chief.

Like the Secteur chief, the ZER chief is responsible for all administration and management, but at the ZER level. He is also responsible for extension, training and "animation" activities.

SB Chiefs

It is on these agents that virtually all responsibility for base-level activities is placed. They are responsible for administration and management in the sense that they maintain the duty books of their agents, carry out censuses of the farmers in their action zones, are responsible for credit provision and recovery, and for training village level agents.

The activities OHV extension agents are supposed to perform can be broadly classified into 6 categories:

- a. Credit: extension and recovery;
- b. Input supply and distribution;
- c. Surveys and data collection;
- d. Execution of various research programs including the seed multiplication program of OHV;
- e. Marketing of cotton and tobacco;
- f. Extension of improved technology.

IV.4.2.3. Workload of the Village Level Agents

There are considerable differences within the OHV zone in terms of density of extension coverage. In Bancoumana Secteur, an SB chief is supposed to supervise extension to an average of 127 farms as against 869 for the Koulikoro Secteur (a difference of about 6 to 1).

The OHV 1983 Tableau de Bord presents the following figures:

<u>Secteurs</u>	ZER (1)	SB (2)	Farmers receiving services (3)	Ratio of (3) to (2)
Kangaba	5	22	3860	175
Bancoumana	4	24	3051	127
Kati	6	30	7919	264
Ouelessebougou	6	26	6853	264
Koulikoro	6	26	22598	869
Banamba	3	32	11545	361

The number of SB's which receive extension services by ZER varies between four and six, with the exception of Bancoumana, where it goes up to ten. This appears to be quite high insofar as it probably results in an ineffective dispersal of effort on the part of the ZER chief. This situation is exacerbated by the number of vacancies in SB chief positions.

On the surface it looks as if the agents are overburdened. This observation has led many to recommend that the extension agents be relieved of credit responsibilities. However, observations of extension activities, made in the field by the evaluation team, seem to lead to a conclusion that there is really very little extension going on. This seems true at least in terms of the development and dissemination of up-to-date and relevant technical messages which will help farmers to produce more, and more effectively. The agents, even at the Secteur de Base level, are primarily managers of input provision, and credit delivery and recuperation. There is an on-going debate as to whether or not this is an effective utilization of these agents, and if it prevents them from carrying out their extension activities. If one looks at the quantity of input supply and credit extended by the agent this does not seem to be the case. Data compiled by the Credit Section of OHV indicates that 50% of the agents extend less than 1,000,000 FM in credit, which is sufficient to purchase inputs for about 14 ha. of cotton, and that less than 50% of these agents have 30 creditors.

Because of the donor pressure to improve the credit system, and credit recovery rates, and OHV's pressures related to increasing cotton marketing, the agents seem to be preoccupied with

these two tasks. Even though the amount of credit is small and the time required for it may not be as great as is argued by many of the agents, the importance attached to credit in the minds of the agents is enormous. This is not because of production results that credit should give to the farmer or the needs of the OHV to increase or at least maintain its cotton marketing, but rather because of the risks to the agent of bad management. Given that several agents have gone to prison in the past two years because of illegal activities in handling credit funds, it is not surprising that credit is the most prominent part of the job, at least in their minds. After all, one has yet to see the first extension agent sent to prison for poor performance in extension activities.

Even if credit activities take up a great deal of the extension agent's time, it cannot be directly concluded that this is an incorrect prioritization of duties. It may well be that the delivery of credit, or at least the associated inputs, contributes more to production and individual farmer income than the extension messages that the agent has to offer. Of course, it seems that both activities can be done, if time and work load are the only considerations. By proper supervision and work scheduling even under the present situation, agents should be able to devote considerable time to those activities which fall within the sphere of extension of technology (including participation in the applied research program). It should be noted that credit recovery and marketing activities occur at a time when negligible amounts of time need to be spent on advising farmers and participating in on-farm research activities.

A more valid argument for separating credit operations from extension functions can be advanced. In terms of human dynamics, the role of the "extension agent" is to develop a relationship of trust and friendship with his clients. The credit agent, particularly at collection time, can become a "bill collector", thus destroying the relationship he has attempted to nurture in his extension role. If the OHV assigns the difficult credit collection duties to its Credit Section, thereby removing the village agents from this responsibility, the negative effects of these responsibilities in terms of extension can be minimized.

IV.4.2.4. Training of Extension Personnel

The Training Section conducts in-service training for all extension agents. (At the Secteur level there is a Secteur level trainer). At the headquarters, the Training Section consists of a trainer and an assistant trainer.

Secteur chiefs receive training about once a year. Once a month Secteur level trainers are brought to OHV headquarters and classroom training is offered, on specific themes. The Secteur level trainers return to Secteurs and train the ZER level agents, who in turn, are expected to train the SB extension agents. Secteur level trainers are expected to travel into SB's to trouble-shoot and provide back-up training offered by ZER level

agents. This training strategy, commonly followed in West Africa, is called the **Cascade System**. While the main advantage of this system is its economy, it suffers with serious disadvantages. It is not structured and supervised; at descending levels of the system the trainers have less training and experience; and, the information existing within the system gets repeated and circulated, without modification for site specific situations, and even bad information gets repeated. Finally, as the training message is communicated and transferred at several layers, message distortion and transmission losses become a serious problem.

Observations also indicate that very few outside experts from research and development organizations are brought in to assist in training, except in the case of SAFGRAD's on-farm trials, where Secteur level training is offered to agents at the beginning of the planting season. At this time SAFGRAD researchers participate in the training which offers a chance for more professional agriculturalists to contribute to the dissemination of technical information.

IV.4.2.5. Technical Ability of Extension Agents

During the field visits of the evaluation team's sub-committees, we found the quality of extension agents to be mixed. Some agents seemed to have at least the basic knowledge needed to do their jobs, and in some cases villagers indicated that they appreciated their agents. However, we also found that many field agents did not know what technical information or "themes" were supposed to be disseminated, did not know such basic information as the formula for complex fertilizer or the variety of maize that they were supposed to recommend, and could not make a basic estimation of the size of a field. Overall, it would appear that 30 % of the agents are not qualified for their jobs, a figure generally confirmed by Secteur and ZER chiefs.

IV.4.2.6. Extension Methodology

OHV has shifted (beginning in the 1983 season) from an individual farmer approach to a group approach to extension. Observation of different diffusion methods or systems, following the organizational level characteristic of the farmers in question leads us to make the following tentative observations. In villages where the farmers have not yet formed any kind of groups, where the extension agent visits farmers individually, it is virtually impossible for the agent to advise all the farmers in a timely manner. He must therefore, select a certain number of farmers to advise, according to criteria that are not always well defined, if he doesn't want to limit his activities to input provision and credit recovery.

In those villages where producers are organized into groups, dissemination of technical recommendations can take place through carrying out demonstrations for various kinds of groups and group training. Theoretically, each farmer has an opportunity to express himself and explain his concerns to the agent. This new

approach seems to be the most effective insofar as:

- The agent can reach the maximum number of farmers in a timely manner; and,
- the travelling time of the agents is reduced.

In those villages where there are Tons Villageois, in principle the extension agent's tasks are considerably reduced given the level of local organizational capacity. In fact, the ton contracts with the BNDA for financing of short and medium term credit. The Ton's members take responsibility for the provision of inputs and agricultural machinery, and at the same time are responsible for loan repayment to the BNDA. The extension agent thus finds himself outside the credit system and can devote more time to diffusion of various technical recommendations.

While this approach has certain advantages, it does not substitute for individual contacts through on-farm visits and demonstrations. The Group approach's main advantage is that a new idea can be introduced to a group of farmers with common interests and problems, such as tobacco farmers, maize farmers, etc. In this instance a specific extension message can be put forward, discussed and deliberated. However, many producers' problems will be site specific, or relative to an individual manager, and will have to be reviewed in individual cases where solutions are sought for specific problems.

There does seem to be additional confusion about the group approach as an extension technique and developing and working with village groups (Groupements and Ton-villageois) as conduits for certain actions (e.g. credit supply, input distribution and credit recovery). While Groupements and Ton villageois can ease the task of extension agents, they are, at present, being promoted for a variety of activities, not always clear to the villagers. The extremely small numbers of recently organized Ton villageois (eleven in all), and the relatively small number of villages where they can probably be organized (reportedly about 70) dictates that the extension service, for a long time to come, has to use individual farmer, or product specific group contacts as the vehicle for the transfer of technology to farmers. Demonstrations and field and site visits will still be key to the diffusion of technology; helping farmers to understand the practice and apply the practice correctly, and to see the difference between the new and the old practice as well as resolving site-specific problems.

IV.4.2.7. Technical Support and Supervision of Extension Personnel

Village and ZER-level extension agents seem to receive very little technical support and supervision from higher levels; Secteur and headquarters. Headquarters staff tend not to move out of their offices even during the peak farming season. Visits received by ZER and SB-level agents from Secteur chiefs seem to be more control visits (checks on credit and input delivery, etc.) than technical and supervisory visits. Reporting from vil-

lage level agents is routinely accepted without verification. Supervisory visits to on-farm trials are minimal except by the research coordinator. Thus, technical support to field extension personnel and frequent supervisory visits to provide on-the-job training to village and ZER agents seems without doubt the weakest aspect of OHV's extension organization.

Field days with farmers either at the seed production plots or at on-farm sites is a rarity. It was astonishing to see that not a single demonstration was being conducted in the OHV area. Our observation here is that the Extension Section's activities, as well as those of the Extension Sub-Sections, need to be prioritized. The majority of monitoring and follow-up regarding Agent activities should be done at the field level rather than through reports coming up the system to the head office. The role of this Section in terms of extension is still not well defined.

IV.4.2.8. Use of Research Information and Field Observations.

The extension service at present does not exploit research information and its own field observations to develop recommendations or train its extension agents. OHV's own experience with rice and maize indicates that yields could be significantly increased (rice: 6 tons per ha. over an area of 12 ha.; maize: 4 tons per ha.). Observations of farmers using different sets of practices (cotton: fertilizer applications, 2 bags versus 3 & 4 bags of complex) could lead to useful information to develop recommendations, given the wide variations in agro-climatic conditions in OHV zone.

IV.4.2.9. Role of Technical Assistance.

A technical assistant agronomist was provided to work with the Technical Division. Under the reorganized OHV, the agronomist was named head of the Technical Division. Soon his position was changed and he was made head of the Extension Section as advisor. Within a few months he was given responsibility in the Technical Division dealing, in an ad-hoc manner, with planning and statistics and was in the last several months involved in the preparation of the medium-term planning document. It does not appear that this person was effectively utilized, certainly not in the areas he appears to be most suited for. It is most unfortunate that OHV has not made effective use of this highly experienced and knowledgeable agronomist, a resource that OHV can not afford to waste. The blame for the ineffective use of a highly competent T.A. should be shared by OHV administration as well as the TA contractor.

The Technical Division at the top and Section level is staffed by well-trained GRM personnel. They are young and inexperienced, however. They simply do not have the necessary length and breadth of experience to improve a vast extension service such as that operated by OHV. They would greatly benefit by working with experienced and qualified technical assistance personnel.

IV.4.2.10. Performance of OHV's Extension Service

No data exist on the adoption of new techniques by farmers and other indicators of the effectiveness of the extension service. Therefore the following factors are considered in assessing the performance of OHV's extension service.

- a. Area, production and yield trends of major crops.
- b. Number of farmers using recommended practices;
 - o seeds, fertilizers,
 - o animal traction.
- c. Overall number of farmers reached.

Observations

- o sorghum-millet area and production increased while yield per hectare declined between 1978-79 and 1982-83;
- o maize area, yield and production have remained about the same;
- o rice area, yield and production have been declining except for 1979;
- o cotton area, yield and total production have shown increasing trends, but started declining during the last two seasons;
- o fertilizer consumption has been increasing; amount distributed being about twice as much in 1982-83 as in 1978-79;
- o seed distribution has shown a declining trend for improved varieties of cotton, maize and rice;
- o animal traction; field observations and inquiries reveal that animal traction use approaches 70% , while ownership ranges from 40-50%; and,
- o overall about 5 % of the farmers are reached by the OHV, while the credit program reaches only about 2 % of the farmers.

In summary, it can be concluded that the performance of the OHV extension service has been rather uneven.

IV.4.3. PROBLEMS:

1. Poorly-trained extension agents at many SB's and some ZER's, lacking in technical, observational and communi-

cations skills to deal with the farmers.

2. Too many layers of supervisors, none doing an adequate job.
3. Totally inadequate supervision and technical support of field staff from the headquarters and Secteur level technical staff.
4. HQ technical staff spends too much time in the office.
5. Too many qualified personnel (Ingenieur d'Agriculture level) at the HQ level (about 19) not involved in field support functions.
6. Qualified, but young and relatively inexperienced staff administering various Sections within the Technical Division.
7. Lack of authority at the Technical Division and Section levels to deal with critical problems.
8. Training program (approach and methodology) inadequate to meet extension needs; depending mostly on in-house staff and very limited use of outside experts.
9. Poor programming of extension activities which does not leave enough time to village agents to reach farmers in an advisory context.
10. Too little emphasis on proven extension methods such as demonstrations, on-farm visits and group discussions (including field days).
11. Inability of the Technical Division and extension service to exploit and apply available research information and field observations to develop extension recommendations for farmers.
12. Problems of motivation and lack of incentives and rewards. Salaries of OHV agents, as in other organizations in Mali, are very low, but seem comparable to those paid to CMDT extension agents. There is however a scope for introducing performance based rewards and incentives.

IV.4.4. GENERAL OBSERVATIONS AND SUGGESTIONS

The present hierarchical structure of the extension service, with Secteur chief, ZER chief and SB chief, seems primarily to exist to provide for the transmission of various kinds of information from the headquarters to the field, and back up again. Most of this information is of a managerial or administrative type, rather than information that has technical content or

technical relevance. The exceptions are the various training sessions, where training is supposed to be done "en cascade" and the dissemination of certain technical themes through this training mode. Otherwise, most of the information coming down the system is about work planning, new targets, timing of certain regular seasonal activities (assessment of seasonal input needs, and related credit needs, timing and rules for marketing and rates of payment for produce marketed, availability of supplies of various kinds, payment of salary in cash down the line, and provision of fuel in kind down the line as well.) Information moving up the system from the base level is similarly mostly about work planning, work accomplished, amounts of inputs in place or needed, amounts of credit delivered and recovered, amounts of produce grown and marketed, the results of the enquete agricole and various specific survey data, etc. Assessments of progress of farmers in adopting the various, largely well-known technical themes which are finally disseminated, are lacking. Similarly, any venue for innovation at the field level is lacking, and such innovation is positively discouraged by the present heavy-handed, centralized system.

An attempt to ascertain logically why the system remains in place as it is presently designed yields certain hypotheses: (1) bureaucratic structures are usually designed to meet bureaucratic needs, such as reporting, supervision, monitoring and control. To the extent that the agent or cadre at the bottom of the hierarchy is the least well trained, and is also the one in contact with the people, his activities are felt to be sensitive and much in need of supervision from above. To the extent that he is the least well paid, there is a supposition that he is also the one most likely to take advantage of any opportunity to embezzle funds or to help himself to in-kind inputs. (2) to the extent that communications are poor in the rural areas, there is a tendency to replace communications media with human resources. Thus, if we examine the actual workload of the chef de ZER, we find that he serves primarily as a conduit for information coming down from the center and going back up to the center. Extension activities, directly or indirectly provided to farmers, are extremely few. The same is true for the chef de Secteur, who operates at still further remove from the farmer clientele and is the first link in the chain of supervision and reporting, although he has some 'external relations' functions as well. (3) Another characteristic of this hierarchical system is that incentives in the form of higher salaries and better vehicles and fuel allocations go to those at the top of the hierarchy, those who have the least contact with the farmer clientele, rather than to those who are most likely to be in contact with them. Training is rationed in the same way, away from the client and toward the central bureaucracy. Thus, the most well-trained cadres in the system below the HQ level are those who have the least to do with extension at the field level, and are those who may always find themselves with at least two other persons in the structure between them and the farmer to be contacted.

There are a number of ways, at least on an experimental basis, in which some of these burdensome characteristics of the extension structure could be eliminated. In our discussions with USAID, OHV and other officials, several were proposed. A common idea was to eliminate one layer in the system, in order to reduce the paperwork and bring more trained personnel in contact with the farmers. For example, a suggestion was to eliminate the SB's, expand the number of ZER's, staffing the new ZER's with the best of the SB chiefs. Another suggestion was to eliminate the ZER's, possibly increasing the number of Sectors, and moving present ZER personnel up or down according to job needs.

Other suggestions involved upgrading the skills of village level agents (after first eliminating those for whom training would not be useful) through extensive training sessions. At the same time create extension specialists whose only function would be to back-stop village level agents in subject matter specialties such as cotton, rice, cereals, etc. These specialists would conduct training while working with extension agents.

Another suggestion was to concentrate the best agents in the areas that are the most important to the OHV (such as the cotton zones), or have the most potential, and eliminating other areas, thus saving scarce operating funds. To those that feel this approach is politically untenable (a presence by OHV must be maintained) it might be pointed out that in some areas it is doubtful if that presence is even noticed at the moment.

We would suggest that OHV concentrate on developing some models or approaches to test before the next cropping season so that they can be evaluated during the proposed extension period, before any Phase II begins. We believe that it would be foolish, at this time, to reorganize the entire OHV extension program. Rather, it would be prudent to test approaches in small areas, probably no bigger than a ZER, where close monitoring and evaluation of the results can be obtained. The specific recommendations made below are therefore made within the context of the overall suggestion of finding a strategy that can be implemented.

IV.4.5. RECOMMENDATIONS

1. Test the ZER and SB-level agents and weed out those not meeting the desired levels of skills and technical knowledge. Agents not meeting disciplinary standards of the agency should be weeded out to improve morale and credibility of OHV.
2. Examine the extension structure considering a streamlined system that may eliminate some levels of the hierarchy.
3. Create teams of subject-matter specialists at HQ or Secteur levels; ISA's with special training in cotton production, rice production and sorghum/millet/maize production. These teams should be mobile, travelling 15-18 days in a month during the cropping season. Their role should be to provide

technical support to ZER and SB-level agents, provide on-the-job training and assist in the execution of the technical program. Administrative responsibilities of this team should be minimum. This team could be constituted from among the 19 Ingenieurs d'Agriculture now present in OHV.

4. Improve the Training Program:

- o eliminate the cascade system;
- o eliminate sector-level trainers;
- o involve outside experts more frequently on specific problems;
- o organize one-week training sessions in April-May for ZER level agents;
- o organize field-based training sessions of two days for groups of SB agents;
- o organize one day training sessions in the field for SB's focussing on observational techniques, trouble shooting, etc.;
- o continue and expand training sessions for agents conducting on-farm trials;
- o organize research review sessions for agents to exchange research results and observations with researchers;
- o the emphasis in the training program should be on improving the knowledge and skills, focussed on specific problems in the field;

5. Review the extension methodology, considering such things as group versus individual approaches, farm-level research and demonstration fields, farm visits, etc.

6. Improve Supervision of Field Staff.

Chef de Division Technique and Chef de Section Vulgarisation should do more supervisory visits. Equally, more content-oriented supervisory visits should be made by Secteur and ZER chiefs. Quality of supervision is equally important i.e. in on-the-job-training, collection of data, reporting and record keeping, and monitoring and verifying progress. Some of the monthly meetings should be held in the field.

7. Short-term training should be considered to remedy the deficiencies of supervisory staff of the Technical Division.
 - o Chief of Technical Division: short-term training in extension supervision (University of Wisconsin)
 - o Chief of Extension Section : short-term training in extension methods (Agricultural University, Wageningen, Netherlands).
 - o Chief of Training Sub-Section: short-term training in maize production (IITA-Nigeria) or sorghum-millet production (ICRASAT, India or Niger).
8. Improve scheduling of activities of agents at SB and ZER levels to enable them to devote significantly more time to technical activities. An agent at SB level should not spend more than one and one-half days per week at his office devoting time to credit and input distribution activities, especially during the cropping season. These extension days should be fixed and well communicated to farmers.
9. Technical assistance in agronomy/extension should be provided for the remaining period and in future years. Given the overall weakness of the Technical Division, TA seems unavoidable.
10. The Technical Division should be given greater authority commensurate with its responsibilities. A certain degree of decentralization seems inevitable if the functioning of OHV's extension service is to be improved.
11. The Technical Division should make a serious effort to develop a set of concrete recommendations based on available research information and field observations. Economics of such recommendations should be prepared with simple and clear explanations.
12. OHV should establish a reward/incentive system to encourage better performance of field agents. Such a system should be tied to one or more of the following factors: increase in crop yields; increases in marketing of cotton or tobacco; or increased rates of credit recovery.

IV.5.0 LOCAL ORGANIZATIONAL CAPACITY

IV.5.1. HISTORICAL PERSPECTIVE

The 1981-1985 Five-Year Plan of the GRM places considerable emphasis on the role of local organizations in the rural development process. These organizations, called Tons, are defined as village associations for economic, social and cultural development, founded upon solidarity and voluntarism. The Statute governing the formation and role of the Tons, indicates that they can be formed only in villages that are cohesive, with social homogeneity, with a viable economic development potential, and year-round access. There is a stipulation that there can be only one official Ton per village, regardless of village population size.

The Tons are to serve to mobilize local resources to improve the quality of life, and are essentially to become multi-purpose production, consumer and marketing cooperatives. Eventually, federations of Tons are to be created. In the interim, officially-recognized individual Tons constitute a single legal persona, and have financial autonomy. The Plan envisaged a significant amount of funding from the national budget to be disbursed through the Tons for local-level development activities. TA for the development and start-up of Tons was to come from the Operations.

IV.5.2 PRESENT SITUATION

Accounts from villagers in the Project zone indicate that by 1981, they had received "sensibilization" about forming village groups of various kinds from OHV and "the authorities." In each village visited, some sort of Groupement had been started, although there was some confusion in certain villages between the Groupement Villageois which buys commodities wholesale and then retails them in the village, and the Ton Villageois, which was set up to provide group credit for agricultural input supply and marketing.

The kinds of organizations examined were 1) the official Tons, both those receiving BNDA credit through OHV, and those which are among the estimated 70 more that could receive group credit; Groupements Villageois, Committees de Vulgarisation, designed to extend the outreach capacity of extension agents by working with farmer groups, and Conseils d'Alphabetisation Fonctionnelle, the FL Committees set up under the Project's FL component.

IV.5.2.1. TONS VILLAGEOIS

Of the 11 Tons presently receiving BNDA credit channeled through OHV, a total of 6 were visited. In the majority of cases, the office-holders of the Ton were apparently carrying out their own management functions, although in Karan, these were done by the local extension agent. The number of office-holders varies,

but there is a standard set of functions, including President, Vice-President, Treasurer, Procurement Agent, Marketing Agent, and the sub-committee which supervises the Ton's funds.

Of these officers, it is not always clear how many are really literate and numerate, but the minimum appears to be three, often including the local animateur. Officer-holders are elected by the village council and/or the membership of the Ton. There seems to be considerable overlap between the traditional village notables and the office-holders both of the Ton and the Groupement in those villages which have both kinds of organizations active.

The size and inclusiveness of Ton membership seems to vary considerably. In Sougoula, the age range of Ton members is from 48 to 100, according to the villagers. There are about 48 members, all of whom are chefs d'exploitation, although apparently the chef de village was not an office-holder in the Ton. In Kaban and Djena, the Tons are made up of younger men, apparently new heads of household, who seem to be members of a traditional ton age class. In Tenquele, however, the average age of members is considerably higher, and it seems that mainly the notables are office-holders and members.

When asked why they had formed Tons, and what they found the advantages to be, most villagers interviewed replied that it was easier for them to make their credit/input needs known, and they were likely to get their inputs sooner. They indicated that they liked being able to be self-sufficient, and that they were interested in the ristourne that they received for marketing their own cotton communally. Aside from these responses, the preliminary one was usually that "the authorities" had suggested that they should form both Tons and Groupements.

IV.5.2.2 GROUPEMENTS VILLAGEOIS

The Groupements, designed as pre-cooperatives, are primarily organized by the State for the purposes of facilitating activities which are of benefit to the State. That is, they are multi-purpose consumption and marketing groups which are supposed to generate a number of community development activities from the profits of their retail activities, as well as from additional contributions of villager's financial and labor resources.

In those villages visited by the team, the underlying community development objective of the Groupements seemed very well understood, and appreciated. Most of these villages had on-going development projects of one kind or another, including school buildings, dispensaries, maternity clinics, and village warehouses and stores. However, in most instances, there were either insufficient funds to complete all projects, projects were poorly prioritized, or the GRM had been unable to provide its part of the bargain--e.g., a teacher for the school constructed by the village.

So far, it would seem that the profits made on the retailing of various commodities through the Groupements are relatively minimal. They appear to have no relationship with the Direction de la Cooperation, either through OHV agents or otherwise. In fact, they complained that having been encouraged by "an official delegation" to build a communal warehouse since they were to receive an initial supply of commodities free, they never heard from these officials again.

One Groupement wants to construct a dike so that they can produce more rice, and are interested in somehow getting at least one tractor. Other villages indicated interest in tractors, generators to facilitate the work of local blacksmiths, and other substantial group investments, but again seemed to have no clear idea whether or how credit was available for these kinds of purchases.

IV.5.2.3. COMMITTEES DE VULGARIZATION

These committees are supposed to be made up of farmer leaders who are selected on the basis of common ecological situation or cropping system. Officially, there are 100 in the OHV zone. The intention is to facilitate maximum coverage by the extension agents, who will work with these groups rather than with individual farmers. According to the TA extension specialist, this relatively new system was put in too fast, too many groups were started, and there was a general confusion on the part of OHV field staff and villagers about what they were for. Some thought that they were for the provision of inputs, so everyone in the village was included.

The team encountered two extension groups in Kangaba that were in operation. One was for non-cash crop farmers producing corn, and one for cash crop farmers producing cotton but also millet, corn and peanuts. Both groups apparently constituted themselves to get access to credit, not to extension services. Credit is available to individuals who are members of the group. In Ouelessebouyou and Kati, the villagers interviewed had either never heard of groups of this kind, or else had once briefly had one but had let it disband.

The idea of group extension has not translated into increased extension coverage of farmers through concentration of farmer contacts. Most agents who visit farmers for other than credit and marketing-related contacts still visit individuals in the village or at their fields.

While the logic behind the attempt to form extension groups may have initially seemed good, the implementation has been seriously flawed from what the evaluation team was able to observe. Further, there is some question about how many groups a single village can readily accommodate over and above traditional groupings, which still exist. It would appear that in OHV villages, the elite tends to hold overlapping offices in most of the new kinds of groups that have been recently introduced. The

exception to this observation may be the Tons that are clearly made up of the junior generation of young married men, and which do not include the chef de village and the village councillors, who represent the older generation and the traditional focus of power.

IV.5.2.4. CONSEILS D'ALPHABETISATION FONCTIONELLE

These village committees are organized in the context of the functional literacy component of the Project. They are supposed to supervise FL activities, recruit the animateurs, construct the FL centers, and supervise cultivation of the FL communal fields. Some of these committees seem to be quite active, and are made up of the traditional village notables. One possible innovation would be to use these existing committees--and the associated communal fields-- as the basis for revised extension groups where there is reason to believe that the committee is representative of a coherent category of farmers, and where there is willingness on the part of the extension agents to use the fields for demonstrations, as they were originally intended to be used.

IV.5.3. PROBLEMS

There are problems in conception of different types of groups, in group organization, staffing of management positions, and establishing group priorities and goals. There has been a proliferation of new kinds of groups without clear thought about how they are supposed to differ from each other and coordinate their respective activities. Frustration with the "authorities" for not delivering better on their side of the process is common. The group lending system through the Tons seems to be viable at least for those parts of the zone that were visited. It seems that an assumption is made, however, that all parts of the zone--and all communities-- are essentially the same. Distinctions are not made either in terms of ecology or sociology, cropping system or ethnicity. While all, or almost all, villages may have traditional tons, for example, the role of the ton may differ in importance and nature from one type of village to another.

IV.5.4. RECOMMENDATIONS FOR PRESENT LOP

1. Before AID-funded credit is extended to any of the 70 target Tons identified by the TA credit specialist, a study should be carried out of traditional and modern organizations in the Project zone.
2. The TA team should assist OHV management to review its approach to village-level organizations, including Tons, Groupements and extension groups.
3. The USAID and the TA team should assist OHV management in thinking through the implications of group credit and other group activities, such as marketing, for its future structure and functions.

IV.6.0.

FUNCTIONAL LITERACY

IV.6.1. BACKGROUND

As of the Eighth Amendment to the Grant Agreement for the OHV Project, the anticipated output of the functional literacy (FL) component by the PACD was 100 village centers, of which 25 would be for women, and 10 village associations developed through village centers. This represents a reduction of 50% from the target number of centers in the PP. Excluded in the Amendment but included in the PP were 12 ZAF agents trained and 200 animateurs trained, and third-country training of one OHV-DNAFLA agent and one USAID technical advisor. Also, the original target of 8,000 people expected to be literate by the end of the project was not included in the 8th amendment.

IV.6.2. HISTORICAL PERSPECTIVE

DNAFLA was one of the first entities in West Africa to be funded through UNESCO to develop and implement a functional literacy program in an indigenous language. Its early successes were such that the OHV Project's establishment of broad targets for literacy training in the zone, and the significant expectations for success, would seem to have been warranted. The inclusion of this component also related directly to the GRM policy of encouraging the formation of Tons Villageois.

DNAFLA's first internal evaluation indicated that there were a considerable number of problems. In most areas, literacy training had been on-going for two years and the overall results appeared disappointing. Though some auditeurs were relatively strong in reading, and some in writing, only a very few were even adequate in the four arithmetic operations. Very few villages had established FL Committees or FL communal fields. Throughout the zone, there was a great shortage of literacy training materials. Few animatrices had been trained, and there were few separate women's groups.

In analyzing the findings of its own evaluation, DNAFLA characterized the problems as follows: 1) lack of training materials, including booklets, notebooks, pens, lamps and lamp fuel; 2) lack of sufficient numbers of centers built, and related FL Committees established; 3) lack of supervision of centers and animateurs by OHV staff, at both the local and the Operation levels; 4) lack of remuneration of animateurs; 5) the adverse effect of rural-urban labor migration on literacy in that many animateurs and auditeurs leave the village either temporarily or permanently, taking with them their expertise, and interrupting the flow of literacy training activities (they also take their booklets with them, which are then not replaced); 6) lack of transport for the OHV FL Coordinator, and his lack of field supervision visits (at the time, although he didn't have a car, he had a mobyette); and 7) poor selection criteria for chefs de ZAF.

The USAID Mid-Term Evaluation Report of 1981 recommended that the functional literacy component be dropped from the Project at the end of the 1982 agricultural campaign unless actions were taken in the meantime to: 1) improve management of the OHV FL program; 2) improve OHV-DNAFLA coordination/cooperation in the field; 3) account for FL commodities provided under the project and establish a reliable system for their distribution to villages; 4) provide a workplan for translating into Bambara, and distributing to villages, technical materials in support of extension and credit services; 5) provide a workplan and budget for intensifying FL activity as part of an OHV concentration plan and 6) improve USAID-DNAFLA-OHV coordination.

IV.6.3. PRESENT SITUATION

During the 1984 Evaluation, DNAFLA was once again carrying out an intensive evaluation of FL activities in the Project zone, prior to implementation of the new direct contract with the USAID for the Project's FL component. No funding for the component had been available for the 1983-84 year. The 1984 evaluation results are even more disappointing than those of 1980, even given the elapsed four years. Despite high numbers of auditeurs claimed in various OHV documents, results are minimal if measured in terms of actual numbers of people literate and numerate. At the same time, the FL component has become much more significant in the present version of the Project, insofar as the local credit likely to be advanced under the USAID-funded credit program to Tons Villageois, will require literate Ton office-holders.

The 1984 DNAFLA evaluation stresses again the fact that a majority of auditeurs are extremely weak in arithmetic skills, as well as deficient in reading and writing. Many of those tested in the villages visited were completely illiterate. A number of centers had essentially gone out of business. Many villagers and animateurs had given up because they couldn't see any application for their literacy skills, since there were no post-literacy materials available. There was extreme discouragement from the absence of visits and supervision from the OHV Coordinator. Supervisory visits were the only way in which new materials could be obtained and problems discussed. The Coordinator's periodic presence in the field also indicated to them that the national government was interested in their progress.

In most villages visited, there were either no classes attended by women at all, or some women participated in the classes designed for men. In discussions with the OHV, it was pointed out by OHV officials that where AID requires that targets be met for women's participation in FL or other activities which take time away from women's many domestic and agricultural tasks, some labor-saving activities for women should also be included in the project so that assumptions about women's participation will be more realistic.

As to the FL communal fields in the villages represented in the FL component, the USAID sub-team, during its field visits,

found a considerable range of activities in the villages visited. In Kaban, one of the more remote of the villages visited, there is a Ton Villageois, a Groupement Villageois, one fully built FL center and one partly finished. There is a communally-farmed FL field of several hectares. Income from the sale of its yields is used to cover FL expenses such as construction and lamp fuel. The animateur does not, however, receive any formal remuneration.

Members of the Ton indicated that they now definitely saw the benefits of FL for their Ton and other group activities, since the fact that there were several villagers who were now both literate and numerate facilitated book-keeping, ordering, and sales of cooperatively-purchased commodities. They wanted to increase the number of women enrolled in FL classes, but were "blocked" by the absence of an animatrice.

As to the FL communal fields in the villages represented in the FL component, the evaluators found a considerable range of activities in the villages visited. Despite the energy that some farmers devote to the FL field, they have so far had no opportunity to use these fields for demonstrations. Apparently, this part of the program has not been explained to them by the chef de ZAF and/or the local extension chef SB. The \$20,000 mentioned in the Grant Agreement for special agricultural projects in connection with these FL fields does not appear to have been used. When we asked the villagers if they would be interested in demonstrations of new cultural practices on the FL fields, the response was very enthusiastic.

There has been minimal supervision from the OHV Coordinator, and apparently no coordination between the Secteur, ZERs and ZAFs. This absence of coordination between FL and OHV's extension activities has meant that there has been no utilization of FL fields for demonstration purposes. A related gap is the absence of training materials (even fiches techniques, let alone booklets printed by DNAFLA) prepared by the Technical Division of OHV that would relate either to the well-known themes that are part of the present OHV "technical package" or to new themes coming out of the SAFGRAD or ICRISAT research. Part of the underlying logic of the FL program, which is still valid, is that the FL fields were to be used to demonstrate technical themes that would, in turn, be embodied in post-literacy training booklets. These booklets were to be jointly developed by DNAFLA and OHV technicians. Thus, if no demonstrations of this kind have taken place, it is probable that part of the cause is the lack of such materials, but it is also probable that another part is due to the general lack of innovation and potential interchange between the FL and extension components at the field level as well as at Bamako HQ.

There seems to be a similar lack of coordination at present between OHV and the Ministry of Agriculture as to preparation of materials resulting from applied research. It would seem that booklets of this kind, together with a series of demonstrations designed by sub-zone and soil type would be beneficial. The

demand for this kind of information was made clearly manifest in the villages visited, as well as the keen demand for more and better traction equipment.

Even in the less organized villages visited, where there was no Ton yet receiving BNDA or USAID-funded credit, there was at least one animateur, and villagers indicated an interest in pursuing FL training if materials both for literacy and post-literacy training were again made available. What is most striking is the willingness of villagers to slog along, and devote time and other resources to an activity that has received virtually no support from the OHV for the past two years.

IV.6.4. PROBLEMS

There is no provision made for dropping people from FL training if they fail to learn within a certain period of time. The DNAFLA policy appears to be that anyone who wants to attend literacy classes should be allowed to do so, since it is a voluntary program. The ideal is also that every adult should become literate, so there is no provision for failure since failure is not an acceptable concept.

Since funding from the AID project has been unavailable, the overall lack of training materials--booklets, notebooks, pens, blackboards, lamps and kerosene--is not too surprising. While DNAFLA has some stocks of basic literacy and numeracy booklets, stocks of post-literacy materials are very low. There are also problems with communicating needs from the village centers to the OHV FL Coordinator via the chefs de ZAF, and from him to and from DNAFLA. The chef de ZAF would ordinarily transmit the village-level requests to the OHV FL Coordinator during the latter's monthly supervision visits. However, since these visits do not occur, the communication channel is indirect. The Coordinator in fact admits that he has received requests for booklets and other materials, but has been unable to meet them, for reasons that appear dubious at best.

While the USAID can in fairness be said to have largely ignored the Project's FL component over the past three years, OHV management appears to have been equally dilatory. Despite numerous complaints about the FL Coordinator at OHV, who is seconded from DNAFLA and can be replaced only at the request of the OHV DG, he is still in place, is still without a vehicle, and is still not doing anything. There seems (still!) to have been no provisions made for the local training of chefs de ZAF, or retraining of animateurs. No training materials appear to have been made available even from the limited stocks that exist.

At present, there is no way for people at the village level really to "graduate" from the program's basic literacy/numeracy status to the post-literacy, advanced stage, since absolutely no additional post-literacy materials appear to have been made available, and the animateurs still in place have not received the retraining that would be necessary for them to use these

materials to teach from if they were made available. Some attendees do become both literate and numerate sufficient to run Groupements and Tons Villageois to the satisfaction of OHV and BNDA. However, DNAFLA, is not asked to test Ton office-holders for literacy and numeracy before Tons are certified credit-worthy.

It was decided at the time of the Eighth Amendment to the Project Agreement (July, 1983), that USAID should contract directly with DNAFLA to implement the FL component. For various reasons, the contract took about six months to be written and approved by USAID, and was delayed further with certification problems. The contract was signed in March, 1984, and as of July, nothing had been done except the preliminary evaluation, which was then on-going. No vehicle had been provided as required under the contract, and no steps had apparently been taken to begin to generate post-literacy materials. Mobylettes, which are also called for under the DNAFLA contract, are also not yet provided.

The OHV FL Coordinator position is still held by the same incumbent, despite the fact that this appears to constitute the main bottleneck that the direct contract with DNAFLA was designed to remove. Thus, it is not clear in what way the direct contract mechanism, which took so long to put in place, will actually improve implementation of the FL component.

Two positive steps were taken by USAID during the Evaluation Team's stay. First, the Malian Project Assistant who is a specialist in FL, has been reassigned back to the management of the FL component. Second, the new USAID Project Manager, has arranged to get a vehicle assigned to DNAFLA.

DNAFLA has also resolved on a new, intensive approach to FL basic training which will apparently be implemented in the OHV zone. Rather than continuing with the year-round approach, which seems to waste a lot of time and resources, there will now be a two-month intensive course to take place during the October-December harvest season, when people are more available. It is not clear, however, when and whether animateurs and chefs de ZAF will receive any training other than a "sensibilization" visit from DNAFLA HQ staff.

IV.6.5. RECOMMENDATIONS FOR PRESENT LOP

1. That the present FL Coordinator seconded from DNAFLA to OHV be put on a three-month probationary status, and that if he fails to meet pre-arranged performance criteria, the OHV DG will reconsider his nomination by DNAFLA for the sake of improved project implementation. The performance criteria should be set by the OHV DG, the TA Chief of Party, and the USAID Project Management team. Performance should be monitored and evaluated by this same group, and results should be conveyed formally to the OHV DG and the DG of DNAFLA.

2. That subsequent to implementation startup on the USAID-DNAFLA contract, attention be given to altering the program by a) providing third-country training to the then-present FL Coordinator as foreseen in the PP; b) assuring that all chefs de ZAF, monitored by the DNAFLA HQ staff, test all auditeurs in literacy and numeracy six months into implementation, and that a system be introduced to bring the unsuccessful up to speed or to create separate supplementary classes for them; c) providing a training plan for all chefs de ZAF and all existing animateurs and animatrices, and for additional ones to be added; and, d) developing special materials for the Tons Villageois and Groupements Villageois on book-keeping, financial concepts, ordering, warehousing, and estimating hectarage and input needs.

3. That the necessary OE funds be made available for third-country training of the USAID Project Assistant handling the literacy component concurrent with the training of the FL Coordinator.

4. That additional funds be provided under the DNAFLA contract a) for maintenance of DNAFLA's vehicles that will be used in the project zone for the project FL component; b) for the development of the special group post literacy materials outlined above, and, c) minimal cash remuneration for animateurs and animatrices on a trial basis in one or two ZAFS, including Ouelessebougou and Kati. This remuneration should come from village resources, but resources to conceive and conduct the experiment should come from the project. Suggestions can come from USAID, DNAFLA or OHV, but must be acceptable to the villagers.

5. That short-term TA be provided to develop a simple system for farmer-maintained farm or market records that can be introduced under the FL component with the assistance of the Secteur and ZER extension agents if necessary, and that funds be added to the DNAFLA contract to carry out this new sub-component as it is designed.

6. The OHV Director General should require the Technical Division and the appropriate TA specialists to assist DNAFLA in developing post-literacy training materials explaining new technical themes or combinations of cultural practices, and that the Agricultural Machinery Division of the Ministry of Agriculture be requested by the USAID to assist in the development of materials specifically on animal traction equipment.

7. That the USAID consider folding the UNFM Women's Project under the OHV Project. Management could be shared between the ADO and HRD. This would make the PACD of the UNFM component concomitant with the suggested extended PACD of the OHV Project as a whole. If this is done, the UNFM should continue to be the implementing agency for this activity. Alternatively, formal arrangements should be made and institutionalized between OHV and the UNFM and DNAFLA for jointly reviewing FL and women's group activities in the zone.

8. That DNAFLA be encouraged to explore new concepts and approaches to the timing and duration of FL courses, as well as to their content, and carry out some experiments in this regard in the OHV zone. Additional funds to be provided under the DNAFLA contract if necessary and requested in an approved plan of work.

RECOMMENDATIONS FOR THE LONGER TERM

1. That the FL component be maintained in an extended OHV project, with appropriate evaluation before the new PACD.

2. That DNAFLA HQ staff assess the literacy of Ton Villageois officers before any Tons are given credit with AID funds.

3. That a means be developed by which incentives are provided to chefs de ZAF either through a system of merit bonuses, prizes or awards, or a system for possible promotion in the DNAFLA hierarchy.

4. That based on the experiments in compensating animateurs and animatrices, which will have been evaluated by the USAID and DNAFLA, consideration be given to finding a way to compensate all animateurs and animatrices in the Project zone.

5. That the USAID provide some short-term TA to DNAFLA under the OHV or another Project, to review and improve the approach to women's FL training that is currently in use. This should be done especially if the UNFM Project is not folded in to the OHV Project.

IV.7.0. OHV PROJECT BLACKSMITH PROGRAM

IV.7.1. PROJECT CONCEPTS

The blacksmith program was incorporated into the OHV project originally through a number of animal traction centers that were to be in the following villages: Bancoumana, Sibi, Kangaba, Narema, Ouelessebouyou, Kourouba, Keniegoue and Selefougou. At each of these centers that blacksmith shop was to be established. OHV personnel and an expatriate technician were to conduct experimentation, development and improvement of farm items such as yokes, plows, seeders, etc. Coupled with this program was to be an enlargement of OHV training for village blacksmiths. Some 90 traditional blacksmiths were to be fully trained during the project's five years.

IV.7.2. SUBSEQUENT CHANGES TO PROJECT CONCEPTS

Four animal traction centers were built in the first year of the project, but were later all but abandoned. Thus, the blacksmith shops were not developed as planned. The blacksmith program was revised to one in which 1 blacksmith for each of the 28 Rural Development Zones (ZER) would receive training in more modern methods of blacksmithing.

Levels of Training Above Traditional Methods

Level 1	Traditional Method
Level 2	Blacksmith able to use modern forage Blacksmith capable of making spare parts
Level 3	Blacksmith capable of doing bottlegas welding

IV.7.3. TRAINING RECEIVED

For the 5-year period (1979-1983) there were only two training courses given for village blacksmiths. Attachment No. 1 contains the names of blacksmiths that had been given training, where they came from and what ZER they represented. There were a total of 14 that received training, all at the second level and 4 of the 14 that went on to receive level 3 training. The training was conducted in two separate 2 week courses, one given in 1979 and the other in 1982. The second level training was conducted by the Training Section of OHV in both 1979 and 1982. The level 3 course concerning gas welding was given at the Center for Teaching Mechanical and Agricultural subjects (CEEMA) near Bamako.

During the level 2 training, students attended the OJT 2-weeks course and then returned to their villages. At a later date all 14 blacksmiths were provided with blacksmith equipment under the credit funds of the project. There has been no training conducted since 1982.

The advisor provided by Louis Berger, who was given the job of developing the blacksmith program, had no background in blacksmith work and originally joined the TA team as a livestock-traction advisor. The OHV training section rated his performance as an advisor as fair.

IV.7.4 . OHV TRAINING SECTION'S CAPACITY

If project funds become available the Chief of the Training Section states that OHV is prepared to train 15 blacksmiths a year at the second level and 8 blacksmiths per year at the third level. Again, the third level training would be conducted at CEEMA. In lieu of the two-weeks courses that were given in 1979 and 1982, the new second level course would be given once a year, for a duration of 20-30 days. The third level course would also be given once a year for 34 days.

To further aid the local village blacksmith, the Chief of the Training Section advised the evaluator that his new organizational structure now permits his blacksmith trainer(s) to bypass the ZER and the Base Sector (SB), and go directly to the blacksmith. He believes this change will be beneficial to both the blacksmith and trainer as it will speed up training and avoid unnecessary red tape due to all the various administrative levels that must be passed through before reaching the village blacksmith.

IV.7.5 . PROBLEMS

The credit program set up for the Blacksmith Equipment Program is in serious trouble with all of the blacksmiths in arrears on their loan repayments. Credit has been suspended pending a solution on an improved credit program that is presently under study.

Apparently there has not been any field visits from OHV personnel to these blacksmiths except initially when the program was getting started. On this account, the blacksmiths visited feel they are forgotten and no one cares how they are making out.

Blacksmiths lack the funds to purchase raw materials. Often the client farmer cannot pay for the work when it is done, and pays in installments, this creates a cash flow problem for the blacksmith.

None of the welding equipment has been delivered to those blacksmiths who received third level training.

Quite obviously the blacksmiths need some training in the finances and management of their businesses. Equipment received by the blacksmiths through a project loan program is wearing out, while outstanding loan balances go unpaid. It is clear that blacksmiths do not understand adequately the system of pricing

that will permit them to amortize their tools and equipment, cover costs of materials and labor, and get paid for their expertise.

IV .7.6. RECOMMENDATIONS

1. That USAID/Mali should continue with the blacksmith training at the rate that the OHV Training Section is prepared to and capable of handling. Training should continue throughout the life of the project.
2. That the consultant to OHV's Training Section be knowledgeable in blacksmithing and have a working knowledge of Bambara.
3. That the welding equipment that was to be provided under the project be further delayed until funding and logistics for resupply of gases can be worked out.
4. That training on business and management be included in the blacksmith training program.
5. That some arrangement be made to guarantee a continued supply of materials needed by the blacksmiths.
6. That the problem of replacement tools and equipment for the blacksmiths be studied to determine if a system can be worked out to assure adequate tools be available.

ATTACHMENT NO. 1

TRAINING YEAR AND YEAR BLACKSMITHS RECEIVED EQUIPMENT

No.	Name	Village	Level of Training	Year of Training	Year Equipment done
1.	Seme Sinaba	Bancoumana	2	1979	1981
2.	Dougou Sinaba	Kongola	2	1979	1979
3.	Ousmane Konate	Dio	2	1979	1979
4.	Minamba Kante	Karan	2 3	1979 1982	1979
5.	Yousseuf Camara	Faraba	2	1979	1979
6.	Mamadou Traore	Sinsina	2	1979	1979
7.	Wandreba Bagayogo	Fouh	2 3	1979 1982	1982
8.	Koroson Bagayogo	Nioko	2	1982	1982
9.	Bakary Samake	Baguineda	2 & 3	1982	1982
10.	Kabine Bagayogo	Selingueni	2	1982	-
11.	Sibiry Kante	Feratoum	2	1982	1982
12.	Balla Samake	Dial. Djit.	2	1982	1982
13.	Noumory Kante	Kassamana	2 & 3	1982	1982
14.	Kabing Doumbia	Kela	2	1982	1982

IV.8.0. EVALUATION OF ROAD CONSTRUCTION OHV PROJECT

IV.8.1. CONSTRUCTION OVERVIEW

Planned road construction for the Operation Haute Vallee project has undergone several changes during the design and implementation phases of the Project. The history of each of these changes can be found in the Project Paper, the proposal TA contractors meeting in Washington D.C. and correspondence between the USAID and the GRM. The roads and trails that were finally selected were agreed upon between USAID/Mali and the Operation Haute Vallee. The original road and track improvement plan which involved 398 kilometers, consisted of 200 kilometers of existing roads to be upgraded with laterite surfacing to a Malian Class C standard to obtain an all-weather road passable throughout the year. The remaining 198 kilometers, composed mostly of bush tracks and trails, were to be improved by grading them where necessary along with installation of culverts at stream crossings. These were also to be passable throughout the year. Given the condition of the existing roads and tracks, it was determined during initial stages of project implementation that building to these specifications could not make the roads all-weather. Therefore it was proposed to upgrade all road improvement to class B. However, even at class B certain vital features were lacking, such as adequate road width, depth of surfacing, assured drainage and heavier load limits. With this justification given by OHV, USAID/Mali agreed to raise the classification to that of Class A for the entire 398 kilometers of road.

For ease of the reader's understanding of what roads were built to date, those that are still under construction, and future roads to be built, the roads are listed below by sections. These road sections are:

Section A

- o Sibi-Bankoumana
- o Bancoumana-Somono
- o Bancoumana-Misra
- o Misra-Koran
- o Koran-Sokourani

Section B

- o Kangaba-Balanzan
- o Balanzan-Keniegoure
- o Keniegoure-Banankoro
- o Banankoro-Dioulafoundou

Section C

- o Mountougoula-Dara
- o Dara-Falmi-Darani
- o Darani-Farakole-Kolimba
- o Kolimba-Tjele
- o Tjele-Gwani
- o Tjele-Mbasian
- o Mbasian-Kouraba
- o Kouraba-Djana-Kesiga
- o Kesiga-Koblebougou-Kassela *

* Kassela is not shown on the map but it is marked in. It is near Tjema.

Section D

- o Ouelessebougou-Songonla-Falan
- o Falan-Sanambele-Tadyana
- o Ouelessebougou-Mpiebougou-Tounoufou-Faraba-Kourouba-Dangassa-Makono
- o Tourela-N' Boloboufou
- o figuira-Tomo-Man-Coura

Sections A,B, & C	Total Kilometers	234
Section D	Total Kilometers	164
	Grand Total Kilometers	398

IV.8.2. CONSTRUCTION CONTRACTOR'S ORGANIZATION

The executing agency for road construction is Travaux Publics (TP), which has 5 construction brigades called Travaux Neufs (TN). It is one of these TN brigades that is building the roads for this project. Two technical assistants under the TA contract with OHV were provided to TN.

During the course of this evaluation only a limited amount of work in progress could be observed. This work was being done in Section C on the road from Tyele to Mbasian. Operators were well trained and equipment appears to be in good working condition.

IV.8.3. CONTRACTOR'S BASE CAMP

An inspection of the camp revealed that it is orderly and well maintained. Equipment records, administrative records, current and up-to-date supply records all appeared to be well maintained. During the rainy season all road building equipment and tools are brought to the base camp for cleaning, maintenance and repair, and readied for the next construction season that starts in October. Currently with the exception of the front-end loaders, dump trucks, motorgraders and compactors, all remaining equipment have been brought to the base camp.

IV.8.4. ROAD BUILDING EQUIPMENT

The list of construction, maintenance and surveying equipment can be accounted for. A spot check of some of the heavy construction equipment showed good maintenance practices. All of the equipment in the TN brigade is in running order with the exception of 1 IH dump truck. It is the opinion of the evaluator that the equipment is in good condition and can easily carry out the remainder of the project if maintained as it has been.

IV.8.5. ROAD CONSTRUCTION

A road reconnaissance of the actual work carried out for Sections A, B, & C was undertaken. All roads are generally in straight lines with slight curves and bends. The contractor eliminated several dangerous and severe curves by by-passing them with straighter alignments.

The first of the 4 sections that was built was Section A. Considering that it was completed in July 1982 it shows little, if any, deterioration. There are no places that gave evidence of washouts. There is no washboard evidence on the laterite road surface. All of the culverts, fords and small concrete bridges are well made and appear to be holding up well. Section B's roads generally parallel the Niger River on the West side. The road appears to be holding up very well. It is properly compacted and a good grade of laterite was used for the surfacing.

The roads that compose Section C are away from the Niger River, and commenced in March 1984. The entire road is well built on top of the old existing bush track. The road surfacing was made with a good grade of laterite. It is well compacted and properly levelled and crowned. Side ditches are provided throughout. No evidence was found of any soft spots, pot holes or any other surface faults that would impede year around traffic. The contractor has nearly completed the road and will finish by 31 July 1984. The remaining 39 kms. in section C should be completed by the end of December 1984.

It should be noted that, in the opinion of the evaluator, an all weather road as called for in the project paper and project agreement, could only be achieved by planning, engineering and construction standards required under the Type A roads as has been done on all of the 195 kms. of roads that have been constructed under the OHV Project thus far.

Section D roads have been programed by OHV for the 1985-86 construction season.

IV.8.6. MAINTENANCE OF ROADS

According to the TA team's Annual Report for 1983/84, maintenance of roads was carried out by the Koulikoro TP using its own equipment and operating funds from the funds that OHV receives as a cesse on cotton marketing. This could not be confirmed by the evaluator, and it appeared that to date no maintenance had been performed on any of the roads built by TN. The project equipment that was slated to be turned over to TP to perform maintenance has been used exclusively for the construction of roads.

IV.8.7. PROBLEMS

The only real problem that exists to date in the road construction to be undertaken by the OHV project is that of financing. According to reports of the TA team, for a total of 12.5 months out of a possible 35 months of construction time, the road brigade had to shut down due to lack of funds. Given the normal production of the brigade, from 6 to 8 kms./month, this represents a loss of from 75 to 100 kms. of construction time. If the present budgets are approved by the end of the rainy season, the remaining 39 kms. of road under Section C can be completed this year. That would leave only three months until the PACD, which will not permit the completion of the road program as projected under the project. Had work stoppages not occurred, the targeted 398 kilometers could have probably been met by the present, extended, PACD.

IV.8.8. MEETING PROJECT OBJECTIVES

A total of 195 kms. of roads have been built to date. It is not likely that more than 50 to 75 kms. more can be built before the current PACD. If the PACD is extended to June of 1986, as recommended in this evaluation, it is quite likely that the total 398 kms. can be completed.

Since cost was a contributing factor of the original concept as to which roads were to be built to Class B and which tracks were to be slightly improved, it should be noted that even though all roads and tracks were elevated to a Class A standard the road construction component has remained within budget. Original budget estimates were \$13,000 per kilometer, but actual estimated (depending on exchange rate used) cost is \$6,552 per kilometer. It is quite likely that a major contributor to this saving has been the currency exchange rates. As data on the percentage of cost requiring dollar exchange was not known, this calculation could not be made.

From figures obtained from the TN engineer's records the following is given:

Funds received by TN October 1980 thru May 1984	772,632,863 FM or \$965,791
Additional Funds received by TN in June 1984	<u>57,800,000 FM</u> or <u>\$ 7,225</u>
TOTAL	830,432,863 FM or \$973,016;

using a rate of exchange of 800 FM to one \$ U.S., the 195 kms. of road built to date would equal:

$$\$973,016/195 \text{ kms.} = \$4949.83 \text{ or } \$4990/\text{km.}$$

The exchange rate of 800 FM however should be adjusted slightly, as that is only slightly below mid-July 1984 actual rates of about 870 FM = 1 \$ U.S. From 1980 through June 1984 the rate of exchange fluctuated between 500 FM and 850 FM to the dollar. Thus for purposes of estimating an average exchange rate we have chosen 650 FM equals one dollar. Using this figure, the cost per kilometer would be:

$$\$ 1,277,590/195 \text{ kms.} = \$ 6,552/\text{Km.}$$

Using the figure of \$ 6,552/km., a comparison is made with another major donor project. For similar road construction, with slightly higher standards, the Malian Government using TN as the contractor, is building 82 kms. of rural road. From figures obtained from the Director of TN the following is given:

Received from Donor: 620,709,113 FM or \$ 954,937, for 82 kms. of road.

Cost per kilometer:

$$\$ 954,937/82\text{kms} = \$11,645/\text{km. (Using 650 FM = 1 \$U.S.)}$$

Therefore it would appear that AID's roads compare vary favorably with the other major donor. However it would be necessary to be certain of all costs, including equipment purchases or rentals and TA costs, of both projects in order to get an accurate comparison. It is clear that the AID financed roads are reasonably priced.

IV.8.9. RECOMMENDATIONS

1. That AID fund the amount needed to finish the 39 kms. of road under Section C from Kassela to Mbasian (\$156,735 est.)
2. That AID fund the amount needed for roads under section D (\$960,335 est.)
3. That an engineer continue to be provided through the technical assistance contract.
4. That USAID/Mali continue to press TP concerning adequate, timely and continued maintenance of roads that have been built under this project.

IV.9.0. CONSTRUCTION

IV.9.1 BACKGROUND

The Project design called for the construction of a 700 square meter office building for OHV; 6 animal traction storage facilities, 6 additions to field offices and 4 warehouses. Additionally, eight animal traction training centers were to be built out of local construction materials. In year 1 of the project, 4 animal traction centers were built, and afterwards virtually abandoned. The only other construction done at the time of the evaluation was the OHV office building.

IV.9.2. SITUATION TO 1984

The construction of the office building encountered some difficulties in the design, choice of supervising engineer, and determination of site. Delays, plus site specific problems which entailed more costly foundations than was foreseen in the project paper, caused cost overruns. Whether those problems were sufficient to almost quadruple costs is debateable and it is questionable if the value of the completed building is commensurate with the price.

IV.9.3 EXISTING SITUATION

Although the building is structurally sound, several design problems should be corrected to prevent deterioration or make the building more serviceable. Cosmetic changes, such as resurfacing the floors and painting with washable paint should also be done.

IV.9.4 RECOMMENDATIONS

The evaluation recommendations for USAID are that more care should be taken in choosing the design of the remaining buildings to be built, as well as closer scrutiny of the engineering plans, and monitoring of construction should be done.

ANNEX I

Chronology of Operation Haute Vallee

Project Paper

Approved September 18, 1978

A project for integrated rural development was approved for a total AID commitment of \$18,395,000. This project was to assist the Government of Mali in the financing of development activities of the Operation Haute Vallee.

The purpose of the project was to increase agricultural productivity, production and marketing throughout the Haute Vallee region, an area of 13,800 square kilometers. The project was to affect 211,000 people who lived in over 200 villages and towns in the region. Seven specific activities made up the project.

1. Animal traction training and research

Eight animal traction training and research centers to demonstrate rational use of work oxen and increase the number of teams, develop better farm implements, and train farmers and blacksmiths were to be built.

2. Rehabilitation of the Bancoumana polder A rice irrigation area was to be rehabilitated. Yields were to increase from 700 kgs./ha. to 3000 kgs/ha. and 160 farm families, about 2000 people, were to benefit directly.

3. Agricultural Credit Modifications were to be made in the existing credit system by increasing interest rates, extend the length of credit terms, and offer credit for work oxen. A comprehensive study of the credit system was to be made, and a revised system installed in year four.

4. Road and trail rehabilitation and upgrading 398 kms. of secondary roads and trails were to be improved in the project area.

5. Health Assistance to design a low-cost rural health system to treat endemic diseases in the project area.

6. Functional Literacy To expand the functional literacy program into 100 villages in the region.

7. Administrative support for the Operation Haute Vallee the project was to provide a socio-economic baseline study, assist in planning, training, provide technical assistance, construct a new headquarters building as well as additional field office space, and supply trucks and vehicles to the OHV.

\$ 500,000 were authorized for FY 1978.

Minutes of Meeting (PV at MOA) September 20, 1978

Discusses ProAg. Rep of SCAER did not agree that OHV should be permitted to purchase inputs on the open market. TP wanted more training, and asked for a definition of piste. Credit interest rate would be adequate to "alimenter" credit funds, & a 2.5 % prime would be required for livestock purchases.

Project Grant Agreement Signed September 29, 1978

First Amendment December 29, 1978

Adds \$ 3,000,000 to the existing \$500,000 authorization.

Technical Assistance Contract January 8, 1979

R.F.P. for T.A. approved by AID and GRM and sent to AID/Washington.

T.A. Contract January 19, 1979

Director of OHV travels to Washington to attend a preproposal conference which was held on Jan 23, four contractors attend.

P.I.L. # 1 February 7, 1979

Earmarks \$177,000 for GRM project expenses for the period October 1, 1978 to September 30, 1979.

Commodities March 13, 1979

Total of \$1,547,850 PIO/C's for road construction, farm equipment, and vehicles issued to date, as well as \$100,000 other commodities including \$40,000 for Literacy commodities.

Memo AID internal - Davis April 5, 1979

Functional Literacy - notes the lack of

supplies and books for stage III auditors. notes usually only one animateur at each center, lack animatrices. Coordinator is both OHV FL and Reg. Dir. of FL for Koulikoro.

T.A. Contract

April 14, 1979

Completed evaluation and rating of five companies who responded to the R.F.P. for T.A.

Memo AID internal

April 27, 1979

Abdoul Diallo replys to FL memo of Davis. Gen. agrees, but says OHV current budget addresses most of the supply concerns.

T.A. Contract

May 10, 1979

OHV& GRM begin interviews with two top rated companies for TA. Selected Louis Berger.

Socio-Economic Studies

May 22, 1979

OHV reports on the selection of a contractor for the socio-economic studies to be undertaken in the OHV. Two bid submissions were received:

1. I.E.R., over two years, 32,000,000 FM
2. BARA, over one year, 17,701,250 FM

BARA awarded the contract May 22, 1979

T.A. Contract

June 5, 1979

Contract negotiations started.

P.I.L. # 2

June 8, 1979

Proposes the budget breakdown of the \$302,000 for construction for the project.

Participant Training

June 16, 1979

First three candidates proposed by GRM for statistics, agricultural extension and finance.

T.A. Contract

July 1979

Contract for technical assistance between Louis Berger and OHV approved by AID and signed by the GRM and Louis Berger.

July 1979

Report of AID Project Manager, W.J. Davis, for the period September 18, 1978 to July 24, 1979 deliniates the following problems.

1. No OHV personnel have experience in managing a USAID Project.
2. OHV controller's office has little or no accounting system.
3. Bottlenecks occur in OHV/MRD approvals, especially at level of Ministry.
4. Cut in year 1 budget results in reduction in road equipment procurement which will delay road construction program.
5. Long negotiations with IH delays purchases of vehicles and raises costs.
6. Water supply to provide adequate water for irrigation for Bancoumana is questioned, and recommendations for engineering and economic study of the Polder rehabilitation are made.
7. OHV has difficulties in generating sufficient income to cover operations costs;

Project is causing expansion in personnel at OHV (see ProAg 4.2.f requiring 7 new extension agents per year).

Questions whether OHV will have the ability to cover recurrent costs after PACD.

OHV income primarilly from marketing, especially peanuts and cereals due to GRM monopoly policies (elimination of cereals marketing monopolies already under negotiation between Donors and GRM).

Second Amendment

August 29, 1979

Adds \$ 1,432,000 to the previous authorization of \$ 3,500,000.

Third Amendment

September 29, 1979

Adds \$ 100,000 to the previous authorization of \$ 4,932,000.

Banamba and Koulikoro

March 1980

OHV takes over these two areas.

Bancoumana Polder

March 21, 1980

Meeting of Genie Rural, OHV, and USAID (Jepson). Subject of adequate water in the Koba to irrigate the Bancoumana Polder. Genie Rural assures USAID that there is sufficient water and any further hydrologic studies are not required. USAID decides to refer issue to USAID engineer.

Fourth Amendment

March 17, 1980

Adds \$ 1,620,000 to the previous authorizations of 5,032,000.

P.I.L. # 3

May 9, 1980

Agrees to the Minister's request to use project funds to pay supplemental allowances according to a transmitted schedule. Sets date that schedule would be effective as of May 1, 1980.

Fifth Amendment

May 22, 1980

Adds \$ 1,530,000 to the previous authorizations of 6,652,000, delineates AID commitments to the project budget (\$18,375,000), and corrects previous error on studies budget.

P.I.L. # 4 (first)

September 4, 1980

Agrees to the continuation of the studies for the rehabilitation of the Bancoumana polder based on a meeting on March 21, 1980 when Genie Rural and Operation Haute Vallee gave assurances that the Koba river can provide adequate supplies of water for irrigation of the polder. Notes that funds anticipated for the rehabilitation works was set at \$640,000 in the Grant Agreement.

Sixth Amendment

December 31, 1980

Adds \$ 3,000,000 to the previous authorizations of \$ 8,182,000.

Memo; REDSO to USAID

January 3-12, 1981

Report of Roy Bronson, REDSO/Ag TDY of Jan.

1981 to ADO BAMAKO. Problems cited:

1. Planning at OHV is weak;
2. Poor communications between technical assistance and OHV;
3. Poor communication between AID-OHV-TA;
4. Implicit changes in project direction.
 - o reduction in # of animal traction centers;
 - o construction of A.T. centers at sites different than PP proposed;
 - o elimination of training of farmers in A.T. at centers
 - o project did develop associated demonstration areas at A.T. centers;
 - o request from OHV to eliminate A.T. specialist from TA team and change work of agronomist;
 - o OHV requests purchase of 16 mini-tractors (36HP)

Recommendations:

1. AID make efforts to improve communications;
2. AID insist on timely and detailed project specific plans of work.
3. Scope of Work for evaluation should include looking at agriculture and associated technology;
4. S.O.W. should review cost effectiveness of different technologies;
5. Evaluation should look at mode of contracting;
6. AID should require written justification for major project shifts;
7. AID should use TA team to review project shifts;
8. Evaluation should review the proposed elimination of A.T. Tech. Ass't and change of agronomist;
9. AID should insist on the implementation of the Project Agreement; and,
10. The proposed study of the credit system should be done.

Minutes of meeting (PV)

March 11, 1981

290 million FM requested for credit:	
complex fert.	147,250,240
urea	39,029,760
phosphate Telemsi	3,720,000
multiculteur	12,315,480
TRP 1000kg.	5,695,110
semoir multi-rang	5,552,690
horses	561,000
mini-tractor	65,875,820
spares-tractors	10,000,000
TOTAL	290,000,000

Gail Shands, AID project officer, asked that an official letter be sent to AID re: extension of project to Banamba and Koulikoro giv-

- ing list of personnel who will become part of OHV in new zones, and all other personnel of OHV.
- o AID controller holding up check for credit waiting response of GRM on credit terms.
 - o Shands asked for a L.T. credit specialist, Schmidt and Vakil were in process of doing a credit system which would take two more months. Kante preferred a S.T. TA.
 - o Shands said OHV should take out tractors from credit request, put them under a R&D budget line.
 - o New Plan d'Campaign includes a gardening component, Shands said to do a project proposal and send to AID to study.
 - o Shands said AID engineer had problems with Bancoumana plan of GR.
 - o OHV Dir. said that TA Vakil had to approve expend. for Dir's signature.

Minutes of meeting (PV)

April 29, 1981

OHV budget proposal for fourth quarter still at AID. TN out of money, need immediately 20 million FM.

P.I.L. # 4 (second)

March 23, 1981 (May 4, 1981)

Sets the terms and conditions for the agricultural credit program.

P.I.L. # 5

May 13, 1981 (May 29, 1981)

Amends P.I.L. # 2 of July 17, 1979 for construction to conform with the sixth amendment, permitting \$2,950,000 broken down as follows:

1. Headquarters building	\$ 600,000
2. Roads	\$ 950,000
3. Garage	\$ 150,000
4. Other buildings	\$ 250,000
5. Bancoumana polder	\$1,000,000

Letter No. 302 (GRM/MOA?)

May 13, 1981

P.I.L. # 5 (second)

May 29, 1981 (signed)

Informs the Minister that letter no. 302 of May 13, 1981 is considered official correspondence and satisfies the conditions set forth in P.I.L. # 4, paragraph 14, dated March 23, 1981. Sends check for FM 290,000,000 for the special agricultural credit account, and asks the Minister to indicate his

agreement with the interpretation by signing and returning a copy of the P.I.L. (signed by Minister May 29, 1981).

Memo; REDSO engineer

June 22, 1981

On 611(a) for office, low bid for 800 square meters was 240,333,238 FM, valid until NOV. 1, 1980. Final certification withheld until soil tests indicate adequate bearing requirements of foundation.

Minutes of meeting (PV)

July 13, 1981

TN submitted budget for 75,000,000 FM, to AID but no action taken. TN needs new contract amendment.

Minutes of meeting (PV)

July 22, 1981

Flemming announces that next week there will be a new AID project officer, Toure interim. New contract ready TN/OHV to send to Thompson AID/engr. SNTP ready to start office but need waiver. Kante suggest USAID publish a booklet on AID regs for project implementation.

Seventh Amendment

July 31, 1981

Adds \$ 730,000 to previous authorizations of \$ 11,182,000.

First Evaluation

Started August, 1981

P.I.L. # 6 (Non existant)

Minutes of meeting (PV)

September 23, 1981

- o Training of specialists in animal traction to be done at Samanko
- o Training of credit specialists to be done be LBII TA
- o Contract TN/OHV being studied by Jacobs
- o Document on Bancoumana polder is with USAID controller for examiantion
- o Budget for new sectors Banamba and Koulikoro will soon be sent to AID

P.I.L. # 7

October 26, 1981

Reaffirms USAID's committment to the rehabilitation of the Bancoumana polder. Sets USAID's postion that the farmers must be

involved in the planning and management of the polder development and operation. Requires that the GRM furnish a comprehensive plan for the development of the polder which is "in consonance with the general plan described in the Project Paper." The plan should include the following:

1. A description of the organizational structure and management procedures to be employed.
2. Economic and financial analyses of the polder development plan verifying the feasibility of the plan.
3. An analysis of dues and charges.
4. To guarantee the productive use of the polder;
 - a. Assign a qualified rice agronomist.
 - b. Do a survey of the labor and technical capabilities of farmers in the pilot parcels; and Assign qualified personnel, provide credit and other necessary activities for intensive production, and a training program for animal traction, fertilizer, herbicides, pesticides and efficient water management by the affected farmers.

P.I.L. was drafted by REDSO engineer Anders.

Minutes of meeting (PV)

November 21, 1981

Introduction of Conley (?) Situation of personnel in OHV:

19 IA
1 Elevage
1 Elect/mech
13 ITA
15 Conduct. Ag
65 Moniteurs
82 Encadreurs
10 Encadreurs d'Elevage
3 Infirmieres d' Elevage
482 Total personnel.

- o Kante says the Project Paper is "like the Bible to OHV"
- o Kante estimates that credit is the motor of the project, and is not in agreement with AID's requirements on interest rates proposed last year. Recommendations of AID, particularly on fertilizer are unrealistic, Dir. OHV thought maybe AID wanted to wait for their new project officer to arrive to review this policy.

- o Collaboration with AID: There has been a long succession of of AID project directors, none stayed for a long period of time which has had a negative impact on evaluation; AID does not respect their own previously taken decisions; Delay of budget approvals is due to continous changes on the part of the controller.

Minutes of meeting (PV)

December 9, 1981

OHV Director says all credit documents are available for inspection

Minutes of meeting (PV)

December 10, 1981

Ralph Conely project officer AID.

- o Conely asks if credit policy has been explained to farmers, is there a list of beneficiaries, a list of inputs supplied on credit, how long before OHV recovers funds.
- o 68 million FM budget for operations sent to AID, controller waiting on answers on credit before releasing check
- o Conley notes that last year OHV sold inputs at below cost. agreement requires deposit of difference in credit fund. Kante had agreed to handle this, what is status?
- o Conley says USAID will no longer finance fertilizer, all credit funds should go to equipment and oxen.
- o USAID wants unspent credit funds repaid before AID auditors arrive.
- o Tidiani Diarra says if auditors are late it will have a negative impact, even disastrous, on credit & OHV
- o USAID is tying operating funds to credit.
- o Suggest a seminar to react to evaluation recommendations, at cabinet level
- o Conley wants to meet with DNAFLA, he feels serious problems exist with leteracy
- o Contract of Mr. Maurat, A.T. specialist soon over, OHV would like to keep him in another capacity, will require a fourth amendment to TA contract, but third not yet signed.

P.I.L. # 8

December 14, 1981

States that USAID feels that OHV has not adhered to the conditions for credit as outlined in P.I.L. # 4. Additionally, states concern that control systems for use of AID funds are inadequate including accounting of moneys spent, purpose of expenditures and disposition of materials purchased.

Requires the following information before USAID will release the operations funds of MF 68,703,920 for the October-December period:

1. An up-to-date accounting of the funds already given to operate the credit fund in accordance with P.I.L. # 4;
2. A refund to AID of the balance of funds currently on deposit in the credit fund special account;
3. The list of producers (with locations) that have received credit, with detailed description of items, etc.; and
4. A copy of the written document in Bambara that explains the loan program to the producers and evidence that the villagers have received this document and understand it.

Minutes of meeting (PV)

December 30, 1981

- o There is a new certification system for AID, Pat Jacobs and Adama Traore gave details of all instruments.
- o Kante notes that funds of project have been blocked for a month
- o Conley still waiting for information required by P.I.L. # 8; with this info. funds can be unblocked.
- o Conley suggests that OHV prepare budget, but Vakil says he cannot prepare budget without knowing the level of funds available which he can't get from AID.
- o Conley says there is no amendment yet for this fiscal year (Presumably USG's)
- o OHV wants to add funds requested by SNTP for work already performed
- o Bancoumana social study is done, USAID has a copy of proposed contract GR/OTER
- o Letter responding on credit is ready. AID will make credit funds a separate certification after LBII new credit person sets up system.
- o Can OHV ask for inputs before credit is certified?
- o TN will have to stop work if funds don't come, can TN get money before a separate account is opened? TN has 37 million FM outstanding. Controller has requested check for TN.

Memo

December 30, 1981

Internal memos AID where Jean J. DuRette cites serious problems with the literacy component, and suggest removal of coordinator, Conley objects.

First Evaluation

Completed December 31, 1981

A 13 member evaluation team undertook a comprehensive evaluation of the project to date, and made 38 separate recommendations. These are detailed in the section titled First Evaluation.

Minutes of meeting (PV)

January 6, 1982

- o Bancoumana - USAID received Grisay report and it was approved by ADO
- o Conley says P.I.L not clear, because he had not asked for advice of farmers on the entire program
- o Does OTER have an account? No, they don't need one as they only do one job at a time. OTER would like to get started.
- o P.I.L.# 8 not yet circulated in AID
- o Schmidt, LBII TA said he had written a letter asking for permission to hire a S.T. TA but has had no response from AID.
- o Conley suggest DNAFLA should have a more direct role in FL, OHV Director wants to know the problems and the future of literacy, USAID still asking for evaluation report.

Minutes of meeting (PV)

January 13, 1982

- o AID has responded to OHV about credit expert
- o SAFGRAD/OHV question raised
- o Bancoumana: A letter will be sent from USAID to authorize OHV to sign a contract with OTER. Controller will be asked to certify OTER. Kante telephones Director of OTER, who says they will be able to start on the condition they get 28 million FM owed by AID on Riz/Sorgo/Gao

Memo

February 5, 1982

- USAID meeting to review Bancoumana.
- o Questions that need study by economists, engineers, managers, agronomists & finance.
 - o Keep it simple, small, exercise tight con-

trol, require overwhelming economic justification and keep control close to beneficiaries. Major concern about the social feasibility.

Memo

February 9, 1982

Ken Shapiro reviews economics of Bancoumana and redoes cost/benefit ratios, which are positive but not spectacular, in memo to Bob Shoemaker.

Information Note

March 8, 1982

OHV to Director USAID in response to letter on fertilizer, citing research findings (particularly SAFGRAD) to substantiate use of fertilizer, especially phosphate Telemsi. Other points:

- o Beginning 1982/83 OHV will be concentrating on maize as it is the most economical crop, believe they can produce 4 ton/ha. with 200 kg of complex (14-23-14) and 150 kg urea;
- o To recover credit, OHV thinks with free market, floor price of cereals, and minimizing the negative influence of the private traders, there should be a favorable market;
- o OHV asks for 1040 tons of complex, 780 tons of urea, and 200 tons of Phosphate Telemsi for maize along with 4550 liters of herbicide.

Minutes of meeting (PV)

March 17, 1982

68 million FM check now with Jenkins. Operations costs must be high, of \$1,725,000 budgeted, \$ 1,228,000 already spent, with 17 months to go.

P.I.L. # 9

March 24, 1982

Acknowledges receipt of MOA letter no. 134 transmitting the list of beneficiaries of the credit program and the inputs sold to them by OHV. AID agrees that the conditions for the release of funds to OHV's operations account as set forth in P.I.L. # 8 of 12/14/81 have been met. USAID warns the Minister that USAID is reviewing the information and intends, in the future, to make spot checks to verify the information transmitted. Release check for FM 68,000,000 for OHV operating account.

In reviewing the disbursements from the credit account, USAID notes a check for FM 31,655,188

payable to Haute Vallee. The Minister is asked to submit justification for this check. In the event it is not justified, OHV must repay AID this amount immediately. USAID agrees not to hold up the operations funds, but requests immediate action.

USAID informs the MOA that the credit fund will require certification. Instructions for certification will be forwarded in another letter, but the credit account is blocked.

Minutes of meeting (PV)

March 31, 1982

- o Now can unblock TN funds, TN contract must be rewritten to conform with USAID regs. Check for TN arrived 3/30/82
- o OHV took initiative and ordered inputs from CMDT and SEMECMA. they agreed while OHV & AID discussions took place on financing.
- o OHV preparing document clarifying situation of credit and operations, will AID cover payments on inputs?
- o Conley thinks there should be no problem, USAID must decide its position on financing fertilizer, meanwhile suggests that OHV consider (re) introducing credit for oxen.
- o Bancoumana: AID Bamako has asked for REDSO Engr. Anders to come to Mali, everything ready except changes in cahier des charges and the contract, Conley and Cashion plan a trip to Bancoumana on 7 April to discuss documents with farmers, He thinks work can start this year, at least material can be in place.
- o Schmidt scheduled to leave next Saturday

Minutes of meeting (PV)

April 3, 1982

Meeting with Sante Public. Mr. Diallo, of Regional SP heard a rumor that health component was scratched. Reply:

- o OHV was too busy to do health
- o Suggestion to put health in AID health office who is also too busy
- o SP thinks the health component was sacrificed for ag.
- o Suggest health be moved to Phase II.

Minutes of meeting

April 23, 1982

- o No fertilizer can be bought until credit is certified. AID is also still promoting the purchase of other inputs. AID says borrow

- form CMDT. Kante still wants fertilizer, and also hopes AID will finance insecticides.
- o Vakil says AID gave its agreement to support activities in BANamba and Koulikoro
- o Credit funds must be controlled clear down to SB

Minutes of Meeting (PV)

May 6, 1982

- o Restructure Technical Assistance
 - o Grisay to design an extension system
 - o Woldeyes to do data collection and develop a training system, with work on research declining
 - o Kante agrees, Conley hesitant, especially on extending Grisay to August 1982, would need to check budget.
- o Kante agrees with TA changes if he can get a letter assuring that the Bancoumana polder will be done.
- o Parker proposed an additional TA in data collection, Kante thinks the cost is too great, better go short-term.
- o Vakil says controller gave absolutely no instructions on what accounting system should be proposed.
- o Vakil - up to this point OHV has received only 1 quarterly budget, now controller says operations budget is overspent
- o Parker - Does AID want to do Bancoumana?
- o Conley says all problems with Bancoumana are now resolved, in his opinion it will be done - USAID is only waiting for legal contracts offices' opinions and he will review these in Abidjan, the contract should be finalized in one month.
- o USAID agrees to Parker as chef d'equipe

P.I.L. # 11

June 16, 1982

Agrees to a contract for FM 12,278,280 for telephone installation at the headquarters building.

Minutes of meeting (PV)

June 30, 1982

- o Fourth quarter roads budget is with AID, will controller block funds over waiver requirements for culvert? No problem says Conley
- o Finally received all road equipment except two PU trucks which are at UMIMA
- o 121 kms road built to date
- o Negotiations underway for GRM to maintain roads, GRM says road maint. is a large support of donors as well as GRM.

- o Vakil says he will wait no longer for FL budget to finish OHV budget
- o AID says vehicle insurance should be a GRM contribution
- o Diarra complains of Jerry Cashion's visits to OHV region to look at possible development projects without consulting OHV

P.I.L. # 10

July 7, 1982

Spells out reimbursements allowed to the Contractor, SNTP, for work under the contract for the headquarters building. Agrees to certain arbitrated costs, and to amend the contract by FM 16,000,000 to cover this. Revises the budget allocations for funds obligated to date accordingly, with a total of \$ 11,912,000.

Monthly Report, TA

July 1982

- o Completed to date 93.5 kms of road for 362,269,953 FM, with a few expenses to be done the costs is rounded to 4,000,000 FM/Km or \$6,653/Km
- o Planned 74.5 kms to July 1983 (PACD)
- o Financial Expert has done a recapitulation of all OHV expenses since March, 1979. There has been a problem because some files were sent to the new office, and subsequently SNTP has forbidden entrance to the building because of a dispute over contract.
- o Credit will stop in August

P.I.L. # 12

August 4, 1982

Cancels the Health component of the project, and states funds will be reprogrammed for other activities.

Letter

September 1, 1982

USAID Director to MOA. Asks for a plan for road construction, by criteria, and justify the choice of roads and outline design criteria. Requests that MOA advise AID on the money for maintenance

TA contract

September 13, 1982

Example of contract sent to Ministry.

Audit

Completed September 20, 1982

Audit undertaken by request of USAID/Mali Director. A series of recommendations were made as detailed in the section titled Audit, 1982.

P.I.L. # 13

September 20, 1982

Approves the operations budget for the OHV for the months of July, August and September, in the amount of FM 52,233,325 (detailed), out of a request of FM 60,563,008. Approves the applied research budget for FM 12,432,000. Approved FM 78,617,972 for rural roads.

P.I.L. # 14

September 20, 1982

Agrees to amendment # 4 of the GRM-LBII contract incrementally funding the T.A., to its maximum authorized level of \$3,346,133.

P.I.L. # 15

November 15, 1982

Proposes to begin negotiations immediately with DNAFLA to undertake the management and implementation of the functional literacy component.

Field Trip Report-Bousquet

November 10, 1982

LBII HQ TA contract supervisor reports on his inspection trip of nov. 4-9. Points:

- o Amendment to TA contract signed by Bousquet during inspection trip
- o Received approval of Rolfe as credit advisor
- o Agreed that Grisay should stay until August 1983
- o Maurat and Woldeyes would finish 12-31-82
- o All other TA are under contract until Aug 83
- o An interim contract for Aug 82 - Aug 83 will be needed
- o Plan to name Grisay counterpart to Divison Technique
- o Bancoumana - USAID does not plan to finance
- o Legal status of OHV should be decided; Government owned company, or mixed company.

P.I.L. # 16

November 22, 1982

USAID informs Minister that immediate improvement in the management of project resources are necessary. They state that, "Indeed, the acceptance of these drastic measures as being mandatory and the spirit in

which they are carried out will be the most critical test of whether this project could be continued."

The measures were:

1. A project advisory committee be established to review budgets, work plans and progress reports.
2. An expanded and strengthened role for the technical assistance team. These roles would be official and subject to approval by AID before continuation of funding.
3. Strict cost cutting measures, including dismissal of redundant personnel, vehicle control, etc.
4. TA team and OHV Director define duties of OHV personnel and prepare work plans for OHV personnel.

The points were considered only a partial list of required actions to satisfy USAID.

Letter; Dir AID to Minister November 22, 1982

Project Advisory committee to be established to meet twice each month to review budgets, work plans and progress reports. After initial 6 months, meet quarterly. To be chaired by Dir of Cabinet. (see audit recommendations).

Letter; AID to Min. Transp. &TP November 24, 1982

Requests to be able to delegate signatory powers on checks as delays in implementing roads program have occurred in his absence.

Letter; Conley to Sango/MOA November 25, 1982

Requests meeting to discuss CP's regarding TA team.

Letter; OHV to Project of. AID December 12, 1982

Approves extension of agronomist TA contract

P.I.L. # 17 December 17, 1982

Agrees to Amendment # 1 of contract no. 62 between the Ministry of Public Works and SNTP

for the headquarters building in the amount of
FM 16,000,000.

Letter, OHV to AID

December 22, 1982

Approves use of health funds to extend agronomist TA contract.

Letter - Kante to Conley

January 25, 1983

States **Funcional Literacy** program could not get underway during Oct-Dec, the usual training period for ZAF agents, due to lack of approval of budget and program by AID (submitted in July 1982). Notes AID's absence at DNAFLA planning sessions Oct. 5-9, 1982.

Memo - Toure to Conley

January 28, 1983

Notes that training sessions for **Functional Literacy** were held and materials distributed. There was a detailed annual plan for FY 82-83. Notes that program coordinator at OHV has advised him of the following: transport provided in PP not given to him; request to replace old mobyettes of animateurs not responded to by OHV, AID never received budget.

Letter; Min. Transport to AID

February 5, 1983

Delegation of Signatory powers to Chef de la Division des Etudes General.

P.I.L. # 18

February 10, 1983

Agrees to an amendment to the LBII contract for TA to extend Mr. Grisay's time by 8 months. Funds to cover the amended contract are taken from the health line item.

Letter; Min. of Transport to AID

February 10, 1983

Notes their responsibility to maintain roads, requests AID to unblock funds for road construction.

Letter; TP Dir to AID

March 18, 1983

Notes program of maintenance was developed in collaboration with USAID engineer, gives amounts of funds.

Memo; from Conley

March 31, 1983

Notes USAID engineers here approved road maintenance plan and budget. Project manager & LBII TA approve the routes chosen. PIL drafted and held by controllers office. Notes AID has letter from Min. Transport promising money, and saying money is available, and has seen internal communications in Min. Transport transmitting money. States controller has asked for bank deposit slips, names of signatures to account and proof that funds are for OHV only. Requests approval of road activity.

P.I.L. # 19

April 1, 1983

Points out that MOA letter no. 0264 of 3/18/83 acknowledges the debt of FM 341,500,416 and gives a plan for its reimbursement over the next five years, the first payment of FM 68,300,083 having been made to the credit account.

Accepts the MOA response to audit recommendations nos 10, 13, 14, 15. Refuses to close the issues of the recommendations nos 1, 2, 5, and 8.

P.I.L. # 20

April 7, 1983

Acknowledges receipt of the MOA letter setting forth the justification for the selection of roads and the plan for maintaining roads, and considers the condition to have been met. USAID agrees to the second amendment for road construction between OHV and Travaux Neufs, and increases the funding for roads by \$400,000 to a total of \$900,000.

Minutes of Meeting (PV)

April 21, 1983

Counterpart of financial Dir. asks why health was eliminated from project. Conley clarifies that health program wasn't certain, that during the 3rd year of the project a proposal would be developed. States that OHV asked for transfer of funds from health to other activities which AID approved.

P.I.L. # 21

April 22, 1983

Approves third quarterly budget for road construction for the April through June period in the amount of FM 102,300,000.

Notes of mission, Bosquet April 25-29, 1983

Notes Pilot farms is part of the development policy, along with groups (supply, credit, marketing), evaluation and monitoring of extension.

Memo; Descambault-Dir AID May 20, 1983

Notes LBII technicians have been cautioned in dealing with AID.

P.I.L. # 22 May 20, 1983

States that local currency funded activities of operating expenses and credit must be certified. In order to make obligations for this fiscal year this must be done by June 10. This would be impossible for the credit account. Therefore, USAID proposes:

1. The credit component be deleted from the project and funds be reprogrammed;
2. Make every effort to certify the operating account by June 10;
3. Continue work to achieve certification of the credit account so that when certification is obtained existing monies from credit recuperations could be unblocked; and
4. Consider reestablishing a credit fund under the project after certification is obtained.

Letter; Thiam (MOA) to AID Dir. June 3, 1983

Agrees to remove credit from 8 th Amendment to permit certification to proceed.

Letter; Rolfe to Kante June 9, 1983

Requested budget to improve credit system.

Seminar June 14, 1983

Two day seminar in OHV to review problems and progress in project.

P.I.L. # 23 June 30, 1983

Approves the July, August and September budget for roads, retains the budget amounts in P.I.L. # 20 for roads, and suggests an

amendment to the date of the STN/OHV contract.

Buck slip; Jenkins, Fuller July 7 1983

Denied Rolfe request

Memo, Internal AID, D.Day(Prog) July 19, 1983

Circulates draft of Amendment 8. Notes space left in draft for adding a CP to further disbursement of funds if revised financial plan is needed due to SCAER problem.

AID Memo July 18, 1983 (draft)

Credit fund not in Eighth amendment because account couldn't be certified. Request clarification of SCAER debt in financial plan (mentions deletion of health but not Bancoumana) Urges approval of amendment by July 31.

Eighth Amendment transmittal letter July 21, 1983

Eighth Amendment July 30, 1983

The Eighth ammendment to the project restructures the budgets, extends the project by 18 months with a new PACD of Februrary 28, 1985, and refocuses the project. This amendment is effectively a project redesign and is therefore treated under a separte section along with the ninth ammendment.

P.I.L. # 24 September 23, 1983

Elaborates USAID's rationale for insisting on seven experts on the project. These include management, finance, accounting, credit, extension, and heavy equipment maintainence, with a research agronomist to be included under another TA contract.

TA contract November 15, 1983

Cable Abidjan 15514, Extension of LBII contract with additional funding or PSC are only mechanisims for continuation of TA.

Account Certification-Operations January 14, 1984

USAID/Mali Mission Director certified the operating expenses account.

Minutes of meeting (PV)

January 16, 1984

Min. of Ed. and USAID, Director of Cabinet/Ag. agreed to seek a solution to separate bank account issue for Functional Literacy component.

Washington Concurrence

February 3, 1984

Assistant Administrator made the determination that the Government of Mali maintains an adequate accounting system for the operating expenses account.

P.I.L. # 25

February 6, 1984

MOA letter no. 1145/MA/CAB dated 28 Dec., 1983 transmitted the financial plan for OHV to address its debt with SCAER and the scope of work of the chief of party of LBII. USAID accepts that the financial plan, even when put to some sensitivity testing, shows that OHV is financially viable.

USAID is in agreement with the scopes of work of the TA team members, especially the financial director and the credit manager who will occupy executive positions.

P.I.L. # 26

February 13, 1984

Approves the proposed amendment no. 4 to the OHV/TN contract for roads, which extends the termination date of the contract from September 15, 1983 to February 28, 1985. The contract amount remains at FM 1,350,000,000.

Audit Recommendation # 2

February 15, 1984

USAID/Mali Controller submits documentation to Regional Inspector General/Dakar to close issue on above recommendation, which concerns OHV's financial viability.

P.I.L. # 27 (drafted)

February 22, 1984

Agrees to the contract between OHV and DNAFLA

Action memo for Director USAID

February 21, 1984 (draft)

Authorization of DNAFLA contract requested.

Approved February 28, 1984.

Account Certification-Credit March 1984

USAID/Mali Mission Director certified the credit fund.

P.I.L. # 28 March 6, 1984

Approves amendment no. 6 to the Louis Berger contract to extend the period from August 31, 1983 to November 30, 1983 and to increase funding. AID recalculated the contract amount, and reduced the amended figure from \$187,037 to \$156,979. Asks that a new contract for TA to March 1985 be quickly agreed upon.

Minutes of Meeting March 10, 1984

Meeting of Conley, Anderson, Sy, Sangata; Agree to establish Project Advisory Committee to meet every 2 months on first Wed. of month. Committee to include Anderson, ADO, 2 Tech. Advisors and the Dir of Ag and others as needed.

Letter; Togola to Conley March 19, 1984

Requests written authorization to hire an engineer to plan and monitor TN contract, identify needs for small buildings, irrigation infrastructure, soil conservation work, and planning phase II of project.

P.I.L. # 29 March 23, 1984

Certifies the credit account.

Memo; Conley to Dir AID March 23, 1984

Conley confirms that Koulikoro and Banamba are not in the project.

Minutes of Meeting (PV) April 11, 1984

MOA., OHV, USAID; USAID requested to cover purchases of fertilizer which CMDT will no longer cover. Conley states purchase of cotton fertilizer poses no problem. Anderson states USAID will reimburse OHV for these costs with a line item transfer, and 80,000,000 FM will be released on request from the Minister. Minister recalls a promise made by the Director on the occasion of Kimball's visit.

Anderson proposes to refer questions to next meeting between the Director and Minister.

Project Implementation Report April 20, 1984

AID Project Officer notes that the project is finally beginning to function well. However, due to delays in meeting C.P.'s, and suspension in funding, delays were experienced in execution. Therefore Phase II cannot be designed in time and a 15 month extension will be necessary to have smooth transition.

Washington Concurrence April 23, 1984

Assistant Administrator determines that the Government of Mali maintains adequate accounting records for control of AID funds in the OHV credit account.

Minutes of Meeting (PV) April 25, 1984

Minister Kone (with Mme Sy) are advised that credit fund would be reinstated. AID Director stated he is prepared to accept a request for the funding of repair of upper dam at Bancoumana, which supplies water for 150 ha. Minister accepted and insisted action be taken as soon as possible.

P.I.L. # 30 April 27, 1984

Provides an additional \$500,000 for the credit fund, of which \$250,000 would be made available immediately so that OHV could program credit to those zones that had high repayment rates and high production potential. This amount was deemed adequate for the 1984/85 season.

USAID agrees to shift \$500,000 of obligated funds from the construction line item to credit. New obligations planned for the ninth amendment would replenish construction funds.

Importantly, the P.I.L. states that "The credit Program will operate under the terms we mutually agreed to in Project Implementation Letter No. 4 except that interest rates on all loans will be in accordance with those currently applied by the National Bank for Agricultural Development as was agreed to subsequently in Project Agreement Amendment No. 8 (Section 4.2.b.).

OHV-PIRT Contract Approval May 2, 1984

The Director General of the OHV requests that USAID agree to a meeting with OHV & PIRT to approve of the contract to undertake a resources inventory study in the Haute Vallee.

Letter; AID to OHV May 7, 1984

Authorizes hiring engineer, approves job description and budget.

Letter; AID to OHV May 21, 1984

USAID authorizes SAFGRAD program and budget of 7,730,712 FM upon OHV request.

P.I.L. # 31 June 18, 1984

Approves the on-farm research program on rock phosphate, intercropping, and variety tests to be undertaken by SAFGRAD. USAID modified the budget and approved an amount of FM 4,261,600.

Letter; Minister to Dir. USAID June 19, 1984

Request for 3,066 million FM (\$3.5 m aprox.) for rehabilitation of 600 ha. at Bancoumana as a test site.

Ninth Amendment June 26, 1984

Adds \$ 1,601,000 to the previously authorized amounts of \$ 13,912,000, bring the total to \$ 15,513,000.

Covenants that the credit program would be managed in accordance with newly-instituted OHV credit policy and procedures.

Financial Plan:

Technical Assistance	\$ 4,572,000
Training	352,000
Commodities	4,050,000
Construction	2,708,000
Studies	401,000
Evaluation	150,000
Credit	1,470,000
Research	78,000
Literacy	65,000
Operations	1,667,000
TOTAL	\$ 15,513,000

ANNEX II

EIGHTH AMENDMENT TO THE PROJECT GRANT AGREEMENT
BETWEEN
THE GOVERNMENTS OF THE REPUBLIC OF MALI
AND
THE UNITED STATES OF AMERICA
FOR OPERATION HAUTE VALLEE

Dated : JUL 30 1983
Project Number : 688-0210
Appropriation : 72-11X1012
Budget Plan Code : GSHX-33-21688-KG12
Fiscal Year : 1983
Previous Grants

Fiscal year 1978 : \$ 500,000
Fiscal year 1979 : \$4,532,000
Fiscal year 1980 : \$3,150,000
Fiscal year 1981 : \$3,730,000

The Project Grant Agreement for Operation Haute Vallee, dated September 15, 1978, as amended ("Agreement"), is hereby further amended to provide an increase of 20 MILLION United States dollars (US \$2,000,000) and to make other changes as follows:

1. In Article 3, SECTION 3.1, The Grant, the first paragraph, the phrase "ELEVEN MILLION NINE HUNDRED TWELVE THOUSAND United States dollars (US \$11,912,000)" is deleted and "THIRTEEN MILLION NINE HUNDRED TWELVE THOUSAND United States dollars (US \$13,912,000)" is substituted in lieu thereof.

2. In Article 3, SECTION 3.3, Project Assistance Completion Date, paragraph (a), the date "September 15, 1983" is deleted and "March 15, 1985" is substituted in lieu thereof.

3. SECTION 4, Conditions Precedent and Covenants is deleted in its entirety and the following is substituted in lieu thereof:

Article 4: Conditions Precedent and Covenants
SECTION 4.1: Conditions Precedent

a) Prior to any additional disbursements under the Grant, or to the issuance of commitment documents with respect thereto, except as may relate to research and technical assistance contracts, the Cooperating Country shall prepare a revised financial assessment of OHV, acceptable to A.I.D., which demonstrates the financial viability of the Operation and includes repayment of outstanding debts to SCAER.

b) Prior to further commitment of funds provided under the Grant, the Cooperating Country shall furnish to A.I.D., in form and substance satisfactory to A.I.D., a document describing the role of the technical assistance team and the duties and responsibilities of each team member, and an official memorandum naming a technical consultant as Head of the Division of Finance, in control of the management of all financial resources of OHV, under the authority of the Director General of OHV.

c) Prior to the first disbursement of funds for the construction of a garage and the construction/improvement of field offices and warehouses, the Cooperating Country shall furnish to A.I.D., in form and substance approved by A.I.D., detailed plans, specifications, detailed cost estimate and bid documents and an executed contract including construction timetable and engineering services for such construction.

d) Prior to any additional disbursements under the Grant, or to the issuance of commitment documents with respect thereto, for each of the research activities of the Direction of Farming Systems Research (DRSFR), the Land Use Inventory Project (LUIP), SAFGRAD, and the National Center for Functional Literacy (DNAFLA), a written determination must be made by A.I.D., with respect to each activity, stating that the accounting and reporting system maintained by the activity provides adequate control over the funds to be provided under this grant.

SECTION 4.2. Covenants. The Grantee agrees:

- a) To give Operation Haute Vallee authority to execute the Project on its behalf, except as the two Parties may otherwise agree in writing.
- b) To ensure that OHV establishes an adequate and certifiable agricultural credit system, and that OHV applies terms of credit and rates of interest in accordance with the rate charged by the Banque Nationale de Developpement Agricole (BNDA), for all loans for the purchase of equipment and work animals, and in addition applies a system of down payments for animals and equipment.
- c) To carry out an analysis of need and productivity of OHV personnel and define in writing the duties and responsibilities of each position.
- d) To use its best efforts to ensure that the maximum number possible of functional literacy classes for women are included in the centers (CAFs) participating in the functional literacy component of the project.
- e) To provide \$20,000 of project funds for studies and management training programs to strengthen or initiate the establishment of village associations. (The development of village associations is not a precondition for the certification of the OHV credit program).
- f) To submit semi-annually to A.I.D. for review and approval the rates of incentive pay to be financed under the Grant.
- g) With respect to the road building component of the Project,
 - 1) To ensure that the special brigade created by the Public Works Department ("TP") to improve and maintain the roads financed under the grant maintains sound financial and inventory accounting that permit adequate control of funds and materiel.
 - 2) To ensure that TP provides to the special brigade a sufficient number of adequately trained technicians and supervisory and support personnel required to improve approximately 203 kilometers of roads and 195 kilometers of trails in the project area and to maintain such roads and the equipment financed under the Grant.
 - 3) To assign to OHV permanent title of all road improvement and maintenance equipment financed by A.I.D. under the Grant, except as the two Parties may otherwise agree in writing.
 - 4) To ensure that OHV makes available to the T.P. special brigade, both during and after the project, all equipment financed under the project for the purpose of improving and maintaining roads in the project area.

- (5) To ensure that the improvement of roads in the Project area by the special brigade is supervised by TP but under the direction of OHV.
- (6) To ensure that TP and the special brigade have the responsibility to maintain each road improved under this Project as soon as construction of each road is completed, to finance all road maintenance costs, and to present annually to A.I.D. for approval an OHV road maintenance plan and budget, identifying and guaranteeing a satisfactory source of funding.
- (7) To ensure that TP prepares a plan of construction including:
 - (i) the general location, length of road or trail, standard of construction, detailed cost estimate and construction schedule for each road and trail section; and
 - (ii) the criteria for selection of location, to be prepared in collaboration with OHV.
- 8) To execute each contract financed under the Grant in accordance with A.I.D. regulations on Host Country Contracting.
- 9) To ensure that a study is undertaken jointly by the Ministry of Agriculture and A.I.D. regarding alternative ways to increase OHV's revenues from both food and cash crops, and to consult with A.I.D. regarding the manner in which the recommendations resulting from such study may be implemented.
- 10) To execute a pilot program to test alternative credit delivery systems so as to provide data for future decisions on credit disbursement.
- 11) To establish a Project Advisory Committee which will make suggestions to the Board of Directors in order to improve the management and implementation of the project. This Committee will include representatives from the Ministry of Agriculture, National Directorate of Agriculture, OHV, A.I.D., and the technical assistance team. The President of the Board of Directors may invite all or part of the Advisory Committee to attend Board meetings as observers.
- 12) To finance with project funds technical assistance to OHV in the fields of finance, accounting, heavy equipment maintenance, and in other fields which shall be mutually agreed to by the Parties, within the limits of funds available under the Grant.
- 13) Annex 1, the Project Description, is deleted and the modified Project Description as it appears as Annex 1 to this Amendment is substituted in lieu thereof.
- 14) The Financial Plan, designated as Attachment to Annex 1, is deleted and the new Financial Plan as it appears as Attachment to Annex 1 of this Amendment is substituted in lieu thereof.

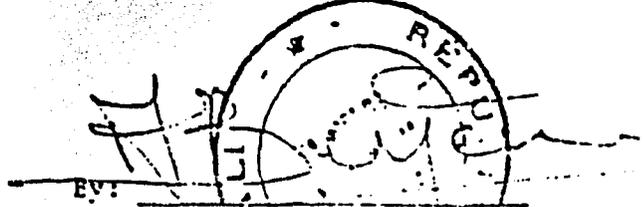
Except as specifically amended hereby, the Agreement remains in full force and effect.

WITNESS WHEREOF, the Governments of the Republic of Mali and the United States of America, each acting through its duly authorized representative, have caused this Eighth Amendment to be signed in their names and delivered as of the day and date above written.

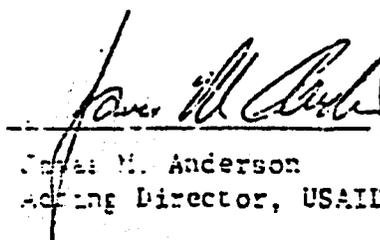
UNITED STATES OF AMERICA

Parker W. Borg
Ambassador



THE REPUBLIC OF MALI

BY: Maitre Alioune Blondin BEYE
Title: Minister of Foreign Affairs and International Cooperation




James M. Anderson
Acting Director, USAID



PROJECT DESCRIPTION

The objective of this project amendment is to respond to a recent audit and evaluation which recommended that the USAID financed project called Operation Haute Vallee be simplified to improve its management capability. Thus, while the project purpose remains the same: "to increase productivity, production and marketing of food crops in the Haute Vallee area," the following represent modifications in project outputs and activities:

I. PROJECT DESCRIPTION

A. Outputs

1) A farming systems research (FSR) activity which identifies and proposes solutions to production problems and constraints.

2) 398 km of roads and trails and a program of road maintenance in the most productive zones of the Haute Vallee.

3) 100 functional literacy centers within the project zone.

4) A functioning credit system which meets the needs of farmers for equipment and inputs and mobilizes savings for increased investment in agricultural production.

5) A restructuring of OHV to include: (i) operating manuals describing the systems and procedures for personnel management, financial management, accounting, purchasing, inventory control, credit policy and management, agricultural extension and property management; (ii) a description of the roles, duties and responsibilities of the OHV agents and performance evaluations criteria.

6) an extension service, including a unit working directly with villagers to develop farmer associations which will facilitate the delivery and recuperation of credit and marketing of production.

To accomplish the above, the project will involve four related activities: (1) Farming Systems Research focussing on development of simple production technologies and improving the quality of extension work, (2) road construction, (3) functional literacy, (4) administrative support to OHV.

B. Project Activities

1. Coordinated Farming Systems and Extension Activity in OHV (Ouelessebougu and Bancoumana) - 1983/84

The objective of this activity is to increase production, productivity and incomes of farmers in the OHV zone by focusing research on on-farm production problems using FSR techniques. This activity will be coordinated by a working group composed of the Direction of Farming Systems Research (DRSPR), OHV and USAID. The principal areas of concentration for this farming systems research activity will be data collection for better planning, promotion of the integration of livestock farming and crop production, including animal traction and equipment, and the subsequent testing of various strategies for increased production in collaboration with OHV extension agents.

The central effort will be the introduction of Farming Systems Research and Extension, approach into two villages in the sectors of Ouelessebougou and Bancoumana ^(a). The DRSPR will be responsible for the implementation of this activity under an OHV contract. DRSPR, in cooperation with OHV, will decide upon the criteria for the selection of one village in each of the two sectors where DRSPR will conduct in-depth surveys. These surveys will be the basis for formulating a typology of farm families within the villages and thus identifying groups of farmers with similar extension/research needs. Simultaneously, the planning and statistical section of OHV will collect base line data in other villages of the two sectors using OHV extension agents. The agents will use survey forms similar to those used by DRSPR in two villages. They will collect information on agricultural inputs, needs, resources, and constraints and measure yields and acreage. It is of principal concern to OHV that the agents participate in FSR from the beginning so that it will serve as a training tool and improve the quality of extension work as well as to facilitate the eventual use and extension of FSR results.

These studies and analyses are expected to begin about August-September, 1983, leading to the implementation of on-farm trials in June 1984. The on-farm trial programs would be based on the analysis of resources, constraints, and broad themes available from research and thus would lead to development of population-specific technologies. Farmers would participate as active and equal partners in this activity closing the farmer-extension-research gap.

To support the FSR activity, three other separate but limited activities are proposed. These are necessary to provide complementary but specialized information that is essential but outside the capability of farming systems researchers and the OHV technical division.

a) Analysis of secondary information: several baseline studies have been conducted under the OHV project in the past, but the data were never fully analyzed to benefit OHV's field operations. The data from these studies will be processed and analyzed applying appropriate statistical techniques. This would reduce the data collection needs under the FSR activity thus saving time and money to be spent on gathering basic information. This activity will be performed by the OHV statistical section with the assistance of a short-term specialist.

b) Determination of land use types: land use has been the basis for dividing the population into subgroups in several FSR projects. Crop production constraints are often based on soil conditions. Depending on the availability of future grant funds, it is the intention of the project to define and identify the major land types in the OHV zone. The initial surveys will be carried out in the sectors of Bancoumana and Ouelessebougou by the Land Use Inventory Project under a contract with OHV or DRSPR. \$25,000 of project funds will be made available for this initial contract. This information along with resource-constraint data will be used in developing on-farm trials program.

(a) The reason for limiting the FSR activity to two villages is the limited trained staff available with DRSPR at present.

c) Record keeping by literate farmers: farmers participating in the existing functional literacy program would be taught by DNAFLA (Direction Nationale de l'Alphabetisation Fonctionnelle et de la Linguistique Appliquée) to keep simple farm records. Such a system once extensive, could obviate the need for recurrent surveys to assess the status of farmers in the OHV area.

2. Road Construction

The project will finance the improvement of 203 km of roads and 195 km of trails in order to facilitate the distribution of agricultural inputs and reduce produce marketing costs.

One long-term consultant in heavy equipment maintenance will be provided to address equipment problems and to establish and monitor a maintenance program.

The road equipment financed by the Project will be given to OHV which will contract with the Public Works Department ("T.P.") and make such equipment available for the improvement of roads and trails. The equipment for maintaining the roads will be made available to T.P. for the purpose of maintaining these roads and trails.

These roads and trails are expected to have a significant impact on the production of all crops as they will make city markets more accessible for farmers and will also give buyers an easier entry to remote areas. Such access and a better market may encourage the farmers to produce more. OHV may also benefit since its marketing services may improve as a result of the better roads and trails.

3. Functional Literacy

The project will assist OHV to establish functional literacy centers (CAFs); the number of such centers is expected to reach 100 by the end of the project. The program will be modeled largely on that now operated by the government's peanut operation in collaboration with the National Center for Functional Literacy and Applied Linguistics (DNAFLA). \$65,000 of project funds will be made available for DNAFLA, under a contract with OHV, to carry out this program for twelve months starting in the fall of 1983. Depending on the availability of future funds, it is the intention of the project to carry out this program for approximately 18 months. In addition, \$20,000 will be provided for other contracts under OHV for studies and management training for village leaders to encourage the development of village associations through the establishment of CAFs. To ensure the participation of women, it is anticipated that at least 25 of these CAFs will offer classes for women only. Finally, reading materials used in the centers will be on agricultural and health themes directly applicable to the project's purpose of increasing food crop productivity, production and marketing.

4. Credit Program

During the extension period, OHV will continue its work in establishing a viable agricultural credit system to provide farmers loans for the purchase of agricultural equipment, inputs and work animals.

5. Administrative Support to OHV

The project will assist OHV in a specific number of ways so that its effectiveness as a conduit of improved technology will be greatly enhanced. This assistance will be in several forms: (1) training abroad and in-country for numerous OHV agents; (2) provision of long and short-term specialists in management, finance, accounting, credit, extension, agricultural research, and heavy equipment maintenance; (3) construction of least six field warehouses and six field offices; (4) construction of a garage; and (5) financing of operating costs. All of this support is intended to increase OHV's ability to reach out to farmers in the project area and assist them in their endeavors to increase agricultural production.

C. Specific Outputs - September 1983 to March 1985

- 1) OHV established as a viable organization, financially sound, with the capacity to provide a range of relevant agricultural services to farmers.
- 2) 50% of OHV extension agents trained in new management systems as well as applied research, data collection and planning.
- 3) As a result of technical assistance inputs there will be key OHV personnel trained and they will have demonstrated the capacity to implement project activities and perform functions with efficiency and discipline in the fields of management, finance, accounting, credit, extension, research, and heavy equipment maintenance.
- 4) A functional literacy program providing health and agricultural information to farmers, organizing village associations, and introducing technical themes. It is expected to have 100 improved functional literacy centers by March 1985. 25 of those centers will have special classes for women only.
- 5) At least six new warehouses and six offices constructed in selected sectors and operating by March 1985.

1. RESPONSIBILITIES OF THE PARTICIPANTS

A. Grantee

Within the Ministry of Agriculture, project activities will be carried out under the National Directorate of Agriculture by Operation Haute Vallee (OHV). The OHV Project Director will be responsible for administrative and financial management of all agriculture components and for the coordination of all project activities.

The road improvement work will be done by the Public Works Department, in coordination with OHV.

The functional literacy program will be implemented by the National Center for Functional Literacy and Applied Linguistics (DNAFLA), within the Ministry of Education, in collaboration with OHV.

Each cooperating institution will cause to be provided the personnel necessary to implement the program of activities financed under the Grant.

The Project Director will prepare annually progress reports for the preceding year and implementation plans for the following year. These will be submitted to the National Director for Agriculture, with copies transmitted to A.I.D. Other required reporting is outlined in Section III, Financing of the Project.

B. A.I.D.

A.I.D. will collaborate with the Grantee in providing guidance on project implementation. A.I.D. will be a member of the Project Advisory Committee and will, as the need arises, issue Project Implementation Letters. A Project Manager will be designated by A.I.D. to serve as the primary contact with the GRM Project Director. A.I.D. will review for approval project implementation plans, quarterly budgets and vouchers submitted for payment, as outlined in Section III, Financing of the Project.

III. FINANCING OF THE PROJECT

A. Financial Plan

A revised financial plan, reflecting total contributions to date of both A.I.D. and the Grantee, is included as an attachment to the Annex.

B. Financing Methods

1. The technical assistance contractor's dollar costs are paid directly by A.I.D. via a Letter of Commitment. The technical assistance contractor's local costs are reimbursed directly on a monthly basis.
2. As requested by the GRM, A.I.D. will make direct payment in U.S. dollars for goods and services of U.S. source and origin.
3. All other project costs financed by A.I.D. are financed through a quarterly advance procedure. An advance not exceeding three months' expenses is disbursed by A.I.D. to the Grantee and such advance may remain outstanding up to the amount required by the Grantee in a subsequent three month period. The Grantee submits monthly vouchers certified by the Project Director to A.I.D. which upon approval and certification of the vouchers, will request checks for payment.

C. Reports

Quarterly progress reports shall be submitted that will include details on project expenditures for that period and also planned budget requirements and an implementation plan for the coming quarter. The reports will be the basis for justifying disbursement of project funds. The A.I.D. Project Manager will be responsible for approving these reports and recommending to the USAID/Controller that disbursements be made.

ANNEX III

March 23, 1981

Minister of Agriculture
Government of the Republic of Mali
Bamako

Subject: Implementation Letter No. 4; Agricultural Credit Program

Reference: Project Grant Agreement No. 688-0210
dated September 1978

Dear Mr. Minister:

USAID considers it extremely important that the Opération Haute Vallée have the means to assure the availability of agricultural production inputs and the credit for sale of such inputs to farmers. I therefore have the pleasure to advise you that following are the terms which USAID proposes for the utilization of the agricultural credit fund for Opération Haute Vallée.

1. An amount of \$769,000 has been designated in the Financial Plan (Annex 1) of the subject Project Grant Agreement as a credit fund authorized for procurement of production inputs and for sale of these inputs on credit to farmers. Of this amount, approximately \$544,445 remains undistributed for use for this year's credit program. All funds, both principal repayments and interest, realized from loans made before this implementation letter must be paid in their entirety to the agricultural credit account by December 31, 1981, and will be subject to the same terms of this implementation letter for future credit uses.

2. Under this credit fund, all approved commodities must be procured under procurement regulations of USAID (see Annex 2 of subject Pro Ag). This condition, however, applies only to the first use of any portion of the credit fund for this purpose. Subsequent procurement of commodities with funds and interest earnings recovered by repayment of the loans made for the above cited procurement is not restricted by USAID procurement regulations as regards to source and origin and other conditions. Attached is a list of commodities which USAID considers to be eligible for purchase under an agricultural credit program. All purchases shall be subject to review of price quotations and shall be documented in project procurement files. USAID will review project purchasing documents as a matter of course. Procurement of commodities financed under the terms of this letter of implementation should also be consistent with Malian law and practice.

3. All commodities funded under the subject credit fund must be sold at the full cost price (see attachment for definition of full cost price). If the GRM desires to provide any subsidies for the sale price of any of the commodities procured from project credit funds as described in this agreement, the sale price to the producer as defined above will be reduced by the amount of the subsidy. This condition will apply if the Project Director is officially advised in writing by the Ministry of Finance of the amount of subsidy approved per unit of commodity and the total amount of the subsidy approved for the campaign for each class of commodities. The value of the subsidy will be transferred to the Opération by a check which must be honored by the Treasury of the Government of the Republic of Mali. This transfer must be made not later than thirty (30) days from the date of issuance of the Minister of Finance letter, and before the sale of any commodities.

4. The price of any commodity sold to a producer for which a subsidy transfer has not been received from the GRM prior to the date of the sale will be the full cost price of the commodity at the point of the sale to the producer.

5. An interest charge will be applicable on all loans made to producers, at the rate of 12% per annum for the 1981 campaign. A new interest rate will be set for each year of the credit program, taking into account repayment and inflation rates.

6. An insurance surcharge will be applicable on those loans issued for financing the purchase of draft animals in the amount of 3% per annum to cover the specific loss of any draft animal through death up to the remaining value of the loan. The loss must be substantiated by a statement signed by the five-member Loan Administration Committee of the village in which the producer lives and co-signed by the village chief. All claims for loss must be made to a responsible official of Opération Haute Vallée within two days of the loss and the carcass or at least the head of the dead animal must be retained for verification until viewed by the ONV representative. The official report to validate the loss must be received by the Project Director no later than thirty (30) days after the date that a loss is reported to a responsible official of the Opération. Any funds collected for insurance by the Opération which exceed losses incurred will be maintained in a separate reserve fund in the Agency's financial account and cannot be used for any other purpose except to cover claims for losses due to producer claims as specified above.

7. The qualification of any producer for a loan must be certified by a committee of five members elected by the villagers in which the producer who requests a loan resides. In the event all loans are not repaid within 30 days of the due date, the entire village will be ineligible for further credit until the outstanding loan(s) and interest(s) are repaid.

8. The project staff is responsible to explain the loan program to the participants in each village which participates in the project development

program. The project will make available to the villagers a written document, translated into the local language of the village area, which explains the program. The project staff is responsible to supervise the election of the five-member loan administration committee. Those five villagers who receive the highest number of votes at the election from verified resident producers of the village will be the elected members of the Loan Administration Committee. They will serve for one year. The chairman of this committee will be elected by majority vote of the five elected members.

9. The Project Director will issue operational instructions jointly approved by him and the USAID Project Manager to his staff and to the Loan Administration Committee on the procedures to implement the loan program. These instructions will be submitted to field personnel sufficiently in advance of the planning period for the campaign to enable them to solicit producer requirements for commodities and to inform the project administrators of the indicative amount of inputs required so that these can be purchased in time for delivery prior to the season of use. Early procurement will enable the Operation to perform the procurement and delivery services at the lowest administrative cost to the project.

10. Loans will be payable no later than a date established jointly by the Project Director and the USAID Project Manager in accordance with paragraph 11 below. Any loans which are unpaid more than thirty (30) days after the due date will be subject to an increase in the interest rate effective 30 days after the due date of 10%, which will bring the effective rate applicable to the entire period of the unpaid loan to 13.2%. Any loans not paid within 120 days after the due date will be submitted to the official governing court of law for the village area for official collection procedures. The interest rate on all loans that are not paid after 120 days will be subject to an additional 20% increase in the basic interest rate (12% per annum) which will raise the effective rate applicable to the entire period of the unpaid loan to 15.6% per annum.

11. Loans issued for procurement of fertilizer, pesticides and other similar commodities for use for the production of a crop will be calculated on a one-year basis. Loans for farm equipment of a value below 200,000 FM will be calculated on a three-year basis. Loans for draft animals and farm equipment (of a value in excess of 200,000 FM) will be calculated on a five-year basis.

12. The funds cited in paragraph number 1 and all repayments of loans issued from these funds and interest will be deposited in a bank account specifically for agricultural credit, and separate from other project accounts. These funds are limited to the uses described in this letter of implementation.

13. The terms of this credit program will be reviewed prior to December 31 of each year by both the Project Director and USAID Project Manager (or at another date determined by both parties) to determine whether the interest rate, insurance charge and other terms are effective in maintaining the value of the fund in view of the prevailing repayment and inflation rates. Rates

are to be adjusted to assure that these objectives are achieved.

14. Prior to deposit of funds by USAID to the special agricultural credit account, ONV must provide to USAID in writing the following:

a. Name of bank, account title and account number of the special agricultural credit account established for this program. The name of the staff member designated to be responsible for the credit program and a list of all authorized signatories must be on file with the USAID Project Manager.

b. A list of all commodities, as jointly approved by the Project Director and USAID Project Manager, to be financed by the credit fund during this campaign. This list of all commodities to be financed on credit must include the total estimated cost to ONV for each class of commodities on a delivered to Bamako basis.

c. Operational instructions, which are to be issued by the Project Director to his staff and the loan administration committees regarding procedures to implement this program, must be submitted for review and approval by USAID.

d. A list of villages in which loan administration committees are functioning must be submitted to the USAID Project Manager.

e. ONV must prepare, in conjunction with T.A. personnel, and submit for USAID approval, an agricultural plan de campagne for the Operation.

This Implementation Letter to the subject project agreement is submitted for your consideration as a policy to assure sound business management techniques to the administration of these funds. The major objective of this policy is to perpetuate the availability of production credit at reasonable terms to those producers who honestly fulfill the obligations required to benefit from the availability of credit. Production credit is a means to provide poor producers access to capital, which many of them could not acquire on their own, at reasonable terms as a means to increase crop production and to improve their standard of living.

Your signature below and the return of this copy will constitute a mutual agreement of the foregoing terms as policy for administration of funds provided by USAID for credit for ONV.

Sincerely,

George T. Eaton
Acting Director

Drafted: ADO:MGSmith:bac

Clearance: AGR:GShands (draft)

AGR: MTouré (draft)

MGT:CMoore (draft)

PROG:MDwyre (draft)

CONT:ESHardy _____

FULL COST PRICE

Full cost price is defined as the pro-rata cost for the purchase price of any given commodity unit plus additional costs involved for transport, storage and overhead to any given point.

The full cost price includes the following components:

1. All transportation costs from point of purchase to point of site to farmer;
2. all storage costs from point of purchase to point of site including:
 - a) depreciation or rent of building(s);
 - b) any loss of material not covered in full by insurance.
3. All overhead and administration costs including those for:
 - a) procurement
 - b) clearance
 - c) transport
 - d) storage
 - e) delivery
4. The opportunity cost of capital from moment of purchase to moment of sale.
5. A margin of profit for accrual of operating capital to insure the viability and expansion of the program.

These costs will have to be calculated by the project financial manager (expert) and concurred by the Project Director and the Project Manager and shall be consistent with the current cost accounting analysis of the project's operations.

It is essential to include the cost components described above in the determination of the sale price if a commercial enterprise is to conduct its operations on an economically viable basis. In the event of losses which result from force majeure or natural calamities for which there are no means to insure against such risks, the Project Director and the Project Manager must prepare a report on the given situation and submit it to the responsible GRM Minister and to the USAID Director for a policy decision as to whether the project should absorb the loss or whether the loss should be passed on to the consumers on a pro-rata basis.

For losses due to malfeasance, neglect — deliberate or otherwise by project or ministry staff, the Project Director or the appropriate supervisor, if a responsible party under his supervision is at fault, must file a report to the responsible Minister and a copy to the USAID Director. The GRM will be financially responsible for any losses from such acts,

COMMODITIES ELIGIBLE FOR PURCHASE UNDER
OHV AGRICULTURAL CREDIT PROGRAM

FERTILIZERS - (Request waiver if other than US or Mali source)

Cotton Complex

Urea

Tilemsi phosphate

Ammonium Phosphate

EQUIPMENTS (Request waiver if not US, Mali or other developing countries
recognized by USAID (USAID geographic code 941))

Multicultivator

T.R.P. 1000 kg

Multi-row seeder)

Single-row seeder) animal traction

Harrow

Plows TM

Spare parts for above equipments purchased locally

Selected seeds

Animal Traction Program

Animals for traction

3/16/1981

ANNEX IV

LIST OF ACRONYMS

BNA	Banque Nationale de Developpement Agricole
DNA	Direction Nationale de l'Agriculture
DNAFLA	Direction Nationale de l'Alphabetisation Fonctionnelle et de la Linguistique Appliquee
DRSPR	Direction de la Recherche sur les Systemes de Production Rurale
GRM	Government of the Republic of Mali
IER	Institut d'Economie Rurale
OHV	Operation Haute Vallee
PIRT	Projet Inventaire des Ressources Terrestres
SAFGRAD	Semi-Arid Food Grains Research and Development Project
SCAER	Societe de Credit Agricole et d'Equippement Rural
CP	Condition Precedent
TN	Travaux Neufs
STN	Societe de Travaux Neufs
TA	Technical Assistance
PV	Proces Verbaux
TP	Travaux Publiques
R.F.P.	Request For Proposal
FL	Functional Literacy
BARA	Bureau African pour la Recherche Appliquee
MRD	Ministry of Rural Development
IH	International Harvester

PACD	Project Activity Completion Date
GR	Genie Rurale
REDSO	Regional Development Support Office
TDY	Temporary Duty
A.T.	Animal Traction
T.A.	Traction Animale
SOW	Scope of Work
FM	Francs Maliens
PIL	Project Implementation Letter
MOA	Ministry of Agriculture
LBII	Louis Berger International Incorporated
IA	Ingenieur Agricole
ITA	Ingenieur de Techniques Agricoles
ADO	Agricultural Development Officer/USAID
OTER	Genie Rurale's Construction Division Office de Travaux Ruraux
CMDT	Companie Malien de Developpemet des Textiles
SEMECMA	Societe d'Equippement Mechanique et de Machinisme Agricole
SP	Sante Publique
SB	Secteur de Base
ZER	Zone d'Expansion Rural
ZAF	Zone d'Alphabetisation Fonctionelle