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**IMPLEMENTATION COMPLETION REPORT**

**REPUBLIC OF NIGER**

**SMALL RURAL DEVELOPMENT OPERATIONS PROJECT  
(CREDIT 1890-NIR)**

**February 10, 1999**

**Rural Development II  
Africa Region**

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## **CURRENCY AND EQUIVALENT UNITS**

Currency Unit = CFA Franc (CFAF)

### **EXCHANGE RATE**

1988 US \$1 = CFAF 298

1990 US \$1 = CFAF 272

1992 US \$1 = CFAF 265

1994 US \$1 = CFAF 555

1996 US \$1 = CFAF 512

1998 US \$1 = CFAF 550

### **WEIGHTS AND MEASURES**

Metric System

### **FISCAL YEAR**

January 1 - December 31

### **ABBREVIATIONS AND ACRONYMS**

AFD	Administrative and Financial Director
CRA	Capital Replacement Accounts
DDRM	Directorate for regional development and micro-projects
ERR	Effective Rate of Return
GON	Government of Niger
IDA	International Development Association
NGO	Non-governmental Organization
PIT	Project Implementation Team
PMU	Project Management Unit
PPF	Project Preparation Facility
PTA	Principal Technical Adviser
SRO	Small Rural Operations Project

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## IMPLEMENTATION COMPLETION REPORT

## REPUBLIC OF NIGER

SMALL RURAL DEVELOPMENT OPERATIONS PROJECT  
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MAP: IBRD 20647

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# **IMPLEMENTATION COMPLETION REPORT**

## **REPUBLIC OF NIGER**

### **SMALL RURAL DEVELOPMENT OPERATIONS PROJECT (Cr. 1890-NIR)**

#### **Preface**

This is the Implementation Completion Report (ICR) for the Small Rural Operations Project in Niger for which Credit 1890-NIR in the amount of SDR 7.1 million (US\$ 9.3 million equivalent) was approved on September 14, 1988. The project was co-financed with a Grant from the Swiss Development Corporation in the amount of Swiss Francs 12.5 million (US\$7.8 million equivalent, and became effective on December 14, 1988.

After two extensions, the Credit was closed on June 30, 1998. The Swiss Grant also extended twice, will close on April 30, 1999. The last disbursement on the IDA Credit was made on September 24, 1998.

The ICR was prepared by Mahaman Salifou, Project Officer, at the Resident Mission in Niamey, with quality assurance support from Sidi Jammeh (TTL, AFTR2). It was reviewed by Joseph Baah-Dwomoh, Sector Manager, AFTR2, Florent Agueh, Sector Manager, AFTS2, Daniel Sellen, Sector Economist, AFTR2, and Bertrand de Chazal, Financial Analyst, AFTS2 and Theodore Ahlers, Director, Country Department 13.

Preparation of the ICR included a joint Government/Bank mission that took place from October 12-23, 1998. This mission consisted of Mahaman Salifou (Mission Leader); Soulemane Fofana (Operations Analyst, AFTR2), Stanislaw Manikowski (Consultant/M&E specialist, AFTR2), Amadou Alassane (Program Officer/Extension specialist, RM, Niamey) and Abdoul-Wahab Seyni (NGO Liaison Officer, RM, Niamey). The ICR also drew extensively from project-related documentation provided by the Borrower, including the consultant report on the poverty impact of the project. The Borrower contributed to the preparation of the ICR by preparing its own evaluation of the project, which is attached as Appendix to this report. Comments made by the Government at the completion of the ICR mission have been incorporated into the report.

# **IMPLEMENTATION COMPLETION REPORT**

## **REPUBLIC OF NIGER**

### **SMALL RURAL DEVELOPMENT OPERATIONS PROJECT (Cr. 1890-NIR)**

#### **Evaluation Summary**

##### **A. Introduction**

1. The concept of a Small Rural Operations (SROs) Project arose from frustration over the limited success of large-scale and "top-down" productivity projects. Recognizing this, the Government of Niger (GON) adopted a new development approach based on transfer of responsibility to beneficiaries, with emphasis on self-management of development projects. By intensifying off-season crop production through widespread use of existing simple, low-cost technologies, the project would generate rural income and help mitigate the food shortages caused by recurrent droughts.

##### **B. Project Objectives**

2. The project was the first phase of a program of IDA support for SROs, which would eventually be replicated on a national scale. It was designed as a capacity-building operation to be undertaken in the framework of field-level developmental activities. Its aim was to develop local capacity to prepare, appraise, execute, and evaluate SROs with the active participation of the rural population, as well as to provide effective extension once SROs became operational. Although the project was to finance productive investments, an increase in production was not in itself the primary objective; rather it was the means to support local initiatives by providing adequate technical advice and clearly defined rules of financing. The specific SRO models would increase crop, fruit and fuel wood production, enhance security of production, generate employment, protect the environment and raise rural living standards, and included investments in bottomland development, small-irrigated farming, fruit tree nurseries, soil conservation, and water harvesting.

3. Project objectives and approach were consistent with the Bank's rural sector strategy to use policy reforms to, among other things, improve the efficiency of resource use. The underlying rationale was that the supply response expected from the adjustment program would depend on technically and economically viable solutions for long-term development of the rural sector and on the institutional capability to assist farmers in maximizing the long-term potential. In addition, IDA had a major role to play in helping the Government to harmonize rules to be applied to the numerous externally-funded SROs, since the other donors already active in SROs were reluctant to take the lead.

## C. Implementation Experience and Results

### Achievement of Objectives

4. The project's most important objective was to build institutional capability in Niger for making sound investment decisions for small-scale income-generating activities and for managing investment funds at the local level. This objective has been achieved. Through low-cost training and technical support from staff of the project implementation team (PIT), this project has effectively developed a critical mass at the local level, notably in the targeted nine *arrondissements*, and a methodology for project analysis. A total of 500 technical services staff and managers directly benefited from this component. In addition, the project has fostered a culture of team work, whereby local technical service providers, which had hitherto operated separately, have learned to function as a multidisciplinary team on operational tasks. Project beneficiaries were also provided with training and technical support. A total of 1,500 small farmers benefited from the literacy programs financed under this project which, in turn, contributed to enhanced farm management skills, improved social intermediation and group formation. Another demonstration of the development impact of the project's institutional program is the establishment, using village funds, of 45 libraries and 25 printing presses.

5. The project has successfully decentralized financial operations to the local level, by establishing local accounts in all nine *arrondissements*. This has been possible by design and the reporting and monitoring capacity of a well-trained and highly motivated project implementation team.

6. Another significant achievement of the project in institution-building was that it fostered the development of a strong participatory culture. By focusing on the principle that beneficiaries manifest, both in-cash and in-kind, their interest in participation and instituting capital replacement accounts (CRAs) for renewal of medium-term assets, the project helped create conditions for sustainability.

7. Overall, the objectives of the investment component were achieved. Under the investment program, this project contributed to the financing of 88 SROs in off-season production of horticultural products and fruit trees, soil conservation, smallholder fish production, stock-raising/animal husbandry, small-scale milk production, agro-processing, and animal traction activities. Of the 5,151 farming units involved, 2,200 were owned and operated by women groups. The number of rural farmers benefiting directly from these income-generating activities is between 31,000 and 36,000.

8. A final assessment of the performance of the investment component revealed that 11 out of the 88 SROs financed by the project were abandoned -- a success rate of 87.5 per cent. The reasons for abandonment were unresolved land tenure disputes, inadequate water in the aquifer, salinity, and group organizational and management problems.

9. The re-estimated ERR for the bottomland model came to 19 percent (versus 22 percent at appraisal) based on the appraisal assumptions that the opportunity cost of family labor was FCFA 300 and the project's net investments are included in the cost stream. Net incremental incomes per production unit at full development in year 10 were FCFA 1,867,000 for bottomland operations, FCFA 809,000 for the soil regeneration model, and FCFA 5,000,000 for the non-crop models, notably semi-intensive fisheries and dairy production and marketing. This strong impact on the incomes of the farm families arise from higher cropping intensities, higher value crops, and diversification toward non-crop activities. The project's impact on food security and poverty reduction has been positive in much of the project area, which is chronically food deficit and where other donors appear to be noticeably absent. The impact on the welfare of women beneficiaries, who dominate the project's horticultural marketing and agro-processing activities, has also been assessed as significant.

10. Although SRO investments permitted beneficiaries to generate income, the requirement to use part of this income as annual contribution to replace equipment or reimburse costs of material financed by the project has not always been followed. Compliance with the requirement to make annual contributions to the CRA for replacement of medium-term assets averaged 89 per cent while the reimbursements into the Development Fund for reinvestment was very low (20 per cent).

11. Part of the explanation for such poor reimbursement performance record was that financial contributions were determined not by income earned, but more by awareness of reciprocal obligations established under the participatory approach. Many farmers were unsure or unconvinced that the funds belonged to them or would yield direct benefits to them, and in a few instances, suspected that the Planning Department of the supervising ministry, would misuse these resources. Land tenure problems also arose when proprietors became uncooperative after investments had been made. Another explanation lies in the complexity of the CRAs, which made it difficult for beneficiaries to understand the basis for calculating annual contributions. In order to overcome the difficulties which hampered proper performance of these key financial instruments, it is imperative to unambiguously clarify ownership of these funds, empower farmers to manage the resources directly, provide a legal status for the funds, and simplify the rules of the game for operating the accounts.

### **Major Factors Affecting the Project**

12. The end of military rule and the opening-up of the political process unleashed a prolonged period of political instability, frequent changes of Government, and social unrest, especially between 1990 and 1995. The resulting environment paralyzed administrative processes, especially at the local level, and adversely affected the pace of implementation, particularly from 1990 to 1993. On the other hand, the intense political debate during the *Conference Nationale* aided the process of internalization of the project's participatory approach by inducing a heightened awareness of democratic values among the rural population.

13. Although the Government faced recurrent public finance crises, it was nevertheless able to maintain strong commitment to the objectives of this project by making an honest effort to comply with its counterpart funding obligations. In fact, the Government used counterpart funds to open Small Expenditure Funds at the district level to facilitate small-scale financial transactions at the project sites.

14. In spite of the unstable political environment prevailing in the country during much of the implementation period, the Government maintained the same team at the project unit, and progressively empowered them to exercise autonomy in managing the project. During the first two years, however, performance of the project unit was impeded by a lack of effective coordination and collaboration between the Ministry of Planning (the supervising ministry) and the line ministry (Agriculture). This problem was compounded by the rigidities in an organizational culture that emphasized the status of employees rather than execution of tasks.

15. Difficulties attributed to management of the public enterprise reform program also adversely affected implementation performance during the first three years, with special reference to the freezing of project funds following liquidation of the Nigerien Development Bank and the National Savings Fund. Furthermore, social and political pressure to offset the perceived negative impact of Structural Adjustment Program led to unwise investment decisions and unsustainable expansion of SROs between years two and three of the project. Many of these initial difficulties were overcome through supportive joint project supervision which emphasized problem-solving over fault-finding. Another positive governmental action was the policy of tapping the pool of United Nations Volunteers (UNV) to provide the project's technical assistance, which proved to be cost-effective and more sustainable in comparison with reliance on the relatively expensive external technical assistance pool.

#### **D. Project Sustainability**

16. The project has helped develop, through the experience of the decentralized accounts, a reasonably robust capacity and a culture of accountability, transparency and discipline in project accounting and financial management.

17. However, many achievements are relatively recent. Experience has shown convincingly that longer-term commitments may be necessary for such operations to yield sustainable returns. More importantly, farmers had some difficulty in complying fully with requirements to make financial contributions to the CRA and to the Development Fund. Since the sustainability of the investment component is doubtful, the sustainability of the operation is uncertain at best.

18. In view of this, follow-up may be required to internalize and consolidate the project's positive results. The final two years of the project were spent on activities central to setting conditions for sustainability and for mainstreaming targeted poverty

interventions aimed at future work programs. The pilots on new SRO models are designed to permit greater diversification of small-scale income generating activities, upstream and downstream of production, while the tests on the technological innovations may help promote widespread adoption of cost-effective water management techniques and fertilizer applications.

19. The preliminary results from the above initiatives appear encouraging, but they are not robust. Similarly, while there are some positive results on the capacity-building front, especially in terms of the increase in the literacy rates of small farmers, these have not been tested long enough to determine their durability. In order to ensure sustainability, therefore, it may be useful to expand the scope of this project's activities nationwide with a follow-on project.

#### **E. Summary of Findings, Future Operations, and Key Lessons Learned**

20. This project was a pilot operation in capacity-building for poverty alleviation. It has successfully developed an innovative approach, whereby local capacity is built and deployed within a framework of targeted poverty- and hunger-reducing development activities. While the project outcome is rated satisfactory, more time is needed to consolidate achievements and to enhance conditions for sustainability. The project is thus an important starting point in the sense that it has laid the groundwork for sustainability of this approach, and a future operation may be warranted to replicate this positive experience on a larger scale.

21. The key lessons learned from the achievements of the project may be summarized as follows:

- Targeted poverty interventions of the self-employment type are an effective instrument for transferring resources directly to the poor.
- Decentralized financial management at the local community level is central to successful implementation of bottom-up approaches to development and for promoting a culture of financial discipline in managing community funds.
- Demonstrated ownership and empowerment are key to effective participation of farmers in small rural development operations.
- Training in farm management skills such as entrepreneurship and risk management promotes financial sustainability, while simplified operating procedures, legal protection and clarity with respect to benefits of the established financial mechanisms are central to establishing ownership and credibility of such mechanisms.
- Access of farmers to project and/or extension staff is central to effective problem-solving at the community level. The experience from this project shows that farmers

with less access to or infrequent contact with technical staff perform less satisfactorily in group relations and operationally.

- Continuity of project implementation staff and Bank staff ensures reliability and better quality of services to the project.
- Although public administration can be an effective catalyst in fostering private entrepreneurial development and participatory grassroots income-generating initiatives, it is generally less effective than a private association of the beneficiaries.
- It is risky to make long-term investments in community-based agricultural enterprises without resolving, through unambiguous and enforceable policy, tradition-bound land tenure constraints and disputes;
- Operations designed to develop local capacity and a participatory culture require a longer learning curve and therefore long-term commitment (i.e. 10-15 years) before development impacts are evident.

### **Future Operations**

22. The Borrower had originally viewed this operation as the first phase of a long-term program to support its decentralization policy and has written to IDA requesting a Project Preparation Facility (PPF) to prepare the second phase of the project. This would enable the Borrower to respond to the rising demand for expansion of SROs nation-wide. A follow-up operation would be expected to focus on strengthening and diversifying targeted poverty programs of the self-employment-type. These would consist mainly of the credit-based income generating activities (to generate medium-term income streams) and/or public (infrastructure) works program (as a temporary measure for income smoothing in the agricultural off-peak season). IDA's support would be influenced by the experience from the on-going decentralization process, as well as from the community-based approaches currently used in ongoing Bank-financed projects in Niger and in the sub-region. Such a future operation should be undertaken within the framework established in Niger's rural sector strategy, which includes promoting effective approaches to support private entrepreneurs and farmers' associations to diversify and foster community involvement in the construction and maintenance of rural infrastructure.

# **IMPLEMENTATION COMPLETION REPORT**

## **REPUBLIC OF NIGER**

### **SMALL RURAL DEVELOPMENT OPERATIONS PROJECT (Cr. 1890-NIR)**

#### **PART I. Project Implementation Assessment**

##### **Introduction**

1. The concept of a Small Rural Operations (SROs) Project arose from frustration over the limited success of large-scale and "top-down" productivity projects. Recognizing this, the Government of Niger (GON) adopted a new development approach based on transfer of responsibility to beneficiaries, with emphasis on self-management of development projects. By intensifying off-season crop production through widespread use of existing simple, low-cost technologies, the project would generate rural income and help mitigate the food shortages caused by recurrent droughts.

2. The Small Rural Operations Project was an important instrument of Bank support to the institutional reform process, which emphasized decentralizing agricultural initiatives to the local level. The project began at the same time (1983) as the adjustment and reform programs. These programs aimed at improvement of rural infrastructure and support to social and agricultural services. The scope of these reforms expanded after the 1994 devaluation of the CFAF to include trade and market liberalization, streamlining of customs regulations and a reduction in export taxes. Decentralization gave local administrations a greater say in natural resources management and community budget allocations and established a legal framework for creating farmers' associations.

##### **A. Project Objectives**

3. The project was to be the first phase of a program of support for SROs, which would eventually be replicated on a national scale. It was designed as a capacity-building operation to be undertaken in the framework of field-level developmental activities. Its aim was to develop a local capability to prepare, appraise, execute, and evaluate SROs with active participation of the rural population, as well as to provide effective extension once SROs become operational. The project would strengthen the capabilities of field staff of the provincial and district technical services who would assist farmers in the design, preparation and execution of SROs.

4. The investments were made in bottomland development, small-irrigated farming, fruit tree nurseries, soil conservation, and water harvesting. More than two-thirds of investments to be financed in grant form under the project were consistent with four

models of SROs which were pre-identified by staff of the Ministry of Planning. The specific SROs models would increase crop, fruit and fuel wood production, enhance security of production, generate employment, protect the environment and raise rural living standards.

5. An important design feature of this project was the requirement for beneficiaries to show strong commitment to maintain investments made by the project in grant form, by making up-front down payments in a capital replacement account (CRA) to be followed by annual payments to replace medium-term assets such as motor pumps and animals. In addition, beneficiaries would be required to reimburse costs of materials financed by the project for the construction of wells. The reimbursement funds (to be placed in a development fund) would be used for other investments to benefit those who did not benefit from the grant investment. An exception to the reinvestment rule was made, however, to self-standing erosion control works, soil recuperation, village nurseries and other NRM-type activities. In these cases, physical contribution alone in the form of unskilled labor and local construction materials would suffice. Seasonal or investment credit was excluded from project design, given the small size of the subprojects, their wide geographic dispersion and the difficulties and costs which could be involved in supervising and recovering the credit.

## **B. Achievement of Objectives**

6. Project objectives and approach were consistent with the Bank's rural sector strategy to use policy reforms to, among other things, improve the efficiency of resource use. The underlying rationale was that the supply response expected from the adjustment program would depend on technically and economically viable solutions for long-term development of the rural sector and on the institutional capability to assist farmers in maximizing the long-term potential. In addition, IDA had a major role to play in helping the Government to harmonize rules to be applied to the numerous externally-funded SROs, since the other donors already active in SROs were reluctant to take the lead.

7. The project's key objective of building institutional capability in Niger in the design and implementation of SROs at the local level has been achieved. Through low-cost training and technical support from staff of the project implementation team (PIT), this project has effectively developed a critical mass at the local level, notably in the targeted nine *arrondissements* (Boboye, Dosso, Dogondoutchi, Tillaberry, Say, Filingue, Birni N'koni, Bouza and Madaoua), and a methodology for project analysis, including identification, execution, monitoring and evaluation. A total of 500 technical services staff/managers directly benefited from training under this component. The project also contributed to enhanced operational performance and effectiveness of field implementing agencies by consistently providing logistical support--vehicles, office equipment and supplies, fuel and operations and maintenance--to the participating technical service departments within the nine *arrondissements*.

8. The project has also fostered a culture of team work, whereby local technical services, which hitherto had operated separately with little coordination have now learned to function as a multidisciplinary team on any given operational task. In addition, the project has successfully decentralized financial operations at the local level, by operating local accounts in all nine *arrondissements*. Niger is, perhaps, the only country in the Africa Region which has been allowed to operate as many as nine decentralized accounts. This has been possible through adequate design as well as sufficient reporting and monitoring capacity of a well trained and highly motivated project implementation team. The staff of the PIT have frequently been put at the disposal of other Bank-financed projects in order to provide technical support for setting up and operating accounting and financial management systems. Project beneficiaries and local authorities now have the discipline and the basic skills to ensure proper financial management of local accounts and this experience is increasingly being adopted by other externally-financed SRO activities.

9. Another significant achievement of the project's institution-building objectives has been the fostering of a strong participatory culture. The key objective in this respect was to develop a culture of partnership between the governmental actors on the one hand and small farmers' groups and NGOs on the other. Project beneficiaries were provided with training and technical support, which empowered them to take the driver's seat. A total of 1,500 small farmers have benefited from the various literacy programs financed under this project, leading to high literacy rates and participation levels which, in turn, contributed to enhanced farm management skills, improved social intermediation and group cohesiveness. Another demonstration of the development impact of the project's institutional program was the opening of 45 village libraries and the setting up of 25 village printing presses, financed by the villagers themselves.

10. Under the investment program, this project contributed to the financing of 88 SROs in the project zone (i.e. the 9 *arrondissements* mentioned above), of which 40 were investments in off-season production of horticultural products and fruit trees; 9 in soil conservation and regeneration operations for cereals and vegetable farming; 2 in semi-intensive smallholder fish production; 9 in stock-raising/animal husbandry; 2 in semi-intensive small-scale milk production; 13 agro-processing operations; and 13 animal traction activities. Overall, these SROs involved 5,151 farming units (with an average of 6-7 members in a typical production unit), of which 2,200 were owned and operated by women's groups. Thus, the number of rural farmers benefiting directly from these income-generating activities vary between 31,000 and 36,000.

11. The total number of SROs financed (88) was below the appraisal estimate of 96. This is attributed to two factors. First, there was a freeze on new SROs investments early in the fourth year of implementation to allow for sufficient capacity to be built in order to properly manage the new investments, which were expanding (between year 2 and 3) beyond projections, due to a political decision. With Bank support, the PIT imposed a moratorium on new SRO investments, while focusing on building and expanding the institutional capacity necessary for proper preparation and implementation of the

programmed SRO sub-projects. The second reason, partly a result of the unplanned expansion of new SRO investments, was the abandonment of about one-quarter of the 48 sub-projects which were active by December 1995 because of water limitation factors (i.e., salinity, lack of adequate water from the installed infrastructure), unresolved land tenure conflicts, and poor quality of soils. This discrepancy may, in turn, be attributed to inadequate project preparation work to determine the technical feasibility of site-specific operations. The moratorium on new SROs was lifted around the end of the fifth project year, as the required capacity was then in place. Consequently, the rate of new investments increased dramatically (33 out of the 88 SROs financed under the project started as late as 1997).

12. A final assessment of the performance of the investment component, performed during the ICR mission, revealed that 11 out of the 88 SROs financed by the project were abandoned -- a success rate of 87.5 per cent for SROs on the ground. The reasons for abandoning the non-performing SROs, were unresolved land tenure disputes (affecting 5 subprojects), inadequate water in the aquifer (4 subprojects), salinity (1 subproject) and group organizational and management problems (1 subproject).

13. Although SRO investments permitted beneficiaries to generate income, the requirement to use part of this income as annual contribution to replace equipment or reimburse costs of material financed by the project has not always been followed. Compliance with the requirement to make annual contributions to the CRA for replacement of medium-term assets averaged 89 per cent while the reimbursements into the Development Fund for reinvestment was very low (20 per cent).

14. Part of the explanation for such poor reimbursement performance record was that financial contributions were determined not by income earned, but more by awareness of reciprocal obligations established under the participatory approach. Many farmers were unsure or unconvinced that the funds would yield direct benefits to them, and in a few instances, suspected that the Planning Department of the supervising ministry, would misuse these resources. Land tenure problems also arose when proprietors became uncooperative after investments had been made. Another explanation lies in the complexity of the CRAs, which made it difficult for beneficiaries to understand the basis for calculating annual contributions. In order to overcome the difficulties which hampered proper performance of these key financial instruments, it is imperative to unambiguously clarify ownership of these funds, empower farmers to manage the resources directly, provide a legal status for the funds, and simplify the rules of the game for operating the accounts.

15. The re-estimated ERR for the bottomland model came to 19 percent (versus 22 percent as at appraisal) based on the appraisal assumptions that the opportunity cost of family labor was FCFA 300 per adult and the project's net investments are included in the cost stream. Net incremental incomes at full development in year 10 came to FCFA 1,867,000 per production unit for the bottomland operations, FCFA 809,000 for the soil regeneration model, and FCFA 5,001,000 for the non-crop models, notably semi-

intensive fisheries and dairy production and marketing. This strong impact on the incomes of the farm families arises mainly from the higher cropping intensities, changes in cropping patterns toward higher value crops, more intensive cultural practices, and diversification toward non-crop activities. The project's impact on food security and poverty reduction has been substantial in much of the project area, comprising Niger's structurally food deficit and enclave zone--where other donors are noticeably absent. The welfare of women beneficiaries, who dominate much of the horticultural marketing and agro-processing activities financed by the project, was significantly enhanced.

### C. Major Factors Affecting the Project

16. End of military rule and the opening-up of the political process unleashed a prolonged period of political instability and social unrest, especially between 1990 and 1995. The environment of political uncertainty and frequent changes of Government which had persisted until 1996, adversely affected the pace of implementation, particularly from 1990 to 1993. This, in turn, exposed the project unit to political interference and administrative pressures. The occasional outbreak of hostilities between Touareg rebels and Government forces made much of the countryside unsafe. On the other hand, the intense political debate over omissions and commissions of the past and choices for the future during the *Conference Nationale* aided the process of internalizing of the project's participatory approach by raising awareness of democratic values among the rural population.

17. Although Government faced recurrent public finance crises, it was nevertheless able to maintain strong commitment to the project objectives by complying with much of its counterpart funding obligations. The Government used counterpart funds to open Small Expenditure Funds at the District level to facilitate small-scale financial transactions at the project sites. The exchange rate realignment of January 1994 had mixed effects on the project. On the one hand, it improved the liquidity situation, which made it possible to extend the implementation period beyond the expected closing date. On the other hand, it induced a sharp decline in the internal rate of return of SRO investments, and hence their profitability, in the short-run. This was due in part to the failure to pass on the full effects of the devaluation to farmers and partly to the increase in the prices of the imported inputs (motor pumps, petrol and phyto-sanitary products).

18. The Borrower's commitment to decentralization remained intact throughout the implementation period. However, staff of the field technical services were less enthusiastic about empowerment of small farmers, especially during the project's first two years. Effective leadership by the supervising Ministry of Planning was instrumental in overcoming the initial resistance to the project's bottom-up approach at the community level. In spite of the unstable political environment prevailing in the country during much of the implementation period, the Government maintained the same team at the project unit, and progressively empowered them to exercise autonomy in managing the project. During the first two years, however, performance of the project unit was impeded by a lack of effective coordination and collaboration between the supervising

ministry and the Ministry of Agriculture. This problem was compounded by rigidities in an organizational culture that emphasized the status of employees rather than execution of tasks.

19. Difficulties attributed to management of the public enterprise reform program also adversely affected implementation performance during the first three years, particularly the freezing of project funds following liquidation of the Nigerian Development Bank (BDRN) and the National Savings Fund. Furthermore, social and political pressure to offset some of the perceived negative social impact of the Structural Adjustment Program also led to unwise investment decisions and an unsustainable expansion of SROs between the second and third years of the project. This led to the abandonment of several unfeasible sub-projects which were hastily prepared and implemented for political expediency. However, many of these initial difficulties were overcome through supportive joint project supervision that emphasized problem-solving rather than fault-finding. Another significant and positive governmental action was the policy of tapping into the pool of United Nations Volunteers (UNV) to provide the project's technical assistance support requirements. This approach proved to be very cost-effective and more sustainable in comparison with reliance on the relatively expensive pool external technical assistance. Local consultants have occasionally been used for the same purpose.

20. In the original design, project management was entrusted to the Regional Development Department of the Planning ministry, under the responsibility of the department's Assistant Director, as the Coordinator. Realizing that this arrangement was hindering proper implementation, the Borrower transferred implementation responsibilities to a separate unit--the PMU--which was given relative operational autonomy to be free from an overbearing bureaucracy. The Coordinator of this separate entity reported to the Planning Ministry at monthly meetings. This initiative of the Government was a major factor in the satisfactory performance of the project team. Another factor was with the Government's decision to draw from the United Nations Volunteers Program for the project's technical assistance support requirements, to be supplemented by local expertise, when needed. This approach proved to be very cost-effective and more sustainable in comparison with reliance on the conventional approach to technical assistance.

21. Government properly documented the implementation experience of this project and has proactively encouraged other donors and NGOs to adopt some of these as best practice, particularly the lessons on decentralized financial management, transparency and the principles of participation and empowerment of rural stakeholders. Through such effort, the rules of the game for implementing SROs have become more uniform and evident than they were before this project.

#### **D. Project Sustainability**

22. This project was a pilot operation in developing local-level capacity and participatory culture for sustainable targeted poverty interventions of the self-employment-type. It was not until after the eighth year of implementation that the full development impact became evident to both the beneficiaries and the Government. The learning period was unexpectedly long, but was time well spent to test and determine the replicability of this approach to development on a national scale. The project has been able to develop a critical mass of trained field staff, without whom it would be difficult to ensure sustainability. The trained technical staff continue to be fully deployed in the administration, while the farmers who benefited from the numeracy and literacy programs continue to use their newly-acquired skills and knowledge to manage and diversify their operations in the post-project period. Moreover, by exercising greater flexibility in opening up the project's collectivist approach to include individual entrepreneurship, it was possible to attract small-scale farmers in project activities, leading to greater diversity in SROs investments and substantial improvements in level of financial participation of beneficiaries (i.e. through the CRAs and the development fund for reinvestments). This adjustment in project design laid important groundwork for sustainability. In addition, the transfer of know-how in financial management made it possible to decentralize financial and procurement operations at the local level (through the nine local accounts). The project has helped develop a reasonably robust capacity and a culture of accountability, transparency and discipline in project accounting and financial management that would contribute to sustainability.

23. Many of the achievements mentioned above have been realized fairly recently, and after a long learning period. The experience has shown that longer-term commitments may be necessary for these kinds of operations to begin to reap benefits in terms of sustainable development impact. More importantly, however, farmers had difficulty in complying with the requirements to make financial contributions to the CRA and to the Development Fund. These mechanisms were a key measure of sustainability. Thus, overall sustainability of the investment program is doubtful. This, in turn, makes the sustainability of this operation uncertain, at best.

24. Consequently, systematic follow-up may be required in order to internalize and consolidate the project's positive results. The final two years into the project's life were spent on activities that were central to setting the right conditions for sustainability and for mainstreaming targeted poverty interventions in future work programs for Niger. These include pilots on participatory labor-intensive rural infrastructure public works programs, data collection and analysis on new SRO models on artisan fisheries production, smallholder semi-intensive milk production, agro-processing and marketing as well as evaluation of tests on water management techniques and composting. The pilots on new SRO models are designed to permit greater diversification of small-scale income generating activities, upstream and downstream of production, while the tests on the technological innovations may hold the key to a transformation of Nigerien

agriculture, through widespread adoption of cost-effective water management techniques and fertilizer applications.

25. The preliminary results from the above initiatives appear encouraging, but they are not robust. Similarly, while the positive results on the capacity-building front are impressive, especially in terms of the increase in the literacy rates of small farmers, these have not been tested long enough to determine their durability. In order to ensure sustainability, therefore, it would be necessary to expand the scope of this project's activities nationwide, through a follow-up project.

### **Actual Costs, Financing Plan, and Implementation Timetable**

26. Actual project costs are estimated at US\$17.5 million compared to an appraisal estimate of US\$ 18 million. The actual foreign exchange costs came to US\$ 3.4 million compared to US\$ 7.9 million at appraisal, while actual local costs were US\$ 14.1 million in comparison with an appraisal estimate of US\$ 10.1 million.

27. There was a cost overrun of US\$ 2.35 million on the support to technical services component and of US\$ 3.5 million on support to the project management unit component (details in Table 7-A). These cost overruns may be attributed to IDA's decision (through an amendment of the DCA on June 15, 1989) to fund the acquisition of vehicles and financing of operating expenditures for the pilots on the T&V extension system and preparation of the Agricultural Services Project. On the other hand, there was a savings of US\$ 2.16 million on the SROs investments program component, and US\$ 1.42 million on the studies component. The savings on the SROs investment program may be attributed to a joint decision by the Borrower and IDA to focus on consolidation of achievements and ongoing investments rather than making new SROs investments during the last three years of the original project life, while the savings on the studies component was due to the resort to local competencies to provide the necessary technical assistance support during implementation.

### **Financing**

28. Government's contributions to project costs came to the equivalent of US\$ 0.5 million versus an appraisal estimate of US\$ 0.9 million. The fact that the Government's actual contributions came to the above amount during a period of recurrent public finance crises and severe liquidity problems is testimony to their commitment to this project. Actual IDA financing was US\$ 9.5 million compared to an appraisal estimate of US\$ 9.3 million and the Swiss co-financier's actual financing came to US\$ 7.5 million versus US\$ 7.8 million initially planned. The increase in the contribution of IDA funds is due to the variation of the US dollar against the SDR. However the Swiss grant will continue disbursing until its current closing date of April 30, 1999.

## **Implementation Timetable**

29. The preparation phase was unusually long (1981-88) because of difficulties in deciding on an appropriate institutional framework and difficulties in changing Government's perception that large-scale projects were more effective than small-scale projects. However, project start-up proceeded satisfactorily. Project execution occurred in two distinct phases. The first went from 1988 to 1993 and represented the intensive investment phase. The second, from 1994 to 1998, corresponded to the investment consolidation phase.

30. It was observed, during the project mid-term review in 1992, that the number of SROs sub-projects on the ground was not keeping pace with implementation capacity built by the project at the local level. It was therefore recommended that the phasing of new investments should be slowed down. Consequently, the total number of SROs financed by year five was only forty nine compared to the appraisal estimate of ninety six for the same period. The strategy was to first ensure that sufficient capacity was built before further expansion in SROs investments. The lifting of the moratorium a year before the initial closing date combined with the project's two-year extension made it possible to carry out thirty nine additional SROs, bringing the total to 92 percent of the number of SROs originally planned. Adequate implementation capacity was the key to this phenomenal expansion. Project implementation lasted about ten years, which appear to be an unusually long time. However, this project was unusual; it was anchored on strong participatory principles and local capacity-building, which require a long learning curve and longer-term commitment. The last disbursement took place on September 24, 1998, and an undisbursed balance of US\$ 282,000 (i.e., 97.2 percent disbursed) would be cancelled. The Swiss Grant closes on April 30, 1999.

## **E. Bank Performance**

31. IDA's overall performance for identification and preparation was unsatisfactory because of inadequate site-specific technical feasibility work on certain sub-project sites. This problem was corrected partly during supervision, leading to more rigorous Bank review of the Borrower's sub-project appraisal documents and the abandoning of the project sites which were affected by poor feasibility work. With regards to supervision, IDA performed satisfactorily, as did the Swiss co-financier. Overall, there was close consultation on and coordination of supervision efforts which, in turn, contributed to supervision performance and to the achievement of the project's development objectives.

32. In the first half of the eighties, IDA's lending program consisted of an average of two projects per year. The program was small largely because of difficulties in project preparation. Thus, this project grew out of a strong need to build capacity in project preparation. Drawing lessons from the ongoing projects in rainfed and irrigated agriculture, which had proved to be inadequate to increase productivity and were heavy top-down, IDA worked jointly with Government to test pilots based on grassroots initiatives and village-based extension systems; and extensively discussed, with the

client, the bottom-up features of the institutional design. This intensive preparation work led to the development of prototype farm models which were used for the economic analysis and facilitated agreement on the participatory approach of the project. IDA saw the project as an instrument to strengthen the capability and credibility of technical staff of the public administration, which would lay a basis of improving agricultural support services and for associating rural farmers in community development efforts. IDA invested a substantial time (1981-88) and resources in the project preparation work to ensure ownership by the Borrower and appropriate institutional design.

33. With regard to supervision, perhaps IDA's biggest contribution has to be in how supervision missions, which were very intensive during the first six years of the project (i.e. at least three supervision missions/year), were used to transfer know-how and build confidence and trust between the Task Manager and the project implementation team. This approach helped motivate the local team and helped to develop a autonomy and capacity at country level to implement and monitor this project with only minimal supervision from IDA and the Swiss co-financiers. Another important factor is the continuity in leadership of the Bank team--the same Task Manager from Effectiveness to Completion. Over time, the Bank transferred much of the supervision tasks to the field mission, which also improved technical quality control.

34. **Swiss Cooperation** also participated on a regular basis in supervision missions, especially during the 1989-1995 period, when it had adequate operational staff in Niamey. The Swiss donor contributed to the achievement of project objectives by suggesting, *inter alia*, (a) that savings and loan associations be created; (b) that tertiary accounts, managed by associations, be opened; and (c) that technical managers and beneficiaries perform, be assisted to provide their own evaluation of the operations (the concept of *autopromotion*). These contributions are gradually being internalized.

#### **F. Borrower Performance**

35. The Borrower's performance in both identification and preparation was unsatisfactory primarily because of the politically motivated decisions made for the unplanned expansion of new SRO investments and, hence, a shared responsibility with IDA for the inadequate technical pre-feasibility work. In general, the Borrower's performance during implementation was, on the whole, satisfactory. They complied with the project's effectiveness conditions on time. The Borrower also aided implementation by protecting the autonomy of the project execution unit and maintaining the key personnel of the PMU in place throughout project life, while at the same time ensuring the relative stability of the Planning Ministry's *arrondissement*-level staff. When abuses in managing decentralized accounts were reported during the first year of implementation, the Government took immediate steps to sanction the field agents who were involved and to encourage a culture of discipline in managing public funds at the local level.

36. Faced with a combination of recurrent political instability and financial crises, the Government maintained its commitment to the project throughout much of the implementation period. It paid most of its counterpart contributions and protected the project team from mounting political and administrative interference. In addition, the Government made substantial savings on the institution-building component by drawing from the United Nations Volunteer Program and local consultants for the project's technical assistance requirements.

#### **G. Summary of Findings: Key Lessons Learned, Future Operations**

37. This project represents a flagship operation in capacity building for poverty alleviation. It has successfully developed an innovative approach, whereby local capacity is built and deployed simultaneously in the framework of targeted poverty-and hunger-reduction development activities on the ground. Although the project outcome is rated satisfactory, more time may be needed to consolidate the achievements and to enhance the conditions for sustainability. However, the project is an important starting point in the sense that it has laid the groundwork for sustainability of this development approach; and a follow-on operation may be warranted in order to replicate this positive experience on a larger scale.

38. The key lessons to be learned from this project are as follows:

- Targeted poverty interventions of the self-employment type are an effective instrument for transferring resources directly to the poor.
- Decentralized financial management at the local community level is central to successful implementation of bottom-up approaches to development and for promoting a culture of financial discipline in managing community funds.
- Demonstrated ownership and empowerment are key to effective participation of farmers in small rural development operations.
- Training in farm management skills such as entrepreneurship and risk management promotes financial sustainability, while simplified operating procedures, legal protection and clarity with respect to benefits of the established financial mechanisms are central to establishing ownership and credibility of such mechanisms.
- Access of farmers to project and/or extension staff is central to effective problem-solving at the community level. The experience from this project shows that farmers with less access to or infrequent contact with technical staff perform less satisfactorily in group relations and operationally.
- Continuity of project implementation staff and Bank staff ensures reliability and better quality of services to the project.

- Although public administration can be an effective catalyst in fostering private entrepreneurial development and participatory grassroots income-generating initiatives, it is generally less effective than a private association of the beneficiaries.
- It is risky to make long-term investments in community-based agricultural enterprises without resolving, through unambiguous and enforceable policy, tradition-bound land tenure constraints and disputes;
- Operations designed to develop local capacity and a participatory culture require a longer learning curve and therefore long-term commitment (i.e. 10-15 years) before development impacts are evident.

### **Future Operations**

39. The Borrower had originally viewed this operation as the first phase of a long-term program to support its decentralization policy. It has written to IDA (letter from Minister of Planning dated November 25, 1998) requesting a Project Preparation Facility (PPF) to prepare the second phase of the project which would permit continued implementation of its decentralization program as well as demand-driven expansion of SROs nation-wide. The follow-up operation is intended to consolidate and deepen the achievements of the first phase in a more cost-effective manner and to replicate the lessons learned on a national scale, especially in light of the rising demand for SROs from the project zone and from the *arrondissements* that have not been covered under this project. It would focus on strengthening and diversifying targeted poverty programs of the self-employment-type. These would consist mainly of the credit-based income generating activities (to generate medium-term income streams) and/or public works programs (as a temporary measure for income-smoothing during the agricultural off-peak season).

40. The experience gained in implementing targeted poverty interventions combined with the critical mass already built under the first phase operation represent an important groundwork that would permit the development of a multi-donor community-based rural development program which IDA could support. IDA's support would be informed by the experience from the on-going decentralization process, as well as from the community-based approaches currently used in ongoing Bank-financed projects in Niger and in the sub-region (Burkina Faso, Guinea, Senegal). Such a future operation should be undertaken within the framework established in Niger's rural sector strategy, which, among other objectives, include promoting effective approaches to support private entrepreneurs and farmers' cooperatives/associations to diversify on-farm and off-farm income-generating enterprises, and fostering community involvement in the construction and maintenance of rural infrastructure.

**IMPLEMENTATION COMPLETION REPORT**

**REPUBLIC OF NIGER**

**SMALL RURAL DEVELOPMENT OPERATIONS PROJECT  
(Cr. 1890-NIR)**

**PART II. Statistical Tables**

**Table 1 : Evaluation Summary**

<b>A. <u>Achievements of Objectives</u></b>	<b><u>Substantial</u></b>	<b><u>Partial</u></b>	<b><u>Negligible</u></b>	<b><u>Not applicable</u></b>
Rural Sector Policies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Institutional Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Physical Objectives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farmers Organisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental Objectives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Sector Management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Sector Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction in Rural Exodus	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B. <u>Project Sustainable</u></b>	<b><u>Likely</u></b>		<b><u>Unlikely</u></b>	<b><u>Uncertain</u></b>
	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>C. <u>Bank Performance</u></b>	<b><u>Highly Satisfactory</u></b>		<b><u>Satisfactory</u></b>	<b><u>Deficient</u></b>
Identification	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Preparation Assistance	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Appraisal	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Supervision	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>D. <u>Borrower Performance</u></b>	<b><u>Highly Satisfactory</u></b>		<b><u>Satisfactory</u></b>	<b><u>Deficient</u></b>
Preparation	<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Implementation	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Covenant Compliance	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
<b>E. <u>Evaluation of Achievements</u></b>	<b><u>Highly Satisfactory</u></b>		<b><u>Satisfactory</u></b>	<b><u>Deficient</u></b>
	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Table 2: Related Bank Loans/Credits**

Loan/Credit Title	Purpose	Year of Approval	Status
Project Dosso (Cr.0967-NIR)	The project's aim was to increase agricultural production and reinforce capacity building at a local level. The project Completion report concluded that the impact of Dosso project on production increase was marginal and that the adoption of insufficiently proven technical messages by farmers was limited. The project closed in June 1985 with only 16% of funds disbursed out of the total credit of US\$20 million	December 1979	Completed
Project Maradi II (Cr.1026-NIR)	The project objectives were: (a) encourage farmer's initiative and participation and to make them more responsible for development activities; (b) develop village-based extension systems; and (c) gradually reduce technical assistance and reduce operating costs. The project was confronted with implementation problems and failed to achieve the expected increase in crop production and a real empowerment of farmers in carrying out development activities.	1980	Completed
National Agricultural Research (Cr.2122-NIR)	The goal of this project was to strengthen national planning and implementation capacity in agricultural research. In particular, the project emphasizes the development of research capacity in order to respond to the needs and constraints of agriculture in Niger.	January 1990	On Going
Private Irrigation Promotion (Cr.2707-NIR)	The project tests and evaluates simple, low-cost small-scale irrigation technologies and builds local capacity for private delivery of demand-driven services to entrepreneurs in irrigation sub-sector.	1995	On Going
Natural Resources Management Project (Cr.2796-NIR)	The project is intended to slow down and contain environmental deterioration, and eventually improve environmental conditions. It is the first phase of a long-term program aimed at improving environmentally sustainable agricultural productivity in Niger.	1995	On Going

**Table 3: Project Timetable**

Stage in the Project Cycle	Date Planned	Actual date, or Latest Estimate
Identification (Executive Project Summary)	August 1980	August 1980
Preparation		1986
Appraisal	April 1987	April 1987
Negotiations	November 1987	November 1987
Development Policy Letter	▪	▪
Board Presentation	January 1988	March 29, 1988
Signing	-	September 14, 1988
Effectiveness	July 28, 1988	December 14, 1988
Mid-term Review	December 31, 1990	April 6 - 30, 1992
Project Completion	December 31, 1995	-
Closure of IDA Credit	June 30, 1996	June 30, 1998
Closure of Swiss Credit	June 30, 1996	April 30, 1999

**Table 4: Disbursements: Cumulative, Estimated and Actual  
(US\$ million)**

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
Appraisal Estimate	0	2.5	3.4	4.6	6.2	7.7	8.8	9.3	-	-	-	-
Actual	0	1.4	2.4	4.2	6.0	7.1	7.3	7.7	8.0	8.4	9.4	9.5
Actual amount as % of Estimate	0	56	72	91	97	92	83	83	86	90	101	102
Date of Final Disbursement	November 18, 1998											

**Table 5: Key Indicators for Project Implementation and Operation**

Components	Included in appraisal report	Achieved
<b>I. SUPPORT TO TECHNICAL SERVICES IN THE FIELD</b>		
<p>1. <u>Project preparation</u></p> <p>1.1 Purchase of one 4 x 4 vehicle in each <i>département</i> and <i>arrondissement</i>, including replacements (number of vehicles purchased)</p> <p>1.2 Vehicle operating costs (in '000 CFAF)</p> <p>1.3 Services of one development volunteer in each <i>département</i>, for a total of three (3) volunteers (in '000 CFAF)</p> <p>1.4 Additional office equipment (in '000 CFAF)</p>	<p>21</p> <p>249,750</p> <p>104,204</p> <p>20,066</p>	<p>29</p> <p>546,898</p> <p>324,550</p> <p>159,474</p>
<p>2. <u>Extension services</u></p> <p>2.1 Purchase of mobylettes for 18 contractual extension agents and 54 agricultural district heads (<i>chefs de districts agricoles</i>) (in '000 CFAF)</p> <p>2.2 Operating costs of mobylettes (in '000 CFAF)</p> <p>2.3 Training of contract extension agents to improve their technical and communication skills (in '000 CFAF)</p> <p>2.4 Regular supervision of extension agents by agricultural personnel of <i>arrondissements</i> and <i>départements</i> in accordance with principles of 'training and visit' system ('000 CFAF)</p> <p>2.5 Each agricultural district head (CDA) provides extension advice to about three villages (recommended number of villages)</p> <p>* See changes at 1.2.5, Table 5 II.</p>	<p>129,946</p> <p>158,576</p> <p>52,428</p> <p>97,617</p>	<p>48,393</p> <p>0</p> <p>Activities 2.3, 2.4 and 2.5 were financed through the Agricultural Services Project under the terms of a 1989 agreement between the two World Bank projects for a total of 465 million CFAF.</p>
<p>3. <u>Training of Personnel</u></p> <p>3.1 Services of short-term consultants to complete the FORPROSA training program for <i>arrondissement</i>-level</p>	<p>87 994</p>	<p>-</p>

personnel (in '000 CFAF)		
3.2 In-service skills upgrading (in '000 CFAF)	32,400	39,526
4. <u>Training of extension agents</u> Organize and finance training geared to improving technical and communications skills of contract extension agents, agricultural district heads (CDAs), agricultural <i>arrondissement</i> heads, and managers at the <i>département</i> level.	159,405	Training financed and implemented through the National Extension Services.
5. <u>Training of beneficiaries</u> 5.1 Services rendered under the CLUSA project in the area of functional literacy and management training for groups of beneficiaries.	37,440	59 217
<b>III. STRENGTHENING MANAGERIAL STRUCTURES WITHIN DDRM</b>		
1. Creation of a DDRM office within MP 2. Services of Nigerien accountants at the <i>département</i> level 3. Services of an accounting assistant responsible for bookkeeping within each <i>arrondissement</i> 4. Provision of 4 x 4 vehicles 5. Provision of official business vehicles 6. Provision of office equipment for the Niamey office and data processing services to monitor and perform ex-post evaluation of SROs currently underway at DDRM (in '000 CFAF)	1 coordinator 1 project management analyst 1 manager 1 financial director 3 drivers 1 secretary 2 accountants 3 accountants 9 accounting assistants 4 vehicles 4 vehicles 7,978	1 coordinator 1 specialist 1 manager 1 financial director 3 drivers 2 secretaries 2 accountants 3 accountants 9 accounting assistants 4 vehicles 7 vehicles 110 717
<b>IV. EQUIPPING OF LOWLANDS AND THEIR TRANSFORMATION INTO PERIMETERS AVERAGING 15 - 20 HECTARES FOR THE PRODUCTION OF CEREALS, LEGUMES, VEGETABLES AND FRUIT.</b>		
Help groups of local farmers to equip irrigated perimeters averaging 15-20 hectares each in lowlands or marshes. The	45	29

project will finance construction materials, inputs, skilled labor and transportation (assisted groups). Cost in '000' CFAF	990 135	576 903
<b>V. IMPLEMENTATION OF SOIL CONSERVATION PROJECTS COVERING ABOUT 150 HECTARES EACH</b>		
1. Design and supervisory services needed to equip lands, tractor rental for land preparation, sledges for transporting stone blocks (on parcels to be equipped) Cost (in '000 CFAF).	15 30 543	9 144 100
2. Establishment of 20 village plant nurseries which will produce the seedlings needed for live fencing and windbreaks.	20	0
<b>VI. IMPLEMENTATION OF SROs THAT HAVE YET TO BE IDENTIFIED (E.G., FISHFARMING AND BEEKEEPING)</b>		
Set aside 25% of total cost of sub-projects to finance SROs that are not included in the models already identified and appraised (number of operations to be identified) Cost in '000 CFAF	25 496 517	39 210 834
<b>VII. STUDIES</b>		
1. Studies aimed at better understanding the environment and socio-economic situation.		
1.1 Hydro-geological studies : number cost in '000 CFAF	5 24 121	6
1.2 Research monographs : number cost in '000 F CFA	10 20 330	0
1.3 Studies of rural legal framework : number cost in '000 F CFA	5 30 496	1 9 425
1.4 Miscellaneous studies : number cost in '000	25 50 826	18

**Table 6: Studies Included Under the Project**

Study	Objective as defined at appraisal	Status	Study's impact
1. Provision of water-management infrastructures on Saikora market garden perimeter	Evaluation of value and cost of equipping market garden perimeters	Performed in 1989	Equipment costs, which were estimated at 62 million CFAF, proved excessive for a micro-project. Also, fees and maintenance costs for the irrigation network exceeded the beneficiaries' financial capacity.
2. Land recuperation on the Koukouptié plateau	Evaluation of the site and proposal of methods of land recuperation	Performed in 1989	The study was flawed and incomplete. As a result, the departmental team at Tahoua had to redo it.
3. Harmonizing financing procedures for SROs	Submit proposals to donors for harmonization of financing procedures for SROs	December 1987 through May 1990	The study failed to produce a proposal that met the approval of all donors.
4. Expert appraisal of value of materiel misused at Aouloumatt and Tsaratawa sites.	<i>Département</i> -level team estimated value of misused materiel at these sites at 10 million CFAF	Performed in 1990	The second opinion confirmed that materiel had been misused.
5. External appraisal of SRDO project	Providing project with external assessment of its activities	Performed in 1991	The results of this assessment were incorporated into the mid-term review of the SRDO project.
6. Expert appraisal of the nature of the soils in which Banizoumbou-Rambi and Landara wells were built.	Verifying that soils at the sites were hard and crumbly as claimed by rural engineering staff, in order to permit project to authorize payment of invoices of the firm that performed the work.	Performed in 1992	

7. Strategies of rural populations in the face of food insecurity	Summarize traditional responses to food insecurity and organize workshop to present findings	Performed in 1993	
8. Hydrological reconnaissance and geophysical study of market garden sites included in the SRDO project	Examine possibility of building new wells or re-digging existing wells	Performed between 1993 and 1995	The study identified wells needing further digging, as well as a more suitable site for the pastoral well at Sidi-Koira.
9. Study of treatment of <i>koris</i> in Saida, Tambaranga and Kéléme	Correct three <i>koris</i> threatening an off-season cropping site in Saida	Performed between October 1995 and January 1996	The study showed that the treatment of <i>koris</i> would cost about 600 millions CFAF. This cost was judged excessive for a micro-project, and the <i>koris</i> remained untreated.
10. Soils study of Angoual-Bozari perimeter	Verify whether the IRRIGASC system is suited to the site and if the soils are appropriate for mango trees.	Performed in 1996	The study allowed the project to change the technical specifications of the IRRIGASC and to adapt them to local conditions.
11. Project's impact on poverty alleviation	Determine impact of project-financed operations on beneficiaries.	Performed between November 1996 and February 1997	The study demonstrated the project's impact on beneficiaries. It pointed up the project's strengths and weaknesses, and several of its recommendations were implemented.
12. Second opinion on re-digging of 20 wells by OFEDES at the Alfa-Koira site	Check that depth of redug wells corresponds to figures quoted in work reports.	Performed in 1997	The study showed that the depth of the wells corresponded to specifications, but also revealed some construction flaws which were subsequently corrected.

13. Analysis of strategies for agricultural growth and rural anti-poverty efforts.	Prepare a document summarizing studies performed in Niger.	Performed in 1997	The study pointed out the main strategies to be pursued in developing Niger's agricultural sector.
14. Analyze of implementation of dairy project at Sidi-Koira (Say)	Analyze causes of disputes between beneficiaries and propose solutions	Performed in 1997	The project applied the study's recommendations, thus resolving conflicts.
15. Agricultural surveys (11 surveys)	Provide numeric data on beneficiaries' farm budgets	Performed between 1994 and 1998	The study provided data on agricultural production and average revenues per site and, in the case of the Rouafi marsh, detailed sustainable operating parameters for the marsh and its fishing activities, and modified the internal rules of the cooperative.
16. Enrichment of local natural phosphates through composting	Determine optimal dose of local natural phosphates to add to compost to maximize the latter's effectiveness	Performed between July 1997 and February 1998	The optimal phosphate dose could not be determined. However, the population was made aware of the importance of natural phosphates for soil fertility.
17. Water-saving techniques for fruit tree orchards in the Sahel	Determine optimal irrigation technique for mango trees	Performed between March 1997 and September 1998	The study's results are not yet known.
18. Rehabilitation of Kargui-Bangou market garden perimeter	Describe works needed in order to rehabilitate well head and the perimeter's irrigation network, and estimate cost of same	Performed in 1998	The study has been completed and bidding invitations have been drawn up for well digging and construction of irrigation works.

19. Treatment of <i>koris</i> at Rouafi and Maifoula	Prepare bidding documents in connection with treatment of <i>koris</i>	Performed in 1998	The study has been completed.
20. Study of rural roads RN16-Saida and Tsaratawa-Korama-Lamso	Prepare bidding documents for works associated with improving access to isolated villages	Performed in 1998	Bidding documents are available.
21. Legal and socio-economic study of the Rouafi marsh.	Analyze fishermen's (cooperative members') perceptions of their own activities from social and economic standpoints; evaluate degree to which methods for managing marshland have been assimilated; identify and analyze disputes between fishermen and inhabitants of the marsh's periphery; and propose a legal mechanism for sustainable management of the marsh and its associated fishing activities.	Performed in 1998	The study outlined procedures that would allow for management of the marsh in a decentralized context. The project will share this unique experience with other partners active in rural development.

**Table 7a : Project Costs  
(in US\$ million)**

Component	Appraisal estimate				Actual/current estimate			
	Local currency	Foreign exchange	Total	%	Local currency	Foreign exchange	Total	%
Support to technical services	2.4	1.4	3.8	25	3.7	2.44	6.15	35
Training	0.8	0.4	1.2	8	1.32	0.009	1.33	7
DDRM office	0.8	1.1	1.9	13	1.44	0.94	5.4	31
SRDO investments	3.2	3.1	6.3	42	4.14		4.14	24
Studies (including refinancing PPF)	0.6	1.3	1.9	12	0.48		0.48	3
Total base cost	7.8	7.3	15.1	100				100
Operating contingencies	0.3	0.3	0.6	4				
Price contingencies	2	0.3	2.3	15				
Total project cost	10.1	7.9	18	119	14.10	3.40	17.5	100

Average exchange rate of the dollar during project life: US\$1 = CFAF327,8

**Table 7b : Project Financing**  
(in US\$ millions)

<i>Source</i>	Appraisal estimate			Actual/ current estimate		
	Local currency	Foreign exchange	Total	Local currency	Foreign exchange	Total
IDA		9.3	9.3		9.5	9.5
Swiss Coop.		7.8	7.8		7.5	7.5
Government	0.9		0.9	0.5		0.5
<b>Total</b>	<b>0.9</b>	<b>17.1</b>	<b>18.0</b>	<b>0.5</b>	<b>17.0</b>	<b>17.5</b>

**Table 8a : Economic Outcome and Assumptions**

1. The appraisal assessment of economic and financial returns was based on two SRO models: bottomland development and pump irrigation. Project life was assumed to be 10-20 years with no assumption of a residual value and the opportunity cost of labor was estimated at FCFA 300.
2. On the basis of the above assumptions, appraisal estimates of the ERR were 22 percent for the bottomland model and 30 percent for pump irrigation.
3. The re-estimated economic returns made no distinction between bottomland and pump irrigation, as was done at appraisal. Experience during implementation was that an SRO activity consisted of various combinations of the two: some include farmers who practiced full motorized irrigation, some still use traditional techniques to pump water and there are those who practice partial motorized pumping (i.e. pumping for only a part of the year). The following assumptions were made for this analysis: (a) family labor is free, (b) a project life of 20-25 years, (c) farmers--with the exception of participants in land reclamation operations--reimburse a portion of the project investment.
4. The assessment of profitability was conducted during the consultant-study on the poverty impact of the project in November 1998. A sample of 14 SROs was used.
5. According to the assessment, the re-estimated ERR for the bottomland model was 19 percent, with the assumptions that the opportunity cost of family labor was FCFA 300 and the project's net investments are included in the cost stream. On the basis of the appraisal assumptions, the IRR of a sample of 10 bottomland operations was an average of 26 percent, and as high as 82 percent.
6. The impact of the project on farm incomes has been analyzed on the basis of three representative SRO models: bottomland, soil regeneration, fisheries production/dairying. The analysis is based on a survey of 154 bottomland farm units, 40 soil regeneration farms and 13 fisheries and dairy farm enterprises. It is assumed that the project will reach full development in year 10. Financial prices of all inputs and outputs are based on farm gate prices estimated during the project impact study mission and are constant 1998 prices, net of transport and adjusted for monthly fluctuations. Results of this analysis (summarized in the table below) shows that net incremental incomes at full development in year 10 were FCFA 1,867,000 per production unit (average of 4 members per unit) for the bottomland operations, FCFA 809,000 for the soil regeneration model and FCFA 5,001,000 for the non-crop models. This strong impact on the incomes of the farm families arise mainly from the higher cropping intensities, changes in cropping pattern toward higher value crops, more intensive cultural practices and diversification toward non-crop activities.

**Table 8b : Summary of Annual Farm Budgets  
(at FCFA'000)**

<b>SRO Model</b>	<b>Future without Project</b>	<b>Future with project</b>	<b>Increment</b>
<b>Bottomland:</b>			
Gross value of Production	112	2,610	2,498
Cost of Production	60	691	631
Net value of Production	52	1,919	1,867
<b>Soil Regeneration:</b>			
Gross value of Production	0	1,112	1,112
Cost of Production	0	303	303
Net value of Production	0	809	809
<b>Fisheries Production/Dairy Farming and Marketing:</b>			
Gross value of Production	0	5,711	5,711
Cost of Production	0	710	710
Net value of Production	0	5,001	5,001

**Table 9: Status of Legal Covenants**

Credit Agreement Section	Covenant Type	Present Status	Original Fulfillment Date	Revised Fulfillment Date	Description of Covenant	Comments
3.03	10	C			In order to carry out Part C of the project, the Borrower shall annually enter into a framework agreement on terms and conditions satisfactory to IDA, with each of the relevant provincial and district development councils.	Borrower is in full compliance.
3.08	10	CP			In order to improve coordination and programming of all SROs under Part C of the project, the Borrower shall organize, at least once a year, meetings with local representatives of the donors involved in the same type of operations to exchange views on their respective investment programs, harmonize rules and procedures and evaluate past and ongoing operations.	The Borrower does this on ad hoc basis.
4.01(a)	01	C			(a) Borrower shall maintain or cause to be maintained records and accounts, adequate to reflect operations, resources and expenditures in respect of the project of the departments or agencies of the Borrower responsible for carrying out the project or any part thereof.	The Borrower is in full compliance..
4.01(b)(i)	01	C			(b) Borrower shall: (i) have the records and accounts referred to in para.(a) of this Section, including those for the Special Accounts and any Sub-Account for each fiscal year audited, in accordance with appropriate auditing principles, by independent auditors;	In compliance
4.01(b)(ii)	01	C			(ii) furnish to IDA not later than 6 months after the end of each such year, a certified copy of the report of such audit; and	In compliance

4.01(b)(iii)	01				(iii) furnish to IDA such other information concerning said records, accounts and the audit thereof as IDA shall from time to time reasonably request.
4.01(c)(i)	01				(c) For all expenditures from the Credit Account or the Swiss Contribution Account, Borrower shall: (i) maintain records and accounts reflecting such expenditures;
4.01(c)(ii)	01				(ii) retain, until at least one year after IDA has received the audit for the fiscal year in which the last withdrawal was made, all records evidencing such expenditures;
4.01(c)(iii)	01				(iii) enable IDA's representatives to examine such records; and
4.01(c)(iv)	01				(iv) ensure that such records and accounts are included in the annual audit referred to in para.(b) of this Section and that the report of such audit contains a separate opinion as to whether the statements of expenditure submitted during such fiscal year can be relied upon to support the related withdrawals.

**Status:**

C: Complied with  
 CD: Complied after delay  
 NC: Not Complied with  
 Soon: Compliance expected in Reasonably Short Time  
 CP: Complied with Partially  
 NYD: Not Yet Due

**Covenant Class:**

1: Accounts/audit  
 2: Financial performance/generate revenue from beneficiaries  
 3: Flow and utilization of Project funds  
 4: Counterpart funding  
 5: Management aspects of the Project or of its executing agency  
 6: Environmental covenants  
 7: Involuntary resettlement  
 8: Indigenous people  
 9: Monitoring, review and reporting  
 10: Implementation  
 11: Sectoral or cross-sectoral budgetary or other resource  
 12: Sectoral or cross-sectoral regulatory/institutional action  
 13: Other

**Table 10 : Bank Resources : Staff Inputs**

Stage of Project Cycle	Actual	
	Weeks	US\$ (\$000)
Through Appraisal	184.2	202.2
Negotiation-Board	7.5	19.0
Supervision	258.7	497.6
Completion	12.0	33.0
TOTAL	462.4	751.8

**Table 11: Bank Resources: Missions preparation/supervision**

Project phase	Month/Year	Number of Persons	Days in Field	Specialized Staff Skills Represented	Performance Rating		Types of problems
					Implementation Status	Development Objectives	
Identification	August 1980						
Preparation	September 1985						
Appraisal	April 1987	5		EC, OA, AS, TR, OA	-	-	-
Supervision I	September 1988	3	8	EC, AS, OA	S	U	-
Supervision II	March 6-April 2, 1989	4	27	EC, AS, FA, NRM	S	S	-
Supervision III	Nov. 13-Dec. 3, 1989	4	21	EC, FA, NRM, EX	S	S	-
Supervision IV	May-June 1989	5	18	EC, FA, EX, OA, RR	S	S	-
Supervision V	Nov. 15-24, 1990	3	10	EC, FA, EX	S	S	-
Supervision VI	June 18-23, 1991	3	6	EC, FA, EX	S	S	-
Supervision VII	Nov. 30-Dec. 2, 1991	3	3	EC, FA, EX	S	S	-
Supervision VIII (MT Review)	April 6-30, 1992	5	25	EC, FA, OO, RF, MS	S	S	-
Supervision IX	April 13-May 1, 1993	4	18	EC, FA, OO, RR	S	S	-
Supervision X	Oct. 27-Nov. 12, 1993	2	17	EC, FA	S	S	-
Supervision XI	Aug. 21-Sept. 2, 1994	1	14	EC	S	S	F
Supervision XII	Dec. 10-22, 1995	3	12	EC, OO, EX	HS	S	-
Supervision XIII	June 17-23, 1996	2	6	EC, OO	HS	S	-
Supervision XIV	Oct. 23-29, 1996	4	7	EC, OO, EX, NGO	HS	S	-
Supervision XV	March 23-28, 1997	4	6	EC, FA, PS, RR	HS	S	-
Supervision XVI	June 28-Jul. 1, 1997	3	4	EC, OO, EX	HS	S	-
Supervision XVII	Feb. 23-March 2, 1998	4	8	OO, EX, NGO, TRG	HS	HS	-

**Types of problems:**

D: Slow Disbursement  
F: Availability of counterpart funds  
FP: Financial problems  
L: Adherence to legal clauses  
M: Project management  
P: Progress with procurement  
TA: Progress with technical assistance  
TR: Training

**Subject specialty:**

AE: Agricultural Economist  
AS: Agricultural Services Specialist  
EC: Economist  
EX: Extension Specialist  
FA: Financial Analyst  
LS: Livestock Specialist  
PS: Procurement Specialist  
SE: Social Economist  
RF: Rural Finance Specialist  
MS: Management Specialist  
TR: Training Specialist  
OO: Operations Officer  
OA: Operations Analyst  
NRM: Natural Resources Mgt. Specialist  
RR: Resident Representative  
NGO: NGO Specialist

**APPENDIX**

**BORROWER'S CONTRIBUTION TO THE IMPLEMENTATION COMPLETION  
REPORT**

**REPUBLIC OF NIGER**

**MINISTRY OF PLANNING**

**DIRECTORATE FOR REGIONAL AND LOCAL DEVELOPMENT**

***SMALL RURAL DEVELOPMENT OPERATIONS PROJECT***

**SMALL RURAL DEVELOPMENT OPERATIONS PROJECT**

**FINAL EVALUATION REPORT**

## 1. PROJECT OBJECTIVES

The initial proposal for a small rural development operations (SRDO) project was put forth by an IDA mission that visited Niger in August 1980. In October 1981, IDA approved a PPF advance of US\$ 430,000 to the Government to help finance project preparation. The preparation phase, which was entrusted to the FAO Cooperative Program, was completed in March 1987. This phase was particularly lengthy due to the time taken by Government to develop a policy on beneficiary participation in development operations. Project appraisal took place in April/May of the same year.

Project objectives were defined as follows:

- Development of local expertise in the preparation, appraisal, implementation and *ex-post* evaluation of small rural development undertakings with the active participation of the rural population;
- Organization of effective extension activities once the SRDOs were up and running;
- Financing of productive short- and long-term investments by means of grants. Increased agricultural production was not the primary objective in and of itself, but was instead expected to result from a concerted effort to support local initiatives with appropriate technical messages and clearly defined financing rules;
- Specific model SRDOs were expected to spur increased production of produce, fruit and firewood, increase the stability of production, create jobs, protect the environment and raise rural living standards. The project was seen as the first phase of a program of IDA support to SRDOs that would subsequently have nationwide impact.

At the time the project was designed, these objectives were relevant. Indeed, all large projects financed by donors up to that point had yielded poor results relative to the sums invested. The main explanation given was that those projects had been implemented without beneficiary involvement. It was therefore normal to reverse that scenario and emphasize a participatory scheme that would make beneficiaries the inevitable partners in the cycle of small projects. In addition, in order to avoid creating parallel structures that would disappear once the project ended, the strategy consisted of using the Administration's technical services to help farmers prepare, carry out and evaluate SRDOs.

At credit closing, most of the project's objectives remain relevant. Indeed, Niger's agricultural development policy is geared to: i) integrated natural resource management through the restoration and preservation of a balanced ecosystem, which is currently threatened; ii) organizing the population and making it accountable, and redefining the role of the State; iii) food security, achieved through the availability and accessibility of

agricultural products at stable prices; and iv) the intensification and diversification of agro-sylvo-pastoral production.

One objective that was not spelled out as such in the appraisal report, but which is implicit in the project's *modus operandi*, is that of rural self-promotion. Funds recovered from project investments were to constitute the point of departure for a series of other socio-economic village development activities -- hence the necessity of organizing groups that could embark upon this path.

## 2. INSTITUTIONAL SET-UP AND FOUNDATIONS OF THE PROJECT

PPF funds made it possible to finance the operating expenses of the Directorate for Regional Development and Micro-projects (*Direction du Développement Régional et des Micro-réalisations - DDRM*) which was created within the Ministry of Planning in December 1994 to assume responsibility for coordinating the SRDOs.

At the central level, it was envisaged that the office of the DDRM (now the DDRL) would bear primary responsibility for project implementation, although decision-making was to be decentralized and entrusted in most cases to the *départements*. However, in order to avoid the proliferation within DDRM of management units for different donors, a study on: DDRM's organization, various donors' procedures for financing SRDOs and the various options for harmonizing procedures for SROs. In addition, a technical committee had been created in July 1985 with the mandate of approving the annual SRDO programs proposed in each *département*, performing financial arbitration and coordinating the technical assistance needed to prepare and implement SRDOs using *département-* and *arrondissement-*level services. Also, an interministerial micro-project planning and implementation committee had been created in September 1984 in order to develop a policy on SROs.

At the *département-*level, project coordination was to be handled by the *département's* Director of Planning, who at that time was also the acting Assistant Secretary General of the regional development councils. His mandate was to coordinate and support SRDO programs in his *département*. The regional development councils led by *prefects* (regional governors) were responsible for approving not only their respective SRDO programs but also each SRDO prepared by the technical services of the *départements* and/or *arrondissements*. As soon as an SRDO was approved, the technical services were to help the village to implement it. Assistant *prefects* (at the District/ Arrondissement level) in particular were expected to monitor payments made by beneficiaries into capital replacement accounts (CRAs) and, in the event that this stipulation was not respected, to alert the *prefects* and the DDRM office so that they could take the necessary action.

In implementing the SRDOs, two types of contracts were to be used: i) a framework agreement (*accord-cadre*) between the DDRM office and the regional and sub-regional development councils, to define the respective roles of the project, the *départements* and the *arrondissements* in the areas of technical assistance, logistical

support, supervision and training; and ii) a development contract between the sub-regional development council and the producer group representing the beneficiaries. This contract was to define the responsibilities of the various local authorities and beneficiaries and, in particular, the latter's commitment regarding their in-kind and financial contributions.

As designed, the project set-up was appropriate, especially since it relied on the administration's structures and particularly on the development councils and technical services. During implementation, certain difficulties emerged. For one thing, and probably due to the lack of adequate resources, the *arrondissement*-level technical services were not able to identify project ideas at the village level on a regular basis, and were thus unable to replenish their databases continuously. The central office was sometimes obliged to send missions to help the *arrondissement* services carry out this task, but enthusiasm waned in subsequent years. Given this situation, the sub-regional and regional development councils had no SRDO proposals to approve. The same was true at the national level, since most of the time it was impossible to draw up an annual program of micro-projects. These same councils disappeared subsequently with the coming of a democratic regime. In addition, the steering committee and the interministerial planning and SRDO implementation committee never got off the ground at all.

Given the weak capacity of the technical services to prepare and appraise project dossiers, the regional development councils did not have an opportunity to approve SRDOs as planned. Instead, the first project dossiers drawn up under the project were approved by the World Bank, and this authority was progressively transferred to the Project Management Unit.

The framework agreements were not implemented on a regular basis as planned, since emphasis had been placed on development contracts. The project's attempts to create sub-regional committees involving assistant governors and charged with enforcing compliance with obligations to reimburse project financing into the development funds for reinvestment and/or annual payments into the CRA, where medium term assets need to be replaced, did not yield the desired results, and this task was definitively entrusted to producer group themselves. Until the project's mid-term review, *département*-level managers were not heavily involved in project implementation since the financial management of decentralized accounts was the responsibility of the *arrondissements*.

Finally, it should be noted that, at the central level, the project remained attached to the Planning Ministry's Directorate for Regional and Local Development, despite the Ministry of Agriculture's repeated requests for a change in supervisory function. At the *département* and *arrondissement* levels, the project was coordinated respectively by the Planning Ministry's *département*-level director and by its *arrondissement*-level section head (*chef de service*). In actual practice, the cycle of a SRDO was the following: preparation of the dossier at the sub-regional level; appraisal of the dossier by the regional team; approval by the Project Management Unit and implementation at the sub-regional level.

### 3. PROJECT IMPLEMENTATION

The components carried out under the project were i) small rural development operations; ii) extension; iii) training; iv) organization of beneficiaries; and iv) studies, surveys and consultants' services. As of June 30, 1998, the project had disbursed 3.2 billion CFAF (94 percent) of an IDA credit re-valued at 3.4 billion CFAF, and 2.4 billion CFAF (74 percent) of a Swiss grant re-valued at 3.4 billion CFAF. Disbursements thus total 5.6 billion CFAF out of a funding total of 6.8 billion CFAF, for an implementation rate of about 84 percent.

#### 3.1 Small rural development operations component

The project area was to cover 9 *arrondissements* distributed among 3 *départements*, as follows:

- *Département* of Dosso: *arrondissements* of Birni N'Gaouré, Dosso and Dogondoutchi;
- *Département* of Tillabéri: *arrondissements* of Tillabéri, Say and Filingué;
- *Département* of Tahoua: *arrondissements* of Birni N'Konni, Bouza and Madaoua.

In order to be financed under the project, SRDOs needed to meet criteria showing that they were: i) directly productive agricultural activities, in keeping with the national and regional development strategy; ii) financially autonomous; iii) located within the project area; iv) requested by one or several producer groups and obviously in their interest; v) easily maintained by beneficiaries; and vi) ecologically sound.

Over a five-year project implementation (1989-1993), the financing of 96 small operations was envisaged. The project carried out 49 operations that directly benefited 2,700 households, for an implementation rate of 50 percent. Of these operations, 32 dealt with market gardening, 6 with fruit orchards, 6 with land reclamation, 2 with fish farming, 2 with dairy production and one with agricultural product processing. The two-year project extension made it possible to implement **88 SRDOs**, or **92 percent** of the number planned in the appraisal report. The 39 SRDOs carried out between 1994 and 1998 consist essentially of accompanying measures for the initial operations. More specifically, they include agricultural product processing, animal traction, and cattle and sheep fattening operations. As regards physical participation in the works, beneficiaries supplied unskilled labor and furnished locally available construction materials.

Most of these operations are now in the implementation phase. Their impact on the well-being of the population is undeniable and can be seen in poverty alleviation, increased food security through increased productivity, improved nutritional status, decreased outmigration, job creation and increased incomes.

Implementation of these operations was facilitated by the opening of local accounts in the nine *arrondissements* covered by the project. It should be noted that the decentralized system of financial management and the procedures put in place under the project made it possible to train technical managers and administrative authorities in accounting and financial management and to make them accountable for this activity. This experiment carried out by the World Bank in Niger is unprecedented and unique in Africa, and yielded excellent results.

The main constraints that the project encountered were: i) land tenure conflicts, which resulted in the abandonment of certain sites and, sometimes, the exclusion of some beneficiaries who did not own parcels of land; ii) inadequate technical follow-up due to the project's dependence upon the State's administrative structures, which are not under an obligation to produce results; iii) the failure to carry out certain preliminary studies prior to making investments; iv) the low skill levels of local workmen/entrepreneurs; v) the high turnover among the administration's personnel; vi) poor identification of certain sites; and vii) the absence of marketing support infrastructures (rural roads, warehouses, etc.).

### **3.2 Extension component**

One of the project's main objectives was to organize effective extension activities once the small operations were up and running. In 1989, when the pilot phase of the Agricultural Support Services Project began, the World Bank decided to entrust the SRDO project's extension component to that project. However, despite the fact that 450 million CFAF were taken from the SRDO project and applied to the Agricultural Support Services Project, it became apparent that, from 1989 to 1993, the support provided to farmers by agricultural services remained weak at all project sites.

Aware of these problems, project management organized a workshop in December 1994 for all parties involved. The workshop resulted in the design of site-specific extension programs that were responsive to the needs of small-scale irrigation producers of off-season horticultural products as well as to rainfed farmers who cultivate cereals and tubers. In addition, and following the conversion of some under-exploited sites into orchards, a customized extension program was established for these sites as well.

At the time of credit closing, results indicated that the level of adoption of extension messages concerning off-season crops was high for the construction of a re-planting grid (95 percent) and for crop spacing (92 percent) and average for the use of organic fertilizer (56 percent). At beneficiaries' request, the first two messages were omitted from the 1997/98 cropping season since they had already been mastered. For the rainy season, the messages on thinning of seedlings, spacing and compost pits were adopted at rates of 90 percent, 96 percent and 73 percent, respectively. On the other hand, the organic fertilizer message was only adopted on 43 percent of the orchards. The absence, prior to 1997, of financing for carts to transport compostable materials, and the short supply of fertilizer in some villages, were the main problems limiting the adoption of the composting and organic fertilizer messages.

### **3.3 Training component**

Counting all workshops together, the project trained about 500 technical managers in the use of the project dossier preparation module, followed by a mini-project, internal evaluation of a small operation and the Active Research and Participatory Planning Method (MARP). This training brought about an improvement in the project dossiers and monitoring/internal evaluation reports submitted and improved understanding of the small project cycle. Its impact is particularly perceptible at the level of regional teams, which remained much more stable than the *arrondissement* teams, and to which the Government decided in July 1997 to assign regional project coordinators. The high turnover among managers required the project to repeat training sessions and, since most *arrondissement*-level managers were assigned to areas outside that of the SRDO project, it is difficult to ascertain whether they will continue to give those areas the benefit of their acquired experience. There is a risk of an eventual erosion of skills. Aside from these formal training efforts, the project organized a series of in-service or foreign training programs, with a view to sharpening the skills of its agents and technicians.

For beneficiaries, the training covered: i) the project's philosophy and 'rules of the game', which were conveyed in sessions spent listening to cassette-recorded programs, followed by discussions; ii) functional literacy; and iii) management. Several literacy training methods were tested over the course of the project. The 45-day '*alpha rapide*' method and the continued training of already-literate farmers yielded particularly good results. In certain cases where beneficiaries could not use the first method because of the cropping calendar, a three-month intensive literacy course was also tried, with good results. The criteria that were decisive for the literacy program's success were: i) proper targeting of individuals to be trained (elected officials of producer groups); ii) age (under 45 years); and iii) permanent residence in the village. By the time the credit closed, the project had trained a total of 548 people (up to levels 3 to 6) belonging to 24 producer groups. Of these, 198 producer group officials reached operational literacy levels of 5 or 6, compared to a target number of 605, for a rate of 33 percent. Moreover, it is absolutely crucial to support newly literate persons with post-literacy activities. By June 30, 1998, the project had established 45 libraries and 25 village printing presses. In the area of management, the project had trained 220 managers belonging to 22 producer groups.

### **3.4 Beneficiary organization component**

The project needed to inject new life into 24 producer groups by emphasizing: i) the operating rules for producer groups; ii) the various operational instruments that a producer group must have; iii) knowledge of the roles and responsibilities of elected officials; iv) the production of dossiers requesting official recognition; v) identification of socioeconomic development activities; vi) the establishment of savings and loan associations; and vii) the need to cultivate relationships with other [development] partners. Although this program began in March 1996, three months prior to the initial closing date, it continued during the project's two-year extension. It is unfortunate that

such an important program, implemented by a local NGO, could not begin sooner. Its main accomplishments were the production of recognition dossiers for 24 producer groups and the approval of some of them; the emergence of intervention structures and elected officials of producer groups, the creation of 24 savings and loan associations, the structuring of 22 economic activities for which dossiers remain to be submitted to various donors, and the introduction of a capitalization policy within all the groups. Despite these achievements, it should be noted that the rate of compliance with obligations to contribute to the development fund and to the CRA remained weak overall. As of December 1997, it stood at 23 percent for the development funds and 56 percent for the CRAs. Until producer groups attain a sufficient level of training in group relations and participatory principles plus a culture of discipline in cost recovery and in management of shared assets, the much sought-after objective of rural self-promotion will remain difficult to realize and sustain. This project laid the groundwork for further progress in the pursuit of this important development objective.

### **3.5 Studies, surveys and consultant services component**

The project financed a series of studies and surveys that served to solve problems encountered in the course of implementation, or to supply qualitative or quantitative data on the project. These studies and surveys were done either by consultants or by services of the Administration (e.g., the Water Resources Directorate, Agricultural Directorate, INRAN). However, it should be noted in particular that the project designed and successfully applied a methodology for collecting statistical data on off-season cropping sites, which the Agricultural Directorate has now mastered and can apply to other purposes. Pond-based semi-intensive fisheries production also proved to be an enriching experience based on the results of the scientific monitoring program set up under the project (and implemented under contract with the National Agricultural Research Institute).

## **4. OPERATIONAL EXPERIENCE ACQUIRED UNDER THE PROJECT**

After a ten-year project implementation period, it is indisputable that the project has accumulated extensive experience in the management of small projects. The main areas in which the project enjoys a comparative advantage over other projects include: i) a knowledge of models of profitable small operations; ii) the preparation of project dossiers; iii) mastery of the decentralized financial management system; iv) fruit tree farming; v) pond fish farming; vi) creation of precise cropping plans and extension programs; and vii) familiarity with time-tested methods of literacy training.

## **5. BORROWER'S PERFORMANCE**

As indicated at the beginning of this report, the Government took considerable time to formulate a policy on beneficiary participation in development operations. This caused a delay of about 6 years in the preparation of the SRDO project. As regards credit effectiveness conditions, the Government lagged in preparing the Year 1 SRDO program. However, this had no impact on credit effectiveness, since the Bank agreed to

consider the Year 0 program (6 small operations approved but not yet implemented) as the Year 1 program. On the other hand, the Government took all necessary measures to recruit a financial director in a timely manner and to set up a satisfactory accounting system and procedures. In fulfillment of the conditions for initial disbursements for civil works, supplies and agricultural inputs, the Government submitted the draft frame agreement and development contracts in a timely manner.

In the course of project implementation, the Government experienced a delay in recruiting financial comptrollers. The insufficient qualifications of some of these recruits, especially in accounting, often made it necessary for the Project Management Unit to exert *ex-post* control over expenditures, and resulted in the dismissal of this staff at about the mid-term point and their replacement by a financial comptroller based in Niamey. The high turnover of Government agents and the frequent requisitioning of project vehicles by administrative authorities had a negative impact on project implementation. In addition, the liquidation of such financial establishments as the BDRN and the *Caisse Nationale d'Epargne* resulted, respectively, in the diminishment of the project's revolving fund (special IDA account) by about 118 million CFAF and a freeze on funds saved by producer groups. It should also be noted that, following the split of the Post and Telecommunications Office into two autonomous entities -- the SONITEL (*Société Nigérienne de Télécommunications*) and the ONPE (*Office National des Postes et de l'Epargne*) -- enormous difficulties emerged in transferring funds into the secondary accounts through the latter agency, especially during the project extension period.

Because a project structure had been created and supplied with a full-time director, the Government was unable to organize regular meetings to improve coordination and programming of SRDOs as planned during the project design phase. On the other hand, the Government submitted project audit reports and progress reports in a regular and timely manner and participated in all supervision missions.

Three governmental decisions had a particularly favorable impact upon project implementation: i) the stability of project management personnel; ii) the 1991 decision to keep managers in the technical services in post for at least three years before transferring them to other regions; and iii) the autonomy granted to the Project Management Unit in the preparation and implementation of its work program. Decisions which hampered project implementation, on the other hand, included the following: i) the 1990 decision to increase the rate of credit consumption. This resulted in the hasty identification, preparation and implementation of several SRDOs, which in turn resulted in an accumulation of technical errors; ii) the revision of the law on the organization of associations. This required groups already approved to re-submit their dossiers for official recognition; iii) the central procurement commission's refusal to allow the project to award a contract to an NGO, which resulted in a 7-month delay in the revitalization program for producer groups; and iv) the decision to entrust the monitoring and evaluation of certain operations entirely to NGOs. In a few rare cases (e.g., the Garou incident), beneficiaries were essentially cheated of the investments put in place by the project.

## **6. PERFORMANCE OF THE WORLD BANK AND SWISS COOPERATION**

From September 1988 through the credit closing date, the World Bank performed a total of 17 supervision missions. These missions occurred at regular intervals and touched on all aspects of the project. They were very thorough during the early years of project implementation thanks to the time expended by the Bank's project officer, and became shorter in subsequent years. Based on these missions, the Bank made several recommendations that improved project implementation significantly. Among the most relevant recommendations, one can cite: i) the dismissal of incompetent project personnel; ii) the consolidation of viable project sites between 1993 and 1995; iii) the two-year extension of the project; iv) the financing of accompanying measures, especially those targeting women; v) studies on the project's impact on poverty alleviation and on beneficiaries; and vi) the participatory nature of the missions, which resulted in the development of local capacities and fostered institutional development.

During project implementation, there were no particular problems with the Bank related to procurement procedures, and the replenishment of the project's special accounts occurred at regular intervals and in a timely manner.

The Swiss Cooperation also participated in supervision missions, especially from the Effectiveness date through 1995. The Swiss proposals for helping the project achieve its objectives included: i) the financing of savings and loan associations; ii) the establishment of third-tier accounts managed by producer groups; and iii) assisted self-assessment of the operations by technical managers and beneficiaries.

Relations between the Government, the World Bank and Swiss Cooperation remained good overall. However, the viewpoints of the Bank and Swiss Cooperation diverged on the matter of the approach to extension. The Swiss went so far as to refuse to allow the extension component to be financed out of their grant. They also insisted repeatedly that the SRDO project incorporate a savings and credit component into its operations. The Bank, after some initial hesitation, agreed to this proposal in 1996. The Swiss also complained about lack of advance information to mount supervision missions, although the project unit would constantly keep the local Swiss office fully informed about such missions. It should be noted that inadequate capacity at their local office (i.e. fewer staff) frequently constrained their involvement in supervision missions.

## **7. LESSONS LEARNED**

The main lessons learned from the project are the following:

- a) an integrated approach to village-level development is better suited to taking into account the real needs expressed by rural grassroots communities than a sectoral approach;

b) outreach efforts directed at producer groups must be made prior to any investment and must be performed during the investment phase of the project. The aim should first be to establish the group's instruments of intervention and then to proceed with the election of group representatives upon which the development partners can rely. Then, without much delay, the small projects that will serve to anchor and render operational the group's functional instruments must be identified, prepared and implemented. Since rural development is a long-term enterprise, it seems reasonable to design projects for a 10-year implementation period;

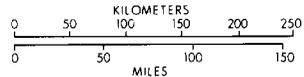
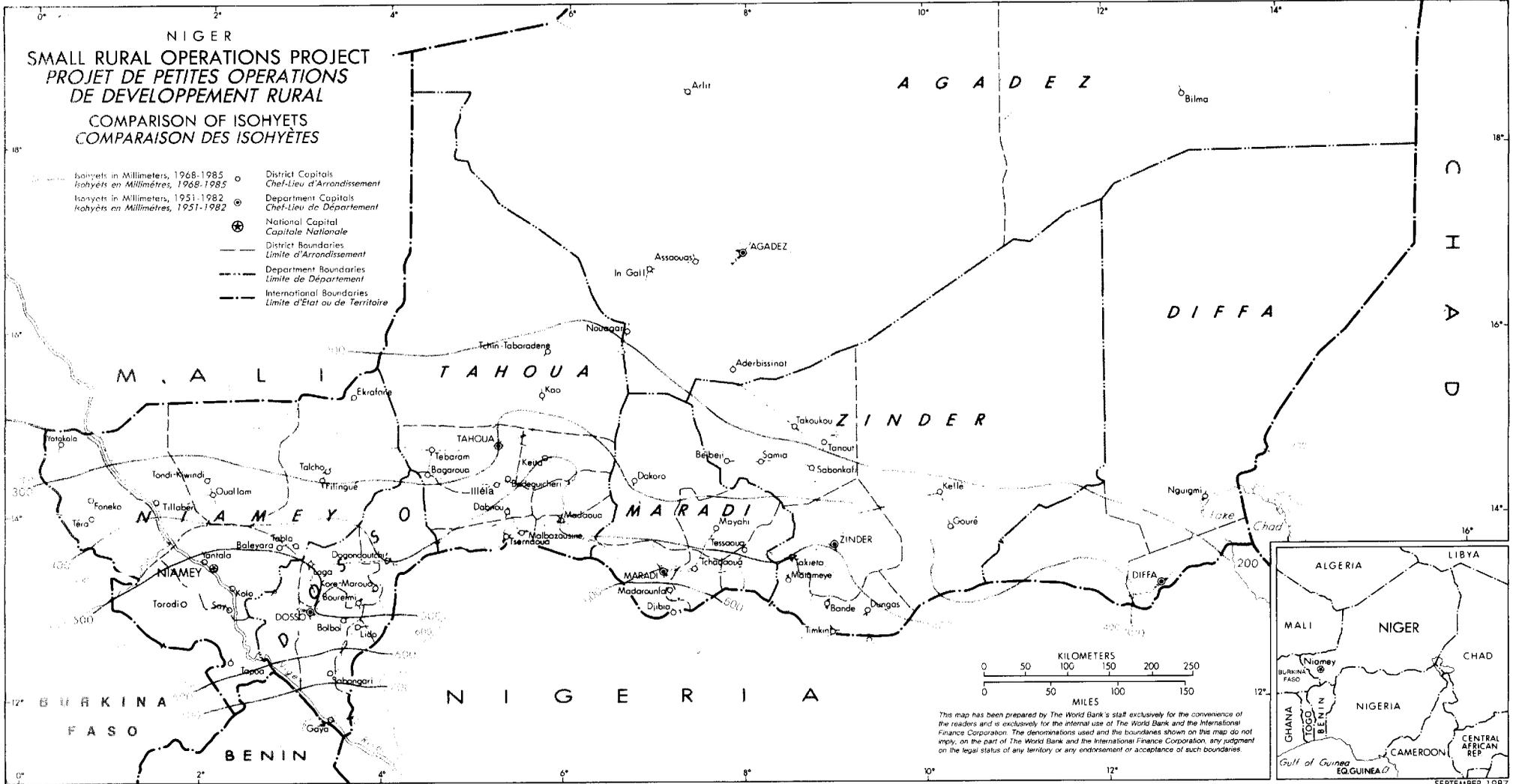
c) the targeting of individuals to be trained must occur prior to the development of a literacy and management program, if the elected representatives are to be operational. In addition, the method of literacy training should be chosen by those who are to receive such training;

d) it is crucial that the foundation members of a new operation be provided with proper assistance to select the beneficiaries on the basis of transparency and completely objective criteria. In order to facilitate the work of outreach and organization, the number of beneficiaries should be limited to 30. Priority should be given to the financing of small revenue-generating projects. The more promising models include: i) market gardening, sometimes in conjunction with fruit tree orchards. In some cases, investments in private parcels can help avoid the emergence of land tenure problems; ii) semi-intensive dairy operations, such as the one at Kaku; iii) pond-based fish farming operations (like the one at Rouafi) provided that the ponds are monitored in a scientific manner with a view to managing them wisely and preserving their resources; and iv) animal traction teams, which present no particular risks for beneficiaries;

e) in the context of the poverty alleviation strategy, it would be wise to finance labor-intensive activities such as rural roads and the amelioration of *koris* in order to inject monetary resources into the rural milieu.

# NIGER SMALL RURAL OPERATIONS PROJECT PROJET DE PETITES OPERATIONS DE DEVELOPPEMENT RURAL COMPARISON OF ISOHYETS COMPARAISON DES ISOHYÈTES

- Isohyets in Millimeters, 1968-1985  
*Isohyets en Millimètres, 1968-1985*
- Isohyets in Millimeters, 1951-1982  
*Isohyets en Millimètres, 1951-1982*
- District Capitals  
*Chef-Lieu d'Arrondissement*
- ⊙ Department Capitals  
*Chef-Lieu de Département*
- ⊕ National Capital  
*Capitale Nationale*
- - - District Boundaries  
*Limite d'Arrondissement*
- - - Department Boundaries  
*Limite de Département*
- - - International Boundaries  
*Limite d'Etat ou de Territoire*



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