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OPERATION HAUTE VALLEE (688-0210)

INTERNAL EVALUATION

FEBRUARY 1986

OPERATION HAUTE VALLEE INTERNAL EVALUATION - 1986

EXECUTIVE SUMMARY

In 1984 the USAID conducted a major evaluation of the Operation Haute Vallee (OHV) project. The purpose of this evaluation was to review project progress since the last evaluation and audit, and to provide the Mission with guidance as to whether or not to undertake the design of a follow-on project. At the time of the evaluation project funds had not been flowing to local currency accounts for more than two years, although some progress had been made with the presence of the technical assistance team. The evaluation therefore recommended that the effort be extended to permit sufficient time for the project to perform prior to deciding to design a follow-on investment. With that in mind the evaluators listed specific benchmarks and recommendations which were to be used by the Mission at some future date to internally evaluate the project.

The USAID responded to the 1984 evaluation by extending the PACD by 18 months to September 15, 1986. In June of 1985 the project had received final copies of the evaluation document and USAID, OHV, the technical assistance contractor and the Ministry of Agriculture (MOA) met to discuss progress in responding to the evaluation recommendations. At this time the USAID advanced the position that many of the problems of rural development organizations (RDO's) are inherent to government institutions which perform roles and functions that are better performed by the private sector, and the implications of the 1984 evaluation would require a restructuring of OHV. We decided jointly to create a joint GRM/AID commission (Comite de Reflexion) to exchange thoughts on the reform of the role and function of OHV. In keeping with the recommendations of the 1984 evaluation the commission agreed to conduct an internal evaluation of the project to include a review of progress in achieving evaluation benchmarks and recommendations, and a review of our discussions on a follow-on project.

This internal evaluation of the OHV project was conducted in January and February of 1986. In addition to reviewing implementation progress the evaluators examined the documents developed by the commission on the reform of OHV to verify progress in those discussions. Three possible scenarios for recommending a further project extension were examined. First of all, if a lack of progress existed in both project performance and in discussions on the reform of OHV the internal evaluation would recommend that the Mission allow the project to terminate at the current PACD. Second, if project performance was significant and there existed the possibility of achieving planned outputs but talks on the reform of OHV were not productive the internal evaluation would recommend that the Mission request AID/AI to extend the PACD only for the time it would take to

achieve the outputs. Finally, if both project performance and progress in our discussions on reform of OHV were significant the internal evaluation would recommend that the Mission not only extend the current PACD but also enter into an intense follow-on project design phase.

The internal evaluation was conducted over a period of two weeks. The evaluation team was composed of representatives of the Ministry of Agriculture (MOA), OHV, the technical assistance team, USAID/Bamako and AID/Washington. Evaluation activities included group discussions and meetings with OHV personnel, and field trips to verify information received at headquarters. In order to adequately cover and discuss the lengthy number of 1984 evaluation recommendations the evaluators regrouped the recommendations into the more general categories of Organizational Structure, Human Resources, Planning, Project Monitoring, Financial Management, Credit, Extension and Infrastructure. The evaluation benchmarks and recommendations were all closely scrutinized and placed in one of three categories, 1) Adequately Addressed, 2) Being Addressed and 3) Requiring Attention. At the end of each category of recommendations there is included a brief summary of the principal points discussed relative to that section.

The internal evaluation found that compared with the review of the evaluation in June 1985 the project has made significant progress, especially in the areas of general and financial management. Almost all of the benchmarks have been obtained. Of the 88 recommendations 49 (as compared to 24 in June, 1985) are now considered adequately addressed and only eight (as compared to 42 in June, 1985) are listed as requiring attention. The reorientation of the project in 1983 to concentrate on management improvements has paid off to the point where the project has put in place the necessary procedures and management systems to deliver services to OHV farm households. There exists room for improvement, especially in the content of extension themes and the activities of the extension service.

OHV and the MOA have shown a willingness to consider significant reforms of the roles and functions of OHV. New Malian Government policy is to turn over as many of OHV's responsibilities as possible to village associations and other private economic entities. It has been agreed that input supply, commercialization and some credit activities will be turned over to the private sector and that OHV will evolve into primarily a planning and extension agency. Our primary mutual concern is to ensure that the services now provided to the farmers can be transferred to the private sector in a timely and orderly manner prior to the withdrawal of OHV. We need to know more about the detailed capacities of the local private sector to assume these responsibilities as the next step toward designing a follow-on project. At the present all indications are that the time is opportune to design a project for the reform of OHV leading to increased private sector participation in the development of the region. In this regard, one hundred thousand dollars have therefore been allotted from the Sahel Policy Project to do the pre-PID studies.

The overall conclusion of the internal evaluation is that: 1) another project extension is justified and will result in the attainment of the outputs described in ProAg Amendment No.8 and in conformance with the recommendations of the 1984 evaluation; and that 2) the prospects for significant reform of the role and function of OIV warrant the design of a follow-on project. The length of time required to achieve the outputs in ProAg Amendment No.8 should be from 12 to 18 months from September 1986. However, the length of the extension ought to be long enough to conduct studies, design and authorize a new project, and select and field a new technical assistance team. This would require an extension of the PACD by two years, from September, 1986 to September, 1988.

1986 OPERATION HAUTE VALLEE INTERNAL EVALUATION

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I. Introduction

The following is an update on progress in the implementation of the 1984 evaluation recommendations and in the achievement of the various sets of benchmarks related to both the current project extension and design of a Phase II project. It should be noted that final copies of the 1984 evaluation in English and French were not received by USAID and the GRM until April, 1985 whereas many target dates were given as March, 1985 or earlier. The financial analysis section was inadvertently omitted and not received until September 1985, and then only in English. In spite of these delays USAID and OHV have been working toward consensus and compliance with the evaluation recommendations. In June 1985 the Ministry of Agriculture (MOA) and USAID met to discuss progress since the evaluation. That meeting proved to be the beginning of fruitful discussions focussing on the strengths and weaknesses of the RDO approach to agricultural development. While USAID and the GRM are concerned with increasing the managerial efficiency of OHV we are more concerned with the transfer of technology to OHV farmers and the concomitant increases in agricultural production.

USAID proposes to use this internal evaluation to determine whether or not to grant the project another PACD extension. The length of such an extension should provide sufficient time to achieve the project outputs described in the Eighth Project Agreement Amendment. In addition it will permit USAID to conduct meaningful policy dialogue on reform of OHV, to conduct studies on the potential for private sector development, agricultural institution development and reorganization, identification of viable technical interventions and feasibility studies, to draft a PID and PP and authorize a Phase II project and to field a new technical assistance team. USAID proposes a three step approach in making this determination. First of all, that we review progress in achieving the minimal benchmarks listed on page 19 of the English version of the evaluation and in attaining the critical recommendations throughout the evaluation document. Secondly, that we compare implementation progress with the project outputs as revised in ProAg Amendment No. 8. Thirdly, that we review progress in our discussions with the GRM to rectify inherent problems in RDO concept and organization.

Based on both GRM actions and discussions USAID will make a determination as to whether or not the progress to-date and the outlook for meaningful reform is sufficiently positive to warrant recommending a continuation of the current Phase I project.

The internal evaluation commenced on January 27, 1986 with a meeting at OHV Headquarters between representatives of the MOA, Louis Berger Int'l Inc. (LBII), OHV and USAID. The primary participating members on the evaluation team were: Mr. Zacharia Konate, Coordination Section and

Mr. Sambou Traore, Head of the Statistics, Planning and Evaluation Division of the MOA; Mr. Michel Grisay, Chief of Party and Mr. Pierre Geneens, Financial Expert of LBII; Mr. Yaya Togola, Director General, and Mr. Saloum Sacko, Head of the Evaluation Unit of OHV, and Ms. Claudia Cantell, Project Development Officer, and Mr. Richard Newberg, Project Manager of USAID. Other participants on special topics included Mr. Zachary Hahn, Design/Evaluation Officer, Ms. Elzadia Washington, Agricultural Economist, Mr. Gaoussou Traore, Private Sector Specialist, and Mr. Leslie Koski, Engineer of USAID. The meetings at OHV were also attended by Mr. Boubacar Kante, Head of the Production Division, Mr. Nambala Keita, Head of the Planning and Statistics Division, Mr. Sidi Kanoute, Head of the Logistics Division, Mr. Issa Djire, Head of the Extension Section and Ms. Kongo Baba, Head of the Integrated Actions Section of OHV, who served as informants at the headquarters.

In order to verify the results of our discussions at headquarters, the members of the evaluation conducted two day-long field trips into the four sectors of OHV supported by the project. This verification was accomplished by visits to various villages to carry on discussions with farmers concerning credit and extension programs, meetings with Sector, "Zone d'Expansion Rurale" (ZER) and Secteurs de Base (SB) level agents, inspection of roads and construction base camps, and observations of roads maintenance. Interviews were conducted with: Sector Chief, Mustapha Diop, ZER agent, Siraman Traore, SB agent, Sekou Coulibaly, a group of farmers and the blacksmith of the village of Balanzan of the Kangaba Sector; the Sector chief Mustapha Diop, the SB agent Yacouba Traore and farmers of the village of Niamey of the Bancoumana Sector; the Sector Chief Salikou Sanogo, the ZER agent Fade Koumare and the SB agent Bafing Traore of the Kati Sector; and the Sector Chief Mamadou Sylla and farmers of the villages of Sido, Kafara, Sougoula, Falan and Nyangana of the Ouelessebougou sector.

The discussions between the MOA, LBII, OHV and USAID and field trips continued through February 6, 1986. The following represents the results and conclusions of these meetings and fieldtrips. The paper is organized according the three step approach outlined above, i.e., 1) a review of the 1984 evaluation benchmarks and recommendations, 2) a review of progress in the attainment of the revised project outputs, and 3) a review of progress to-date in our discussions on reform of OHV. In order to better review and analyze the 1984 evaluation recommendations, the evaluation committee reorganized the recommendations into eight sections. These are: 1) Organizational Structure, including all recommendations having to do with the reorganization of positions and responsibilities of OHV personnel; 2) Human Resources, including all recommendations having to do with supervision, training and evaluation of OHV personnel; 3) Planning, including all recommendations regarding the roles, functions and strategies of OHV; 4) Project Monitoring, including all recommendations having to do with collaboration between agencies and the use of technical assistance; 5) Financial Management; 6) Credit; 7) Extension, including related recommendations for on-farm research, village blacksmiths and functional literacy and 8) Infrastructure, including in particular roads maintenance. Having classified each of the

1984 evaluation recommendations into one, or in a few cases more than one section, the evaluation team determined whether the benchmarks and recommendations were either 1) Adequately Addressed, 2) Being Addressed, or 3) Requiring Attention. Recommendations were judged adequately addressed if satisfactory action had resulted in improved performance, being addressed if action had been taken but it could not yet be judged satisfactory, and requiring attention if no action had been taken even though it has been contemplated and discussed. Each section of the recommendations is followed by a synthesis of the important points discussed during the meetings.

II. Benchmarks for Granting an Extension of Phase I Activities.

1. The finance and credit systems should be computerized by March 1985, with training continuing throughout the project extension period.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(The credit system was computerized in December, 1984 and several improvements were made throughout 1985. Data entry of stock movements and credit placements was accomplished from May to November, 1985. The financial system was computerized in October, 1985 with special technical assistance, except for budget accounting which will be done before May, 1986. A total of four months short term TA were provided last year under the LBII contract and a Peace Corps volunteer was assigned to programming development and training.)

2. Work plans for the technical assistants for the proposed extension period should be developed by March 1985.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(This point was raised with the GRM in June 1985, when it was decided that all TA would present a workplan which specifically emphasized training of OHV counterparts. The task was accomplished in July 1985.)

3. A workplan with specific targets should be developed for DNAFLA by February 1985.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(Subsequent to the USAID DNAFLA Project Manager's study tour on Functional Literacy and prior to approving a contract amendment, a work plan was developed with specific targets on the number of centers, auditors, teaching and animator training courses to be accomplished. This was done in January 1985.)

8

8. Monthly financial reports current within 15 days, subject to the availability of bank statements, should be received by USAID.

Adequately Addressed Being Addressed Requiring Attention
X

(Monthly financial reports are being submitted shortly after the receipt of bank statements by OHV since November 1984. With the computerization of the financial accounting the final reconciliation of accounts is only held up by late receipt of the bank statement.)

9. A yearly budget should be submitted to USAID by March for all of OHV's planned expenditures.

Adequately Addressed Being Addressed Requiring Attention
X

(This was accomplished in draft form in January 1985 and approved by PIL in March 1985. For this year (April 1986 - March 1987) the budget is in draft form at OHV and negotiations are set to begin.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(This task was jointly reviewed a year ago by USAID, the GRM and LBII. Priorities for the LBII financial analyst were set to first develop and computerize the financial accounting of OHV. Then it would be possible and easier to do a viability and sensitivity analysis. USAID began information collection for this task in October, however, to date USAID economists and financial analysts have not had the time to complete the task. Most recently the LBII financial analyst completed an analysis of the impact on the budget of the fall of OHV cotton revenues. The preliminary findings make it clear that OHV and AID must complete a full-scale viability and sensitivity analysis. The target date for completion is April 1986.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(Section C roads were completed on schedule and the road brigade relocated to a new section D location. More than half of the roads in Section D have been completed, however not all roads will be completed by August of 1986. The remaining roads are in low-lying areas and will be more difficult to construct.)

12. A funding plan should be developed for the replacement of OHV vehicles, particularly the truck fleet, by April 1985.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(This benchmark is closely tied to the viability and sensitivity analysis of OHV. The question at issue centers around the appropriate size of an OHV commercialization fleet given OHV's future role as a purchaser and marketer of last resort, and the extent the GRM is able to support cotton marketing in the short and/or long term. The target date is May 1986.)

13. Credit recuperations should reach 95% by March 1985.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(By April 1985, credit recuperations were 85% for all outstanding loans including prior years and nearly 100% for last year. OHV has recorded good success in recovering even old debts. This is attributed to the fact that no new loans are being extended until all old debts are cleared up.)

14. By March 1985 the OHV and GRM should submit a plan for reducing losses of inventory and removing old stocks.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(A National Commission is charged with the examination and destruction of deteriorated stocks. In November 1985, they came to a decision and destroyed old OHV stocks. Measures taken this campaign to include villagers in the management of warehouses and stocks have helped to reduce losses in inventory.)

III. Status of 1984 Evaluation Recommendations

A. Organizational Structure

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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(Redesign of Headquarters has taken place including the creation of an Evaluation Unit. An experiment is planned this agricultural season to reduce the number of SB agent in two ZER's where village associations are active. The field structure will be restructured according to the results of this experiment. Target date is June 1986.)

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(This experiment will be conducted in the ZER's of Sougoula and Karan this agricultural season. Already no a priori judgements on credit use are made when credit is extended to village Associations. Target date is June 1986.)

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(An experiment in two ZER's will be conducted prior to restructuring the extension service. Target date is June 1986.)

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(Subject matter specialists have been created at the Headquarters. They will be formed into teams for more direct contact with farmers under the experiment in two ZER's. Target date is June 1986.)

61. Improve the training program.
- eliminate the cascade system; and
- eliminate sector-level trainers.

Adequately Addressed

Being Addressed

Requiring Attention

X

(The purpose of the sector-level trainers is to overcome some of the deficiencies of the cascade system. The experiment in two ZER's will provide information on how to modify the cascade system. Target date is June 1986.)

63. Improve the supervision of the field personnel.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(An evaluation unit attached to the Director's Office was created and is functioning to better supervise and evaluate field personnel.)

67. 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 is to be improved.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(Sector Chiefs have been delegated field authority to act on behalf of the headquarters in urgent matters. Date accomplished was August 1986.)

87b. That USAID/Mali continue to press TP concerning adequate, timely and continued maintenance of roads that have been built under this project.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(A system has been put into place and is functioning to provide for the planning, financing and performance of roads maintenance. Date accomplished was May 1984.)

2. The role and placement of the functional literacy and action detail coordinators in the organization and the project should be clearly defined by OHV.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(The coordinator for Action Detail has been instructed to concentrate efforts in the areas of animal and herd management rather than veterinary services. The coordinator for Functional Literacy will have his duties and position spelled out more clearly in a joint review of the DNAFLA contract. Target date is March 1986.)

3. In collaboration with sector 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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(This was done in 1985 and is now being updated because of recently adopted changes in the delivery of credit. Date accomplished was November 1985.)

The organizational restructuring of headquarters has been accomplished with the creation of the following four divisions:

Production;
Administration and Finance;
Infrastructure and Logistics; and
Planning and Statistics.

All field personnel report to the Extension Section of the Production Division. However, Sector Chiefs have been delegated authority to act in place of the Director General on urgent field matters. Field personnel continue to be organized into 6 sectors, 26 "zones d'expansion rurales" (ZER), and 140 "secteurs de base" (SB).

The role of the Action Betail and Functional Literacy Coordinator have not yet been clearly defined or adequately integrated into OHV. It is recommended that Action Betail continue to move away from animal health (which is covered by the Livestock Service agents) and into animal maintenance, i.e., supplementary feeding of draft animals, thereby integrating into agricultural production systems. Action Betail, as redefined, should become a volet of the Extension Section in the Production Division. It is further recommended that the Coordinators for DNAFLA be retained under the Functional Literacy contract and that the next contract amendment specify his roles and responsibilities more clearly.

For field level structures, it is recommended OHV conduct an experiment in two ZERs that takes into account the proposed strategy of OHV to turn over responsibilities to village associations and streamline the extension service. In this experiment the Chef ZER will have direct contact with extension groups for extension activities and Tons Villageois for credit activities. In addition OHV should actively encourage diversification of cash crops and food crops and make no a priori judgments on the use of agricultural inputs used on credit. Subject matter specialist teams should be formed at the headquarters level and should increase their backstopping of extension activities. It appears that the trainers at the Secteur level need better-defined responsibilities or the positions eliminated.

A system for road maintenance has been put into place. There is a covenant within ProAg Amendment No. 8, "to ensure that Travaux Publics (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." The system in place calls for OHV to deposit a percentage of their marketing revenues into a TP account for road maintenance. OHV annually requests TP to perform road maintenance where it is required. This request is transmitted to USAID for our information and comments. TP then takes into account OHV's request in developing their plan for roads maintenance. All equipment used for roads maintenance to date has come from the TP's yard in Koulikoro, rather than the special brigade which is still building roads.

B. 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(Work plans have been developed for field personnel but they do not offer enough detailed guidance. Headquarters personnel require detailed, coordinated work plans as well. Target date is June 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(The personnel system based on the actual headquarters and field staff is considerably improved. Any modifications will result from this years experiment in two ZERs. Target date is October 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(In-country management seminars have been conducted by the University of Pittsburg, IPGP professional organization, and the SRFMP project. Date accomplished was January 1985.)

15

Adequately Addressed Being Addressed Requiring Attention

X

(New agents coming to OHV are tested and evaluated prior to beginning work. The process of weeding out ineffective agents has begun with an evaluation and will be carried out with plans to reduce personnel levels. Target date to begin is June 1986.)

61. Improve the training program.

- organize one-week training sessions in April-May for ZER level agents;
- organize one day training sessions in the field for SB's focussing on observational techniques, trouble shooting, etc;
- continue and expand training sessions for agents conducting on-farm trials;
- the emphasis in the training program should be on improving the knowledge and skills, focussed on specific problems in the field.

Adequately Addressed Being Addressed Requiring Attention

X

(Although OHV has made some improvement in the training program the evaluation believes that the whole system must be revamped along the lines suggested and within the context of the experiment in two ZERs. Target date is August 1986.)

63. Improve the supervision of the field personnel.

Adequately Addressed Being Addressed Requiring Attention

X

(OHV has put in place and tested a reporting system to supervise agents activities. Date accomplished was August 1985.)

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

Adequately Addressed Being Addressed Requiring Attention

X

(Short term training and seminars have been used to improve supervisors skills in the Technical Division. The needs will be re-evaluated, especially for the Extension Section. Target date is March 1986.)

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

Adequately Addressed Being Addressed Requiring Attention

X

(The question of economic feasibility needs to be studied and resolved, criteria and specific evaluation procedures established. USAID will examine the question from a policy standpoint. Target date is July 1986.)

73. 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(The coordinator was given and passed a trial period although there still exists reservations on his competency. However, his duties and responsibilities and those of other actors in the DNAFLA contract need to be better defined to permit evaluation. Target date is March 1986.)

74. 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 auditors 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(All testing and training was accomplished. Third-country training of the functional literacy is not yet judged to be a wise use of funds. Date accomplished was March 1985.)

75. 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(This was done with good results without the participation of the coordinator. Date accomplished was January 1985.)

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(The four persons responsible for the blacksmith program received two months of training in blacksmithing. Date accomplished was July 1985.)

OHV believes that most of the problems of the extension service are a result of lack of training and supervision rather than inherent problems of organizational structure. Efforts have been made and continue to be made to better define position responsibilities, to track performance of duties through a reporting system, to evaluate agent performance and character, and to identify training needs.

One field observation was that there apparently exists a wide range of qualifications, aptitudes, and skills among field agents. A positive step taken by OHV is to now test new agents to ensure they have the required level before assigning them to a position. Also, OHV is evaluating agents currently in the field. There exists a problem in personnel management due to the legal status of OHV, in that they either do not have or are not exercising their power to sanction or fire personnel. It is recommended that procedures for sanctioning employees be reviewed along with case by case accounts, especially for agents accused of theft. OHV has stated a clear policy that theft in any amount will result in immediate suspension and sanctions, and they have stated that they will follow through with appropriate action.

It is recommended that the current system of bonuses be replaced by one based upon merit or output; that testing and evaluation of agents be pursued at the headquarters level as well as the field level; and, that OHV weed out unqualified agents and train others to an adequate level.

C. 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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(OHV has begun to address this in a draft document on the future of OHV. More detailed studies are required at this time along with a completed viability and sensitivity analysis of OHV. Target date is August 1986.)

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

Adequately Addressed Being Addressed Requiring Attention
X

(This has been done in the context of on-going policy dialogue between OHV, MOA and USAID. Date accomplished was December 1985.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(OHV has studied and begun to use village cooperatives for credit and extension groups for extension. The studies need to be broadened to all activities in determining the new roles and functions of OHV. Target date is August 1986.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(Seminars on organizational and agricultural planning have been conducted. Date accomplished was January 1985.)

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

Adequately Addressed Being Addressed Requiring Attention
X

(With the improvement in field agent supervision the number of clients is known. The larger question is the effectiveness of the agents in promoting improved techniques. Date accomplished was August 1985.)

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

Adequately Addressed Being Addressed Requiring Attention
X

(Agent-client relationships are being surveyed indirectly as a part of the evaluation in process. Target date is March 1986.)

33. Financial viability and sensitivity analysis completed.

Adequately Addressed Being Addressed Requiring Attention

X

(First drafts of financial viability and sensitivity analyses were started by OHV and USAID in October 1985 but not yet completed. Target date is May 1986.)

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

Adequately Addressed Being Addressed Requiring Attention

X

(An analysis of revenues and costs will be included in a completed financial analysis. Target date is May 1986.)

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.

Adequately Addressed Being Addressed Requiring Attention

X

(OHV policy is to provide technical assistance and encouragement and self-reliance in the repair of the village warehouses. The increased emphasis on village associations demands a closer look at their needs. Target date is August 1986.)

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.)

Adequately Addressed Being Addressed Requiring Attention

X

(A wide number of options related to the future structure of OHV need to be studied. Target date is August 1986.)

82. 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.

Adequately Addressed Being Addressed Requiring Attention

X

(USAID has delayed the provision of blacksmith equipment on credit until a market study for each blacksmith is completed, including provisions for supplies independent of OHV. Date accomplished was August 1984.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(OHV is identifying and bringing to the attention of blacksmiths suppliers of blacksmith materials. The question of supplying blacksmiths independent of OHV must be dealt with. Target date is May 1986.)

85. 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(OHV must complete a market study for each blacksmith proposed for credit. Target date is May 1986.)

Since the 1984 evaluation, the OHV Planning Commission has produced a mid-term plan and a plan for the development of small irrigated perimeters. There has also been created a joint GRM/USAID Commission ("Comite de Reflexion") to discuss the future roles and functions of OHV, represented by technical experts of the Ministry of Agriculture and the National Direction for Agriculture, Operation Haute Vallee, the technical assistance team of LBII, and USAID. In a proposal to USAID, the GRM presented a draft think piece which outlined a gradual restructuring of OHV into essentially an extension and planning service. The plan proposed that credit, input supply and marketing activities be turned over to the private sector, including autonomous village associations or cooperatives. This document served as a basis for further discussions and an agreement by all parties on working definitions of a goal and purpose with respective objectively verifiable indicators, means of verification and important assumptions following USAID's logical framework matrix. Two constraints to further discussions exist: (1) an economic analysis of viability and sensitivity for OHV; and (2) studies related to the capacity of the private sector and local organizations to assume marketing and credit activities, a social institutional profile of the agricultural sector related to OHV, and a technical analysis to identify viable technical interventions. Both USAID and OHV have begun a viability and sensitivity analysis and are in the process of comparing documents. It is recommended that this be given priority attention for immediate completion as it will serve as a basis for further discussions. The most urgent output is a computerized analysis of costs and revenues by commodities and activities attributed to personnel at the

headquarters and in the field. With regard to studies, the MOA, OIV, LBII, and USAID are in informal contact on the need to begin these studies. It is recommended that USAID, OIV and the MOA reach early agreement to request LBII to bring in a short-term TA expert to assist all parties in drafting terms of references for the required studies. This process should assist in the dialogue on the various options for restructuring OIV.

D. Project Monitoring

a) 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(A project committee has existed and met regularly since the time of the evaluation. Date accomplished was June 1984.)

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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(This committee met last June to discuss the 1984 evaluation, and subsequently to discuss the possibilities for reform of OHV. Date accomplished was June 1985.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(A system of activity reporting has been put in place for OHV and the contractor. Date accomplished was September 1985.)

b) Use of Technical Assistance

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.

Adequately Addressed Being Addressed Requiring Attention
X

(Technical assistants have identified needs as they arise within the course of work to conduct training of small groups. Date accomplished was September 1985.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(Specific tasks were assigned to the Chief of Party last year in consultation with the MOA, LBII, OHV and USAID. Date accomplished was January 1985.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(In June 1985 it was agreed that T.A. would provide specific works for evaluation twice a year. Date accomplished was July 1985.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

(T.A. progress is reviewed at the January supervisory visit and on/about June. Day-to-day progress is reviewed at the weekly OHV-LBII-USAID implementation review meetings. Date accomplished was July 1985.)

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.

Adequately Addressed Being Addressed Requiring Attention
X

Adequately Addressed

Being Addressed

Requiring Attention

X

(All T.A. has been used effectively in this area. Date accomplished was December 1984.)

72. The USAID and the T.A. 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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(T.A. has assisted OHV in the development of proposals for reform. Date accomplished was December 1985.)

87. The engineer on the T.A. team should be retained.

Adequately Addressed

Being Addressed

Requiring Attention

X

(The engineer for road construction was retained although he has lately suffered from health problems and was evacuated. Date accomplished was February 1985.)

A joint steering committee was set up prior to the 1984 evaluation and continues to meet periodically to assess progress in addressing recommendations from the 1984 evaluation and in accomplishing the scopes of work for the T.A. team members. As it is difficult to assemble all interested parties at this high level on a regular basis, they have delegated authority to a working group of representatives more closely associated with the project. This group meets on the average once every three weeks. It is recommended that both AID and OHV make a concerted effort to hold these meetings at least every two weeks, even though communications on project matters is almost daily.

Monitoring of LBII's performance and procedures for communication among MOA, OHV, LBII, and USAID were established and implemented. Progress against existing terms of reference, identification of problems causing lack of progress, and clarification of responsibilities in meeting these problems has been made. It was agreed that the project will provide only short-term assistance for specific technical problems of the extension service in the present phase. The question of long-term T.A. to the extension service will be a design issue in the second phase. The question of long-term vs. short-term T.A. to the Credit Section deserves a more in-depth review at this time in light of changes proposed within the system toward group credit through BNDA. Outside experts are being involved to address problems of and to improve computerization of financial management, credit and planning activities.

E. Financial Management

24. General accounting brought up to date.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(General accounting using the DeCalc method was brought up-to-date early. Now all general accounting is computerized. Date accomplished was September 1984.)

25. Budget encumbrance function in place.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(This too is now computerized. Date accomplished on DeCalc was September 1984.)

26. Procurement section systems in place and functioning.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(Procurement systems were the first work of the financial expert. Date accomplished was June 1984.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(Inventory controls have been computerized, including the disposition of old stocks. Date accomplished was September 1985.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(Bank account statements continue to arrive up to one month after the closing date. Reconciliation is done soon afterward. Date accomplished was November 1984.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(Financial accounting and inventory were computerized in October and April 1985 respectively. Data entry is continuing. Target date is March 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(A petty cash fund policy is established. Date accomplished was September 1984.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(Local currency began flowing to the project in September 1984 and interest earned in October. Date accomplished was November 1984.)

32. Internal audits of inventory function implemented.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(A manual verification system was put in place shortly after the 1984 evaluation. Date accomplished was October 1984.)

33. Financial viability and sensitivity analysis completed.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(First drafts of financial viability and sensitivity analysis were started by OIV and USAID in October 1985 but not yet completed. Target date is May 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(An analysis of revenues and costs will be included in a completed financial analysis. Target date is May 1986.)

35. Financial systems manual materials formulated.

Adequately Addressed

Being Addressed

Requiring Attention

X

(The necessary documents are already drafted in the form of service notes. They need to be collated and described. Target date is June 1986.)

The drop in the world price of cotton has a potentially deleterious effect on OHV. World Bank reports and experts agree that the current low prices will prevail for a minimum of 2-3 years and possibly longer. OHV might therefore require structural rather than temporary adjustments along with the rest of the cotton sector. It is recommended that OHV and USAID complete the financial viability and sensitivity analyses, and the analysis of revenue sources and the attribution of costs in order to determine the impact on OHV. It will probably be necessary to implement a cost reduction program, especially in areas related to cotton commercialization.

Aside from the financial viability and sensitivity analyses, and the analysis of revenue sources and the attribution of costs, it is recommended that the Financial Expert complete a procedural manual on the financial system by June, 1986.

F. 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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(The OHV credit system was first computerized in April 1985. Data entry of stocks and placements has been done except for one sector. Date accomplished was January 1986.)

38. OHV, in collaboration with SAFGRAD, PIRT, DSPR 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 on 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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(The results of PIRT and DRSPR are not yet available. However, the National Direction of Agriculture will soon release an agricultural

zonage study. OHV currently targets inputs according to crops grown in specific areas, but is unable to meet the total demand. Target date is January 1987.)

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 1985/86. Criteria for linking input deliveries to agricultural capabilities should be defined by January 1986 for use during the 1986/87 crop season.

Adequately Addressed

X

Being Addressed

Requiring Attention

(OHV has formed a loan commission including members of the Production, Planning and Financial Divisions. They have linked input deliveries to repayment rates, demand and agricultural capabilities with existing information. Date accomplished was May 1985.)

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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(A plan to reduce inventory losses was developed in November 1985. The plan requires more development of procedures, training of agents and information sharing with farmers. Target date is June 1986.)

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

Adequately Addressed

X

Being Addressed

Requiring Attention

(Discrepancies existed between the weight of cotton when bought and when delivered. This problem resulted in delays in the payment of "ristournes" The problem has been resolved. Date accomplished was May, 1985.)

44. 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.

Adequately Addressed Being Addressed Requiring Attention
X

(The National Commission to dispose of outdated inventory stocks met, agreed to OHV requests and proceeded to destroy those stocks. Date accomplished was January 1986.)

46. The internal formula used by OIV 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.

Adequately Addressed Being Addressed Requiring Attention
X

(OHV performed this analysis at the end of the 1984/85 marketing season. Administrative costs range from 3 to 6 %. Date accomplished was May 1985.)

47. OIV, 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.

Adequately Addressed Being Addressed Requiring Attention
X

(Prices and subsidies are determined by the Office for Stabilization and Regulation of Prices. Input subsidies are scheduled for elimination by 1988. The transaction costs are calculated and taken into consideration in establishing prices. Date accomplished was June 1985.)

48. Primary attention in the administration of OIV 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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(OHV has increased the percentage of loans in value to almost 50 % among 30 village cooperatives. They have not yet had a group pay less than 100 %, but should still plan for the possibility. Target date is June, 1986.)

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(The policy of 100 % repayment has been in force since the 83-84 season. Date accomplished was April 1984.)

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 1985/86 crop season at a level at least 150% of the actual cash value of input deliveries in the 1984/85 season.

Adequately Addressed

Being Addressed

Requiring Attention

X

(USAID increased the credit fund by \$ 250,000 for both agricultural equipment and fertilizer. Date accomplished was May 1985.)

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.

Adequately Addressed

Being Addressed

Requiring Attention

X

(Orders are placed for fertilizer in August for eventual placement in June. Date accomplished was June 1985.)

54. The recommended benchmark for evaluating success in credit repayments for the 1984/85 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% of repayments due paid to OHV by March 15, 1985, using the credit formula now in place which counts repayments against both arrears and current payments due.

Adequately Addressed Being Addressed Requiring Attention

X

(Credit repayments reached 80 % on both arrears and current payments, and 95 % on current payments alone. Date of accomplishment was April 1985.)

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

Adequately Addressed Being Addressed Requiring Attention

X

(USAID issued a new credit project implementation letter no. 35. Date accomplished was May 1985.)

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.

Adequately Addressed Being Addressed Requiring Attention

X

(For all equipment loans, land surface under cultivation is not a criteria. Date accomplished was the 1985 cropping season.)

70. 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.

Adequately Addressed Being Addressed Requiring Attention

X

(The Research Coordinator and Planning Division studied village associations. Credit was extended to only 11 the first year and 30 the second. Date accomplished was December 1984.)

One of the greatest accomplishments of the OHV project has been the institution of a viable credit system for both agricultural inputs and equipment. In order to better plan for the accomplishment of production goals studies related to the better allocation of credit resources should be completed at the earliest. These include on-farm research trials that emphasize the production economics of different levels of farm technology and a land use inventory to

identify potentially productive zones. It is recommended that this information guide both extension and credit activities to optimize use of human and physical resources and maximize production increases.

OHV's experience with group credit is very positive, with consistent repayment rates of 100%. The number of accredited village cooperatives has risen from 11 the first year to 30 this past year. Even though the most advanced areas in social organization have already formed cooperatives, it is expected that this rate will continue. It is recommended that more strengthening of village credit cooperatives and credit for agricultural equipment be continued. The decision by OHV to stock inputs only as far as the ZER level must be accompanied by more sufficient planning, development of new procedures, training of OHV personnel and communication with farmers.

As mentioned earlier, OHV should test giving credit without a priori judgment based on the cash crop grown. It is recommended that the credit program should move to a monetized system in cases where either inputs can be obtained from other sources or marketing is performed by other agents. Cash crop diversification should be encouraged by OHV credit policy and extension practices. In connection with this, it is recommended that all subsidies on agricultural inputs be removed and that OHV charge farmers the actual cost of inputs plus the actual costs of placements. Within the current rural environment, we surmise that private sector suppliers of agricultural inputs have little motivation to develop markets. As a result, it is recommended that OHV not compete at subsidized levels with other providers of agricultural inputs and at real cost levels only until it is judged that adequate private sector competition will ensure availability at the lowest possible prices to farmers.

OHV credit policies with respect to OHV agents requires an annual review at this time. It is noted that problems from non-payment of credit loans by farmers are sharply reduced, whereas problems from agent theft are only slightly reduced. The system in place is at least very effective in detecting agent fraud. In our annual review it is recommended that we examine ways to further reduce agent theft.

G. Extension

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(OHV has studied and implemented a group approach to extension. They have also scheduled farm visits and coordinated with SAFGRAD and DRSPR on farm level research. Demonstration fields and field days need more attention. Target date is June 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(Currently 4 out of 6 days of Chef SB's are devoted to contact with farmers. What is needed is a better definition of the technical themes to be extended to farmers. Target date is June 1986.)

68. 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(Current extension themes are old and often repeated. They do not reflect all available information or research results. Better coordination with research organizations would help solve the problem. Target date is June 1986.)

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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(This workplan was developed and approved as part of the contract. Date accomplished was September 1984.)

74. Subsequent to implementation startup on the USAID-DNAFLA contract, attention should be given to altering the program by d) developing special materials for the Tons Villageois and Groupements Villageois on bookkeeping, financial concepts, ordering, warehousing, and estimating hectarage and input needs.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(These documents have been prepared. However, there was noted a delay in having some of the materials printed and reproduced. Target date is April 1986.)

76. 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 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
	X	

(The next amendment of the DNAFLA contract will include activities to plan for self-financing of functional literacy centers. To-date only Karan is assisting trainers. Target date is June 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(The current Director General of OHV has placed an increased emphasis on functional literacy. Cooperation with technicians is much improved. Date accomplished was April 1985.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(USAID has assured financing of the women's project separately. OHV commissioned DNAFLA to study and make recommendations on women's participation in functional literacy. Date accomplished was March 1985.)

79. 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.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(DNAFLA has studied new approaches, especially to women, and made relevant much of the teaching materials. Date accomplished was January 1986.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(OIV has reduced the rate of training of blacksmiths to correspond with credit availability. The rate may be increased if warranted by individual market studies. Date accomplished was September 1984.)

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

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
		X

(Although planned this was dropped from the training because of time constraints. Its importance needs to be recognized. Target date is August 1986.)

Extension methodology and the development of extension themes requires improvement. The current system could provide more guidance and training to agents on extension methodologies. While supervision of extension agents has improved markedly the extension service suffers from a lack of creativity and content. To a good extent the problem is a lack of field-tested extension themes. There exists a reliance on old themes which farmers hear repeatedly such as planting in rows, thinning and proper plant spacing. For its part OIV is nearing completion on preparing a typology of farms and their own zonal analysis apart from that of FSR and PIRT. It is recommended that this be completed with sufficient review before the next growing season and that the OIV extension service begin to fine-tune extension themes to different levels of technology and resources. OIV should organize research review sessions for agents to exchange research results and observations with researchers. The current extension strategy does not present farmers with many alternatives in cash crop production. It is recommended that OIV put together the extension themes, retraining of agents and improved extension methodologies to diversify both cash and food crop production which would present farmers with a choice and enable them to adapt to changing market conditions. Furthermore, it is recommended that the existing T.A. team and short-term T.A. be utilized to assist in the identification of tested alternative extension themes and methodologies.

Functional literacy, while it is a noble end in and of itself, should be used primarily to advance priority project objectives. The area of greatest possible impact is in cooperative formation and on-going training in cooperative management. It is recommended that the DNAFLA program be structured to offer a greater possibility for assisting village cooperative formation and management training with assured access of credit for women's needs. The project now requires greater assistance in this area beyond that which DNAFLA is capable of providing or OHV has personnel resources. It is recommended that OHV and AID review the possibility of using project funds to finance increased assistance to OHV cooperatives through, an indigenous or external PVO, or greater Peace Corps participation.

The village blacksmiths program currently suffers from poor planning and a lack of economic analysis. The number of blacksmiths in the OHV zone does not preclude individualized market studies and business plan development. Training for blacksmiths should have included a notion of business management. The role of OHV as a provider of materials does not ensure the long term provision of those services. And yet, the blacksmiths program offers a unique opportunity in rural private enterprise development. With all of this in mind it is recommended that an exhaustive study be performed of each blacksmith's market potential, his potential technical improvements and investment costs, and an economic analysis of his business prior to planning and proceeding with training and credit for blacksmiths. OHV interventions should be phased out after having assisted blacksmiths in identifying sources for tools and materials.

H. Infrastructure

a) Roads

86. The project should continue to finance the roads.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(The roads component has achieved roughly 310 kms constructed out of 398 kms planned. Target date is August 1986.)

87b. That USAID/Mali continue to press TP concerning adequate, timely and continued maintenance of roads that have been built under this project.

<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
X		

(OHV has followed established procedures in planning for roads maintenance. Public Works included roads constructed under the project in this years maintenance schedule. Actual road maintenance has begun. Date accomplished was February 1986.)

b) Construction

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

Adequately Addressed

Being Addressed

Requiring Attention

X

(Current building construction plans were reviewed, modified and finally approved, as were contractor selection and contract terms by the USAID Project Manager and Mission engineer. Date accomplished was December 1985.)

Roads

It is standard procedure in Mali to program routine maintenance of roads approximately 3 years after construction, depending on the condition of the road. In preparation for the day road maintenance would begin and according to agreed upon procedures OHV deposited installments of approximately \$3,500 in both 1984 and 1985 into an account with Travaux Publics. A third installment of approximately \$4,000 is to be deposited in the month of March, 1986. A year ago OHV reported to AID that the roads were holding up well and that major maintenance with heavy machinery was not required. This was confirmed by the OHV Project Manager by site visits and it was agreed that we would wait and observe road conditions at the end of the 1985 rainy season, before submitting a plan to Travaux Publics. In August 1985 OHV requested, with AID approval, that road maintenance be started on the sections of road built between October 1980 and July 1982. Travaux Publics (TP) included those roads on their maintenance schedule during the first quarter of 1986. At the time of this internal evaluation heavy equipment from the TP yard in Koulikoro is performing all required road maintenance according to schedule including filling holes and reshaping the road bed with heavy machinery.

IV. Comparison of Project Progress with Expected Outputs

The 1984 external evaluation did not adequately compare actual project progress with the expected outputs presented in ProAg Amendment No. 8 of July 1983. This was due to the relatively short period of implementation of various components after the redesign. The Amendment effectively redesigned the project by reducing the number of components and the expected outputs. However, the goal and purpose of the project remained essentially the same. In order to

increase food crop production, productivity, marketing and raise farmer incomes the project would have to improve service delivery, largely through improved extension, credit and financial management at OIV. Even within the inherent limits of rural development organizations in general, there is still room for improvement and there still exists the opportunity to achieve the goal and purpose of the project.

Goal: To improve incomes and the quality of life of the rural poor in the Haute Vallee area.

Purpose: To increase food crop productivity, production and marketing in the Haute Vallee.

Outputs:

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

The FSR activity began in the 1985 agricultural season in the Sectors of Bancoumana and Ouelessebouyou, one and a half years after it was planned. Because of budget negotiations funding for this activity was not made available until one year after ProAg Amendment No.8. (During this critical timeframe the T.A. Financial Analyst at OHV died of acute hepatitis.) The GRM FSR unit (DRSPR) required an additional 6 months to achieve certification under Regulation FAA 121 (d). The FSR unit began surveys of farm households in two of the six sectors of OIV. As a result of these surveys limited field research has been proposed for these two sectors during the 1986 agricultural season. This cropping season the FRS unit is expected to expand their surveys into all of the six sectors of OIV. Apart from gathering data and stimulating ideas and exchanges with the extension service of OIV, the results of FSR will be useful in future planning of OHV activities.

In conjunction with the FSR surveys a land use classification was to be accomplished by the Land Use Inventory Project (PIRT). In addition, OIV data collection and analysis was to provide a typology of farmers in order to refine extension themes to different production zones and target populations. Prolonged contract negotiations between OIV and PIRT have precluded an early start-up of this activity. However, we expect to finalize most of the work by mid-1987. The OIV Division of Planning and Statistics has collected data on OHV farmers for the last two years, although their report on the typology of farm units has yet to be completed. More than 50 percent of OHV field agents have been trained and have participated in surveys and data collection. While it is believed that the survey methodology was acceptable, the Division's analytic capability is weak and additional technical assistance may be required. Plans call

for OHV and the FSR unit to collaborate on data collection and analysis for the next year and, in combination with the land use inventory, review and refine extension themes for different production zones and target populations for the 1987 agriculture season.

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

Improved roads are perceived by OHV farmers as having a positive impact on rural development. In areas where improved roads have been built they are considered to be the most important aspect of the project. Consequently, in areas where improved roads have not yet been built farmers view their absence as their greatest constraint to increased productivity. In February 1986 approximately 310 kms of roads have been constructed out of the 398 kms planned. These roads have opened up four areas that were previously isolated from markets, especially during the rainy season. The road construction crew is scheduled to begin the final 80 kms in a fifth and last area in March 1986. Construction will not be completed by the current PACD of September 1986, but rather in March 1987. The program for road maintenance has been put in place and tested. Roads maintenance is scheduled and has begun on all road built prior to 1984.

3) 100 functional literacy centers within the project zone.

One hundred and eighty functional literacy centers have been established in OHV, of which 23 are for women. While the overall numbers are adequate to meet the project objectives, operational activities need to be improved. Roughly 15% of the reported 3250 participants were tested literate and only 7.5% numerically literate during an internal evaluation in July 1985. In an effort to improve literacy rates the contractor is developing and using more practical teaching materials, especially for numeracy. These concern farm accounts and cooperative management of credit, among others, which are closely tied to overall project objectives. The contractor has studied the issue of women's participation in functional literacy in an effort to improve those statistics as well. The solution to this problem lies in assuring the participation of women in the entire development process to alleviate the over-burdening and time-consuming tasks that they are now performing. More time is required before this project objective can be reached. The project plans on achieving the 200 functional literacy centers in the original PP within the next two years. However, much more attention will be given to the quality of instruction and materials, the relationship with overall project objectives and the inclusion of women.

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

The project has created a viable credit system at OHV, which is meeting farmer equipment and input needs. Repayment rates are now approaching 100% on this year's amounts due and payments on previous year's outstanding loans continue to be collected. The project now has the liquidity to order equipment and inputs 9 to 10 months in advance of credit placement. The program to eliminate input subsidies continues and will be completed in 1988. In the midst of this success several problems persist. OHV agent fraud needs to be dealt with and sanctioned more forcefully and OIV needs to further reduce their input supply costs while paving the way for increased private sector competition. Group credit to agricultural cooperatives, currently at roughly 50% of value placed, needs to be further encouraged to reduce the role of OIV agents in credit. The next two years will be critical in the evolution of the credit system to form responsible and independent OIV farmers.

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 OIV agents and performance evaluations criteria.

An operating manual has been completed for the credit system, and it has been updated as the system has evolved. The basic documents and procedures exist for an operating manual for financial management, accounting, purchasing, inventory control, property management and extension but must be organized with additional instructions. This will be accomplished by the current PACD. The project has made the necessary improvements in personnel management by describing the roles, duties and responsibilities of OHV agents. Performance evaluation criteria are completed for most agents and an evaluation of field agents has been conducted. In recognition of the complexity of the financial systems in place at OHV the project decided to send the Chief of the Administrative and Financial Division for Master's level training in Accounting and Financial Management. He will finish his program at the earliest in June 1987.

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.

The extension service is key to achieving the project purpose of increasing food crop productivity, production and marketing. Many conditions are now at a point where they may be brought together to experiment on ways to improve farmer outreach. OHV has agreed to an experiment of this type in two ZERs which will permit us to test better communications systems with farmers and that will have implications for further restructuring the extension service. The experiment will include elements of a training and visitation approach by subject matter specialists, increased agent and farmer contact with on-farm research trials. The experiment will be further augmented by demonstration plots, improved seed multiplication, credit for equipment and inputs, participation by village cooperatives and extension groups and coordination with functional literacy classes. After learning from the experiment this agricultural season, an expanded effort is foreseen for the 1987 cropping season. When combined with the refined extension themes which will result from the typology of farm units, production systems and land use capabilities these changes in project implementation should begin to result in increased agricultural production.

V. Progress in Discussions by the Commission for Reflection on the Reform of the Role and Function of OHV

The Malian Government has for some time been studying the question of the reform of rural development organizations (RDO's) such as OHV. With assistance of the World Bank in the early 1980's they contracted with the "Societe d'Aide Technique pour la Cooperation et le Developpement" (SATEC) for an in-depth study of RDO's. SATEC completed their first phase "Analysis and Schedule" in August 1982 and second phase "Proposal for Reform" in February 1985. The World Bank plans to hold a joint multidonor/GRM workshop using the document as a starting point for discussion in June 1986.

The SATEC document has stimulated debate and discussions on the reform of RDO's within the donor community and the Ministry of Agriculture. The document proposes fewer RDO's but requires that each cover a larger area conforming more closely to GRM administrative regions. Given the historical development of RDO's this is probably not practical and offers few advantages. On the other hand the document proposes that RDO's withdraw from input supply, credit and commercial functions in favor of private sector economic agents. On this point there is general agreement in principle, because it is generally recognized that the GRM and/or RDO's cannot afford to subsidize or efficiently perform these activities.

In spite of the general recognition that reform of RDOs is necessary, the only attempt at implementing reform of an RDO has been rice marketing liberalization of the "Office du Niger" as a part of the

Cereals Market Restructuring Project. If this one experience this year can be used instructively, the Mission has learned that the implementation of RDO reform requires close study, planning, information dissemination and supervision. The process could be very much facilitated by a close collaborative relationship with a project. Interestingly, even recently designed or re-designed World Bank projects do not respond to the recommendations of the SATEC report.

Reform has come slowly because the solutions to the inherent problems of RDOs are complex. The GRM is naturally wary of changes which would possibly result in a collapse of services now provided by RDOs to rural farmers. Officials recall the events leading to the failure of the peanut marketing RDO in 1982. Donors decided not to come to the rescue of the RDO when World market prices for peanuts plummeted. At that time GRM policies discouraged private sector development and the region witnessed a collapse of marketing, credit and input supply infrastructure, and a resulting decrease in rural income. Within a short period of time farmers returned to subsistence farming strategies and the region has not yet recovered. It is in the interests of both the GRM and the USAID to proceed cautiously with a program for reform of the role and function of OHV that will benefit farmers in the long run.

A long history of French colonialization and state-run approach to development has resulted in Mali looking elsewhere for guidance and assistance. The MOA has turned to AID as the the lead agency in studying practical reforms and their means of implementation. The Mission has responded within the context of the OHV project. During our joint review of the evaluation recommendations in June 1985 the Mission advanced the idea that many of the deficiencies of OHV in commercial and credit activities are inherent to RDOs and Government parastatals in general, and that the possibilities for correction of these inherent deficiencies through management improvements alone was limited. Any follow-on project would therefore have to contain a clear strategy for increasing private sector participation in the development of the zone. As a result of our discussions we decided to form a joint commission ("comite de reflexion") to evaluate proposed reforms of the roles and functions of OIV.

The OIV and MOA members of the commission prepared an initial draft document outlining the strategy of the Government to achieve food self-sufficiency and ease the balance of payments deficits through increasing agricultural productivity. According to the document this is to be accomplished by; 1) technical interventions, and 2) increasing village association and other private sector participation in credit and commercial activities in the Haute Vallee area. Furthermore, OIV will gradually cede its role as a sole supplier of inputs, credit and commercialization services in favor of a strengthened private sector, including agricultural cooperatives.

Eventually OHV is to evolve into a planning and extension agency, much reduced in size and complexity. Using this document as a basis for further discussion the USAID introduced the concept of the Logical Framework Matrix and the commission adapted elements of the initial document to the Goal and Purpose statements of the Logframe. The following was the preliminary result.

Goal: To increase agricultural production, notably food crops, and net incomes of inhabitants of the Haute Vallee.

Purpose: To increase the productivity of agricultural systems, promote the development of agricultural enterprises, and construct the physical infrastructure necessary for economic growth.

While promoting agricultural enterprises might properly be termed an output, the commission wanted to put up front the notion of actively assisting private sector development. Similarly, constructing physical infrastructure, i.e. roads, is a high priority for the development of the region. The commission proceeded to discuss and agree upon the respective objectively verifiable indicators, means of verification and important assumptions for these goal and purpose statements.

The discussions of the commission have reached a point where detailed information and concrete options on the capacities of the local private sector need to be gathered and developed. To do this the commission has agreed to use outside consultants who already have sufficient experience in the Sahel. These studies will begin as soon as we have joint agreement on the terms of reference, and USAID can complete contracting procedures, probably in July and August.

The Mission has good reason to believe that the reform of the role and function of OHV will be pursued by the GRM. The reform is in conformance with a new national emphasis on reliance on the private sector to promote development in general in Mali. For USAID, the project presents a unique opportunity to promote our objectives for policy dialogue, private sector participation, institutional development and technology transfer.

VI. OVERALL CONCLUSIONS

Operation Haute Vallee has made significant progress since the evaluation of 1981, the audit of 1982, and even the evaluation of 1984. The most impressive of these accomplishments are in the fields of general and financial management. While some problems still remain, it can be said that OHV now has in place management systems which are being followed and are effective. They have systems in place for personnel supervision and evaluation, definition of job

duties and responsibilities, a model credit system, procedures for procurement and marketing, and financial accounting and management. OIV has remained open and receptive to comments and suggestions in improving management systems.

The project is at a turning point. Our emphasis on management issues at OHV has resulted in improvement to the point where the organization and USAID can now accord more attention to the targeted beneficiaries, OHV farm households. Up to now it would be fair to say that the purpose of the project was to strengthen OHV's management capacity to deliver services to farmers. Our guiding assumption has been that to improve OHV's capacity and efficiency to provide those services would in turn raise agricultural (food crop) production and productivity. To a certain extent these objectives have indeed been accomplished. The most notable example is the increase in maize production throughout the OHV zone.

The time is opportune to concentrate more on using OHV as a vehicle for transmitting technological innovations to OHV farmers. OHV's current leadership is disposed to try new approaches and to further improve their service delivery. Unfortunately, OHV is still somewhat limited by the lack of new on-farm tested crops and technologies. This situation has improved to an extent with the SAFGRAD on-farm testing program and it is expected that more promising varieties of millet and sorghum will enter this program in the near future. It is incumbent upon USAID, the technical assistance team and OIV to identify and/or adapt known improved technologies for extension.

By comparing numerically the results of this internal evaluation with our joint review on evaluation benchmarks and recommendations during June 1985, it is possible to illustrate considerable progress being made in project implementation.

	<u>Adequately Addressed</u>	<u>Being Addressed</u>	<u>Requiring Attention</u>
Assessment Date	85 86	85 86	85 86
Benchmarks	7 10	3 3	4 1
Recommendations	24 49	22 31	42 8

OIV has therefore compiled a sound record in adequately addressing a good percentage of those Recommendations and Benchmarks, especially in the fields of general and financial management. It is therefore the opinion of the internal evaluation that progress to date is sufficient to allow for the project to increasingly strengthen the outreach program to OHV farmers.

The willingness of OIV to experiment with new approaches goes beyond the narrow concern for OIV management improvements. Implicit in those experiments is a major reorganization of public and private sector institutional arrangements as OIV cedes its role as sole supplier of inputs and agricultural equipment and as sole marketer of agricultural production. Discussions to date between the MOA, OIV, and USAID indicate a willingness to reform the role and structure of OIV into primarily an extension and planning agency, and strengthen the private sector, including village cooperatives, to assume input supply, credit and marketing roles. The MOA has officially transmitted to USAID two documents of our joint Commission for Reflection, a draft think-piece on the follow-on project and the preliminary goal and purpose sections of a USAID Logical Framework Matrix for a follow-on project. Discussions are at a point where additional information and options papers are needed.

As a result of the foregoing, it is the major recommendation of the internal evaluation that the current phase of the project be extended by two years, from September 15, 1986, to September 15, 1988, to permit the project to achieve the outputs described in ProAg Amendment No. 8 and to permit the USAID to enter into a studies phase leading to further dialogue on a Phase II project. The PACD extension will require AID/W approval and bring the LOP up to the maximum 10 year limit. Existing funds will permit the continuation of project activities for only one year at the current level of expenditures. In order to ensure a continuation of these activities and if warranted by progress in negotiating significant reforms of OHV, the USAID should provide adequate bridge financing to provide sufficient time to authorize a follow-on project and field a new technical assistance team.