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Interim Evaluation

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Photo on cover page:
Republic of The Gambia
Women sitting in the Village of Nema (Lower River Division)
IFAD Photo by : Mark Keating

Republic of The Gambia
Rural Finance and Community Initiatives Project, Loan Nº 486-GM
Interim Evaluation

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*** All Annexes are available upon request to IFAD's Office of Evaluation (evaluation@ifad.org)**

Exchange Rate

Local Currency	=	Gambian Dalasi (GMD)
USD 1.00	=	10.20 GMD as of Dec 1998
USD 1.00	=	30.15 GMD as of July 2004

Estimated annual inflation rates: 2000 = 0.19%, 2001 = 8.08%, 2002 = 4.94%, 2003 = 17.03%

Abbreviations and Acronyms

ACU	Agricultural Communication Unit
ADO	Agricultural Development Officer
AFET	Association of Farmers, Educators and Trainers
CBG	Central Bank of The Gambia
COSOP	Country Strategic Opportunities Paper
CPM	Country Programme Manager of IFAD
CRD/N	Central River Division/North
CRD/S	Central River Division/South
DAS	Department for Agricultural Services
DLS	Department for Livestock Services
DOP/DOSA	Department of Planning/Department of State for Agriculture
DOSA	Department of State for Agriculture
DOSFEA	Department of State for Finance and Economic Affairs
EDF/NASACA	European Development Fund/National Association of Savings and Credit Groups
EIU	Economist Intelligence Unit
ERP	Economic Recovery Program
ERR	Economic Rate of Return
FFHC	Freedom from Hunger Campaign
FPF	Farmer Partnership Fund
FORUT	Solidaritetsaksjon for utvikling
GAWFA	Gambia Women's Finance Association
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries Initiative
IBAS	Indigenous Business Advisory Services
IE	Interim Evaluation
IFAD	International Fund for Agricultural Development
ITC	International Trypanotolerance Centre
LADEP	Lowlands Agricultural Development Project
LRD	Lower River Division
M&E	Monitoring and Evaluation
MDI	Management Development Institute
MFD/CBG	Microfinance Department (Central Bank)
MFE	Methodological Framework for Project Evaluation
MFPC	Microfinance Promotion Centre
MTR	Mid-term Review
NACCUG	National Association of Cooperative Credit Unions of The Gambia
NARI	National Agricultural Research Institute
NBFIs	Non-Bank Financial Intermediaries
NGOs	Non-Governmental Organizations
OE	Office of Evaluation of IFAD
PC	Project Coordinator
PCO/DOSA	Programme Coordination Office/Department of State Agriculture
PM&E	Participatory Monitoring and Evaluation
PRA	Participatory Rural Appraisal

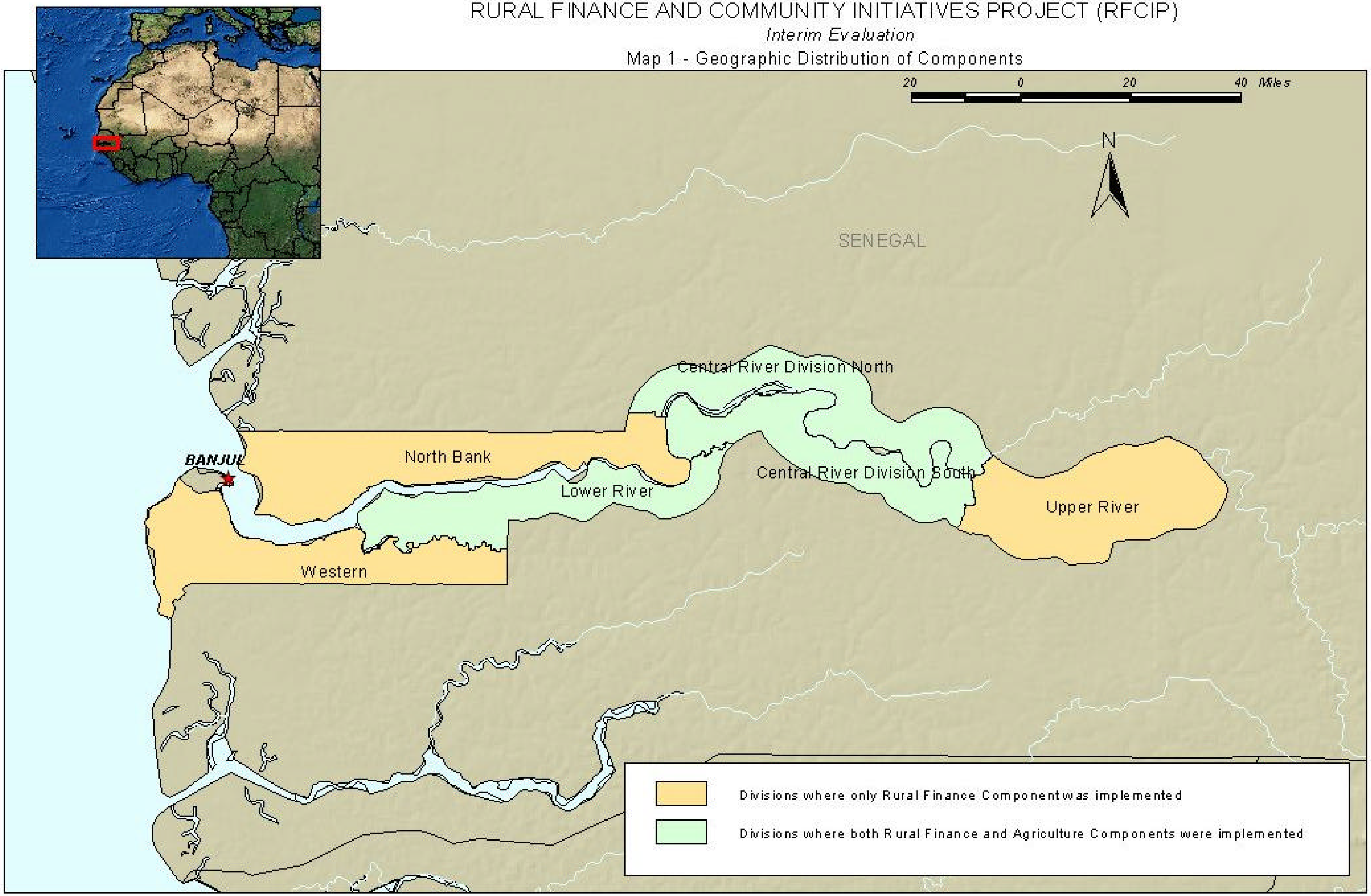
PSC	Project Steering Committee
PSU	Project Support Unit (RFCIP)
RF	Rural Finance
RFO	Rural Finance Officer
RFCIP	Rural Finance and Community Initiatives Project
SDF	Social Development Fund
SPACO	Strategy for Poverty Alleviation Office
UNDP	United Nations Development Programme
URD	Upper River Division
VA	Village Auxiliary
VISACA	Village Savings and Credit Association
VPC	VISACA Promotion Centre
WB-IDA	International Development Association of the World Bank
WD	Western Division

GAMBIA

RURAL FINANCE AND COMMUNITY INITIATIVES PROJECT (RFCIP)

Interim Evaluation

Map 1 - Geographic Distribution of Components



Source: *IFAD*

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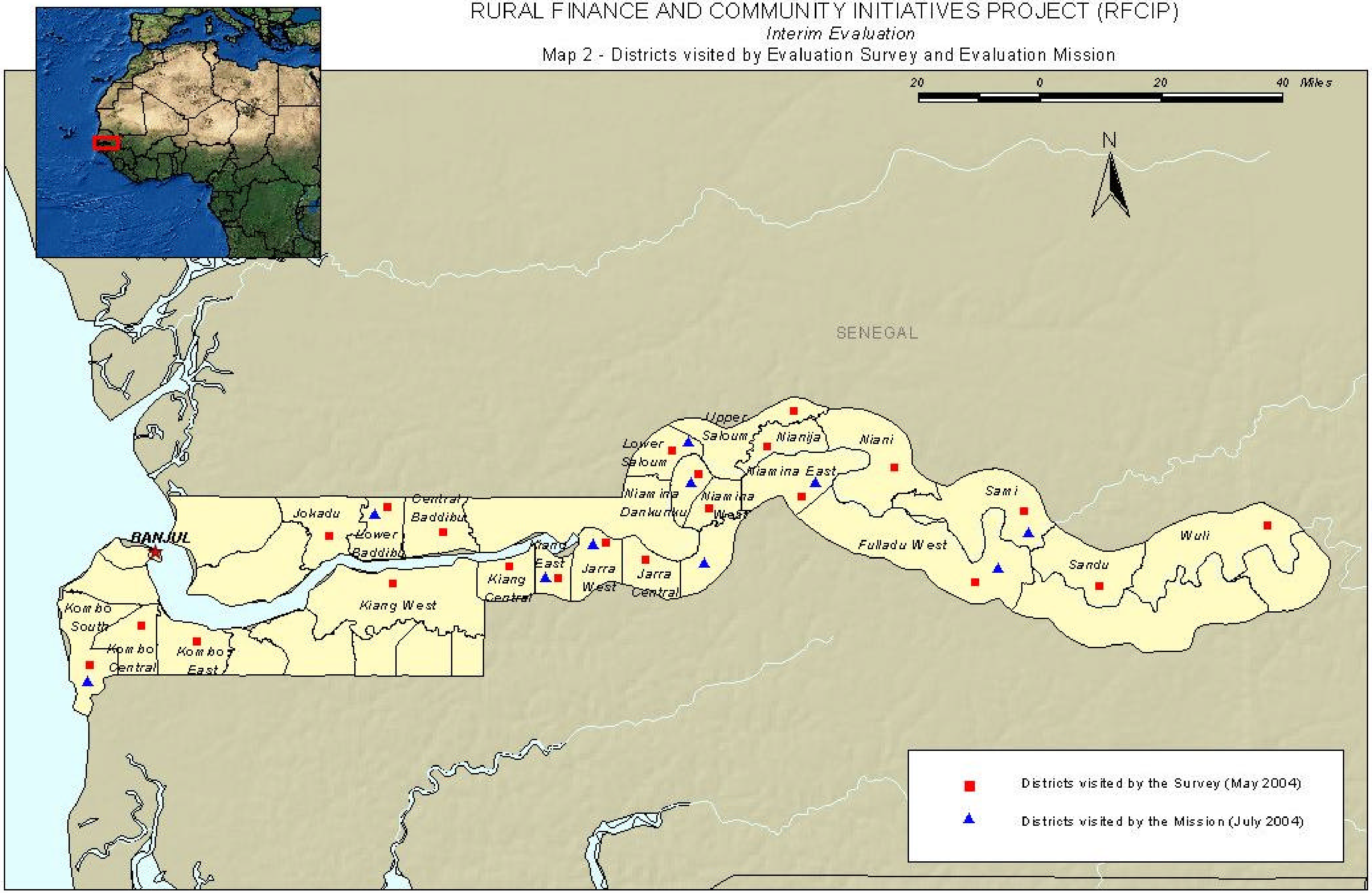
GAMBIA

RURAL FINANCE AND COMMUNITY INITIATIVES PROJECT (RFCIP)

Interim Evaluation

Map 2 - Districts visited by Evaluation Survey and Evaluation Mission



Source: *IFAD*

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Republic of The Gambia

Rural Finance and Community Initiatives Project

Interim Evaluation

Agreement at Completion Point

I. Introduction

1. In 2004, the Office of Evaluation of IFAD conducted an Interim Evaluation of the Rural Finance and Community Initiatives Project (RFCIP) in The Gambia. A reconnaissance mission was fielded in April 2004 and an approach paper discussed with partners in The Gambia and at IFAD in June 2004. A core learning partnership was formed comprising representatives of the Department of State for Agriculture (DOSA), the RFCIP Project Support Unit, the IFAD Regional Division for West and Central Africa and the Office of Evaluation of IFAD. The main evaluation mission took place in July 2004, preceded by a field survey. A draft evaluation report was distributed in November 2004. A final evaluation workshop was held in Banjul on 27 January 2005, to take stock of the evaluation findings and prepare the Agreement at Completion Point (ACP). The workshop was attended by the members of the core learning partnership and other stakeholders.[1] The ACP illustrates the stakeholders' understanding of the evaluation, findings and recommendations, their proposal to implement them and their commitment to act upon them. OE facilitated the process and provided the key documents for discussion. The present ACP document contains a summary of the major findings (fully substantiated in the main report) and a set of recommendations that were agreed upon at the final workshop.

II. The Main Evaluation Findings

2. **Achievements.** At project inception, the VISACA network comprised 37 VISACAs, 32 of which were operational. To date, a total of 62 VISACAs are operating throughout the country with the support of four NGOs service providers and a total membership of about 35,000 (40% women). The main thrust of the Agricultural Support component has been to assist *kafos* and producer groups in Lower River Division and Central River Division North and South in improved crop and livestock production techniques, through training programmes and the provision of essential services. Its major contribution to the improvement of extension services has been the training of 193 village auxiliaries in crop production and livestock husbandry. Under the Farmer Partnership Fund, the project has funded a total of 126 mini-projects for *kafos*, including the construction of cereal banks, 62 new wells as well as sheds, latrines and market stalls.

3. **Weaknesses of VISACAs.** IFAD has been supporting this approach since its first project in the country (the *Jahally and Pacharr Smallholder Project*) and the decision to further support VISACAs is clear while the reason for its choice as the *only* microfinance institution/methodology was not fully explained at the time of the appraisal, particularly as alternative group-lending techniques had already been tested and were reviewed as promising by the Appraisal Report itself. The design of RFCIP

[1] This agreement reflects an understanding among the key partners to adopt and implement recommendations stemming from the evaluation. The agreement was formulated in consultation with the members of the Core Learning partnership. The CLP members that attended the workshop were Ms. Fatou Kuyateh, Permanent Secretary, DOSA; Mr. Ebrima Camara, Deputy PS, DOSA; Mr. Leopold Sarr, Country Programme Manager for The Gambia, IFAD and Mr. Basiru Jobe, Project Coordinator, RFCIP. The workshop was also attended by the following IFAD-OE representative who made presentations on the main evaluation findings: Mr. Fabrizio Felloni, Lead Evaluator and Prof. Roger Norman, Consultant, Evaluation Mission Leader. OE facilitated the process. A complete list of participants is provided in the appendices to the main report.

should have given closer consideration to options in rural microfinance apart from the VISACA model, especially to the group lending approach. Weaknesses that have emerged include limited savings mobilisations and outreach to very poor households within the same village, due to the collateral requirements for loans. In general, at the design and start-up phase, insufficient attention has been paid to the design of simple and appropriate financial services.

4. A number of elements seriously threaten the viability and sustainability of VISACAs and have not been so far adequately addressed. Then main symptoms can be identified in the deteriorating credit discipline and estimated operational self-sufficiency as low as 65%. The underlying factors explaining the unsustainable VISACA operations may be summarised as follows:

i. over-extended area coverage, leading to a rising default rate;
ii. lack of capacity and commitment among and lack of an incentive-compatible system for management committees and cashiers;
iii. over-reliance on the free services of NGO facilitators.

5. The first of these problems is due to an over-emphasis on size of membership partly provoked by Central Bank rating indicators and RFCIP physical targets, and partly by a general enthusiasm for *rising aggregates* among bankers, NGO facilitators and project officers. The NGOs generally failed to transfer the necessary knowledge and skills to management committees and cashiers. They were not adequately assessed at project start-up; most of the animators lack sufficient background in microfinance; and their remuneration was not linked to performance.

6. **Little Synergy between the Rural Finance and Agriculture Component.** The original project justification was that of building upon the "social capital" existing in the project area and identified in the traditional ubiquitous village groups (the men and women's kafos), to support sustainable member-based microfinance institution and agricultural research and extension services. Unfortunately, the key assumptions on the synergies between the project components have not been adhered to both in the design and implementation. To give an example, only in 6-7 out of the 130 project sites the project components were executed in an integrated manner. The large majority of sites had either a VISACA or received one of the agriculture interventions. Given the distances between project sites and the very poor status of road and transportation infrastructure in rural Gambia, potential interaction between sites (say one with a VISACA and one with a vegetable garden) could not materialise due to the very high transaction costs.

7. **There** is a broad agreement both within the Department of State for Agriculture and among concerned observers that the extension services are resource-constrained and under-staffed, a problem which seriously affects staff motivation, perhaps as a continuing result of the retrenchment measures undertaken at the time of the Economic Recovery Programme (1985). The recruitment and training of Village Auxiliaries (VAs) was therefore among the most important initiatives taken by the RFCIP. In order for this initiative to be replicated countrywide, certain important refinements are necessary.

8. It was also noted that the choice of agricultural sites and activities to be implemented was not supported by a consistent set of targeting criteria and not assisted by a coherent strategy encompassing the provision of inputs, the (partial) processing of the produce and the linkages with output markets. Thus, the agricultural and group-based interventions were disconnected activities, failing to make a significant impact on household income, as suggested by the preliminary evaluation survey.

9. **M&E and Control Systems**. The Project Support Unit (PSU) underwent a number of changes throughout implementation. Most notably, the role of M&E Officer was dismissed halfway through the life of the project, and the M&E function reassigned to the Rural Finance and the Agricultural Development Officers respectively. Considerable resources were devoted to M&E, both at the initial stage of the project and during implementation. Despite these provisions, the M&E component did not achieve its primary objective that is the collection and analysis of the information necessary for tracking progress and impact, enabling decision-makers to diagnose and resolve problems.

Participatory M&E was introduced in the project in December 2003 stemming from a recommendation formulated by the Supervision Mission of August that year. Despite the efforts, it was noted that the system is far from being fully operational. Data gathered at field level is not submitted to the PSU on time and the MIS database has not yet been complemented with modules to cater for the management of the PM&E information.

10. **Direct Supervision.** RFCIP was part of the Direct Supervision Pilot Programme approved by the Executive Board of IFAD in 1997 and including 15 projects. Supervision Missions have been carried out regularly and reports produced promptly, however, limitations in the responsiveness to implementation issues have been noticed. Only the last two (of nine) missions included a microfinance expert, in spite of the importance of the microfinance component; the ratings awarded to the project (following the UNOPS practice) have been positive (1s and 2s on a scale of 4) almost without exception. The problem of the very weak synergies between the project components has never been adequately highlighted. By the same token, an analysis of the financial difficulties of VISACAs appeared too late in the Supervision process. This has happened in spite of early warning signals (for example the implementation support mission fielded in 2001 had pointed the finger at weaknesses in the VISACAs and their supporting networks). In sum, a number of serious shortcomings (both in design and implementation) were not timely and adequately identified and rectified. The high turnover of CPMs has certainly represented a constraint in the effectiveness of supervision but so has the lack of adequate expertise in key project design areas.

11. The field level activities of the RFCIP, and the communication between the centre and the field, suffered from the poor state of the main roads and inter-village tracks, the unreliability of telephone and internet communications and the lack or uncertainty of the power supply. These infrastructural constraints were not considered at the time of project appraisal.

III. Recommendations Agreed upon by All Partners

A. The Strategy Level

Rethinking Objectives, Processes and Components

12. Should IFAD decide to fund future projects/programmes in The Gambia, the first recommendation of the evaluation is that of a "radical rethink", rather than attempting to build on the current "fragile foundations". IFAD should reflect on the choice of the partner agencies in the country, in view of the specific skills and experience required for rural finance. Synergies between components must be built in the design and not left to the implementation. More coherent focus on a narrower set of intervention is also recommended, lest the project rationale is diluted or lost during the execution phase. There are two additional crucial elements to be considered: (i) the need to engage in a continuous and long-term process of support to sectoral policy and regulation, (ii) the importance of learning from performing practices supported by other agencies (e.g. donors and NGOs), which may become partners of IFAD.

Summary Recommendations:

- Radical rethink of project concept and due reflection on the choice of partner agencies in the country; further interventions should take account of national development and poverty reduction strategies (PRSP).
- Three alternative options received support from the various stakeholders: (i) a stand-alone microfinance sectoral programme; (ii) microfinance twinned with agricultural support but with a genuine synergy in targeting and implementation and matching geographical areas for main components; (iii) microfinance backed by infrastructural investments.
- Clearer articulation of project/programme objectives and synergy of components in the inception/formulation papers;
- Thorough consultation with partners in the country and analysis of "good practices" that could be taken on board;

- In the rural finance sector, devise a long-term process to support regulatory and supervising bodies (including the Central Bank and the Microfinance Promotion Centre) and cooperate to revise/update rural finance policy documents; a microfinance policy study should be conducted to enhance the regulatory framework.
- The utilisation of performance-based Memoranda of Understanding with partners, including NGO service providers.

Suggested timing: Reflect on first five at project inception, further refine at formulation and appraisal (with more detailed plan and deadlines). Last point to be taken up at project start-up.

Partners involved: IFAD, DOSA, DOSFEA, CBG, Microfinance Promotion Centre and other donors.

B. Rural Finance

B1. Alternative Approaches to Rural Finance and Better Focus on Microfinance Technology

13. At the formulation/appraisal phase, there has been insufficient emphasis on the design of financial services for poor clients. The exclusive focus on VISACAs was not adequately explained as the group lending approach had already met with a fair degree of success in The Gambia at the time of the appraisal. A more programmatic/sectoral approach seems justified, to better learn from alternative methodologies and to progressively increase outreach to poorer households in a sustainable manner (i.e., controlling loan delinquency). The creation of or linkages with microfinance hubs and centres of expertise should be encouraged. It is also appropriate that more (but not exclusive) emphasis should be on women's *kafos*, both because they appear generally more dynamic than their counterparts among the men but also because it is the women who tend to be excluded from access to loans under the present system.

Summary recommendations:

- Adopt a more programmatic/sectoral approach, inter alia, supporting a centre of expertise in microfinance good practices
- Key actors in microfinance, not only VISACAs, should be supported; the group lending approach should be promoted alongside the development and expansion of the VISACA concept;
- access to credit for groups should be dependent on the establishment of a savings discipline;
- loan guarantees can take the form of peer pressure, collective group guarantees or other innovative approaches as long as the poor are not excluded.

Suggested timing: To be considered at inception/formulation, further refined at appraisal

Partners involved: IFAD, DOSFEA, CBG, Microfinance Promotion Centre, microfinance service providers, other donors.

B2. Future strategies for VISACA sustainability (*"sink or swim"*)

14. Distorting signals from the Central Bank rating system can be remedied by a revision of the same and diminishing emphasis for membership targets in project documents. The lack of capacity and commitment in management committees may be addressed by courses in basic literacy, book-keeping and loan administration and by insisting on a healthy turnover of personnel on the committee. In any future rural finance programme, the contractual involvement of service providers should specify goals to be achieved within a certain period and the VISACAs should progressively contribute to their fees so that by the end of a given number of years the cost of service provision would be entirely borne by the VISACA itself. At that time, external support should be removed and the VISACA should be allowed to 'sink or swim'.[2] Within individual VISACAs, incentives are essential

[2] In the Credit Union network overseen by the National Association of Cooperative Credit Unions poorly performing unions are disaffiliated.

if the services of committed managers and competent cashiers are to be found and kept and, as with the service provision, they must be treated as part of the VISACAs operational costs. Finally, the creation of zonal networks of VISACAs, with apex bodies and technical services providers has good grounds but should not precede the strengthening of individual VISACAs.

Summary recommendations:

- Central Bank to continue supervisory role of VISACA for the time being (alternative proposals to be studied); membership criterion for ratings to be reviewed[3];
- more intensive training for VISACA management committees and cashiers as well as for technical service providers;
- stronger incentives for loan repayment, for example interest rebates;
- exit strategy, deadlines and performance incentives for service providers to be included in project design and then built into the relevant contractual agreements;
- cost of service provision and remuneration for committees and cashiers to be progressively borne by VISACAs;
- termination of support for under-performing VISACAs after a predetermined period of external assistance;
- creation of zonal networks of VISACA to proceed concurrently with the strengthening of individual VISACAs; institutionalization strategy to be outlined at project design stage;
- review of current terms and conditions of VISACA loans and savings; savings mobilisation to be a central plank of VISACA operations, with limited reliance on external funds.

Suggested timing: To be considered at inception/formulation. Draft time plan at formulation/appraisal, to be refined at project start-up workshop. Need of continuous monitoring during implementation.

Partners involved: IFAD, DOSFEA, CBG, Microfinance Promotion Centre, microfinance service providers, other donors.

C. Support to Agriculture

C1. Agricultural Extension

15. There is a need to improve motivation and strengthen extension service. One rather than two auxiliaries should be recruited for each village, as there is no need to carry over the crop/livestock (DAS/DLS) distinction into the auxiliary system. Villagers can recompense their volunteer extensionists in kind or by offering their labour on the VAs' own land, and VAs should able to charge modest fees when offering their services to farmers outside their own villages. These provisions need to be settled by the communities themselves with initial guidance from project or government where necessary. Efforts to empower VAs to administer vaccinations for small ruminants and poultry should continue, in collaboration with the DLS. It should be borne in mind that such vaccinations are routinely carried out by farmers themselves in many countries around the world, once the appropriate training has been provided.

Summary recommendations:

- motivate and strengthen extension services through performance-based incentives (training, mobility, allowances, promotion);
- countrywide replication of the Village Auxiliary system;
- recruitment of a single VA per village; training in crop production and animal husbandry; provision to VAs of necessary inputs; remuneration in kind or labour, to be determined and provided by the communities; duties to include vaccination of small ruminants and poultry;

[3] In the original formulation it was recommended that membership criterion be taken out. During the workshop discussion it was instead suggested that the 'weight' of membership may be reviewed but not completely removed.

- assist extension agents and VAs familiarise themselves with new technologies through networking, visits and internet access.
- continue support for research in on-farm testing and dissemination of new technologies.

Suggested timing: To be reviewed at inception/formulation, details on remunerations of VAs to be decided by communities themselves.

Partners involved, IFAD, DOSA (DAS, DLS), and other donors.

C2. Training for diversification, processing and marketing.

16. Elaborate PRA exercises are not necessary to identify what training is desired by particular villages and what markets exist for the end product. Up-to-date marketing information can be sought from the private sector. Farmers should be put in touch with hotels and other tourist outlets for the sale of fresh fruit and vegetables. Where there are few or no markets for fresh produce, simple processing methods for tomatoes (sauces and purees), fruit (dried fruit and fruit juices) and vegetables can be propagated.[4] Other training programmes, for which there appears to be a local demand, include tie-and-dye, mushroom growing, pottery making, but it must be emphasised that these should only be provided where the right conditions exist (for example deposits of suitable clay) and where suitable markets can be identified.

Summary recommendations:
- training programmes to be determined through consultation with communities;
- emphasis on simple processing techniques where markets for fresh produce do not exist;
- training to match local resources and market opportunities;
- private sector as well as government agencies such as DOP to be involved in providing market information;
- producers to be put in contact with hotels and tourism outlets;
- findings of previous PRA exercises and rural surveys to be made available at convenient locations.

Suggested timing: To be considered at inception/formulation. Participatory implementation process to be revised at project start-up and monitored/reviewed twice a year during implementation.

Partners involved: IFAD, DOSA, other donors, private sector companies.

D. Implementation Support

D1. Management, M&E and Project Supervision

17. The central M&E system represents a continual process of monitoring and reporting designed to reach the appropriate levels and to be utilised as a basis for the diagnosis of problems and the making of decisions. Participatory M&E is only one of the tools by which beneficiaries can come to an understanding of the costs and benefits of the activities in which they are involved. The *results* of this community-level accounting are one source of information to be fed into the project M&E system. Thus the M&E Officer within the PSU is the key figure in providing the basis for management decisions. It is part of his or her job to be critical of the operation of the components when appropriate.

18. There appears to be a shortage of qualified personnel to undertake the responsibilities of project M&E in The Gambia. Thus a brief term of international TA, with very specific objectives, is likely to be necessary at the onset. This should include the preparation of a summary of the functions and purpose of M&E to be drawn from the IFAD handbook. But arrangements for continuous support

[4] A start has been made by RFCIP in this direction with the processing of cassava for chips and *gari*.

(e.g. training) should be made with local institutions (for example the University of The Gambia) and regional IFAD networks. The same institutions and networks may help identify and train business graduates in the basic techniques of M&E.

19. Whether conducted directly or contracted to a cooperating institution, supervision is a crucial function to support implementation, as well as to monitor and sanction major deviations from the project rationale. In general it is fundamental that the main expertise areas be covered in all supervision missions, particularly the initial ones. In case of direct supervision by IFAD, excessive turnover of CPMs should be avoided and CPMs should ensure adequate (and not sporadic) participation in the field through and between missions.

Summary recommendations:

- the M&E function is crucial and no curtailment of this function should be permitted;
- due emphasis must also be given to essential management functions such as smooth accounting, disbursement and procurement procedures, and to effective auditing;
- the M&E Officer should enjoy a degree of autonomy within the management unit, although the extent of this autonomy needs to be determined jointly by the PMU;
- participatory M&E should be promoted as a tool for cost-benefit analysis by the beneficiaries but should not be regarded as a substitute for a centralised system; training of extensionists and beneficiaries should be provided to enhance effective participatory monitoring;
- the training of project M&E Officers in the relevant departments of the University of The Gambia might be directly funded by IFAD and other international donors, with appropriate linkages with regional support networks;
- the composition of supervision missions should ensure adequate coverage of expertise areas from the beginning;
- in case of direct supervision, CPMs turnover should be minimised and their participation in the field activities should increase;
- the Mid-term Review should be a rigorous exercise, even if it leads to radical re-orientation of the project;
- staff continuity at all levels is desirable during project implementation.

Suggested timing: To be considered at inception/formulation. M&E support needs to continue through project life span.

Partners involved: IFAD, DOSA.

D2. Project Communications

20. The IE mission proposes two separate measures to be taken as part of any future rural finance or agricultural support project. First that there should be some initial investment in road improvement. The extent and nature of this should be a matter for discussion with the relevant government departments and other donors and clearly would need to match the existing plans of government and donor agencies. However, given the geographical shape of the country, the upgrading of secondary roads and tracks would be futile without improvements to the main east-west arteries. IFAD normally avoids major road building projects: perhaps this could be undertaken in collaboration with the World Bank or other international organizations with experience in this field.

21. For agricultural and rural finance projects, it makes no sense for the PSU or PMU to be based in Banjul or Bakau. A liaison desk located in the relevant ministries would be sufficient. The project managers require easy and regular contact with activities in the field and with the farmers and their households who constitute the intended beneficiaries of the project. Management functions such as M&E would be considerably enhanced.

22. The second measure would be the relocation of the Project Management Unit to the central provinces.[5] Here investments in the telecommunications systems would be essential to ensure reasonable telephone and internet links with the capital and other field offices.

Summary recommendations:

- collaborative investments involving the Government, the donors and other development partners in the upgrading of roads and telecommunications;
- a strong and dynamic project steering committee must be put in place to effectively guide project implementation;
- the relocation of the project management unit in the central provinces is a desirable goal but requires prior infrastructural investments in main and subsidiary field offices and training headquarters;
- such a move should form part of the wider measures of decentralisation being pursued by DOSA.

Suggested timing: To be considered at inception/formulation.

Partners involved: IFAD, DOSA, DOSFEA,

[5] One example, to be considered along with others is the NARI compound at Sapu (CRD)

Republic of The Gambia

Rural Finance and Community Initiatives Project

Interim Evaluation

Executive Summary[1]

A. INTRODUCTION

1. **The Interim Evaluation of the RFCIP** is being conducted prior to the consideration of a second phase of the project. The evaluation mission visited The Gambia from 11 July to 7 August 2004. Methodologies utilised included field-level questionnaires, focus group discussions, interviews with key informants and case studies of the various community-based organisations and their members. For impact assessment, the mission relied on a quantitative survey and PRA exercise, carried out for the purposes of the mission by the University of The Gambia, as well as on official documents and socio-economic literature. The evaluation adopts the IFAD framework and provides ratings.[2]

2. **IFAD has funded or co-funded six projects in The Gambia** since 1982, of which two are ongoing: the RFCIP and the Lowlands Agricultural Development Project (LADEP). The latest Country Strategy Opportunities Paper (2003) introduced a lending envelope of US$ 15 million up to 2010 for the development of rice cultivation and the continuation of microfinance initiatives. Rural micro-finance was described as 'possibly the most important issue for IFAD in The Gambia'. According to national statistics, the ratio of rural credit to rural GDP declined from 30-40% in the early 1980s to only 7-8% in the following decade.

3. **The microfinance sector** has demonstrated a growing professionalism in the provision of financial services in rural areas during the last decade, with government policy benefiting from the lessons that sustainability depends on mobilising savings, and avoiding subsidised donor-led credit programmes and ceilings on interest rates. Chief among autonomous microfinance institutions are the Village Savings and Credit Associations (VISACAs), which were established in 1989 and have been consistently supported by IFAD. The two other approaches are credit unions, which tend to flourish in more urbanised areas, and the group lending approach promoted by The Gambia Women's Finance Association (GAWFA), targeting poor women.

4. **The agricultural sector** suffered from the cessation of government subsidies during the Economic Recovery Program (ERP) of 1985, and also from the fall in the market price of groundnuts, the main cash crop. Current government policies aim at the revitalization of agriculture through a strategy of public and private sector partnership, with the private sector expected to assume a leading entrepreneurial role. There is special emphasis on improving food security by increasing and diversifying cereal production, and creating rural employment to help reduce disparities between rural and urban incomes.

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[1] The Interim Evaluation Mission was composed of: Professor Roger Norman, Team Leader; Mr. Issa Barro, Microfinance Specialist; Mr. Sainey Keita, Agriculture Specialist; Mr. Mark Keating, Evaluation Information Officer, OE. Mr. Fabrizio Felloni, Lead Evaluator, (OE), carried out a preliminary visit in April 2004, designed the evaluation methodology and accompanied the mission from 11 July to 19 July 2004. The IE survey was carried out by Professor Sulayman Fye, University of The Gambia, in collaboration with Mr. Edrissa Ceesay, Statistician, Central Statistics Department and Mr. Musa Suso, Research Assistant, NARI together with a team of student enumerators from the University of The Gambia. Two of these enumerators, Mr. Lang Sanyang and Ms. Kaddy Jammeh, acted as interpreters for the IE mission during field trips.

[2] Summary ratings are shown in the text, details are in Annex III.

B. MAIN DESIGN FEATURES

5. The RFCIP was approved in December 1998, declared effective in July 1999 and scheduled for closure in December 2005. The project appraisal estimated the total project costs at USD 10.6 million, to be funded by IFAD (USD 9.2 m), the Government of The Gambia (USD 1.0 m) and the beneficiaries (USD 0.4 m in labour contribution). IFAD was the only funding donor and also responsible for project supervision. The goal of the project was the improvement of household food security and incomes in rural areas through the development of agricultural production activities and increased access to rural microfinance services, with strengthened traditional organisations (*kafos)* participating in the planning and implementation.

6. **The main activities of the project** under the Rural Finance component were to be the building or renovation of VISACA premises, the provision of a re-financing facility by financial NGOs, training and technical assistance at all levels and the creation of a VISACA Support Centre. Contribution of grant-equity to village community projects through the Farmer Partnership Fund (FPF) accounted for 24% of baseline costs. Agricultural support comprised participatory research, technology transfer, livestock vaccination and the building of storage facilities. Capacity building for the *kafos* aimed at enhancing the operation of VISACAs and promoting income-generation. Support for the growth of the VISACA movement was thus to be allied to the promotion of viable investments for farmers. This twinning of microfinance with agricultural support and capacity building constituted the basic rationale for the original project design. The heartland of the project was to be two divisions, the Lower River Division (LRD) and the Central River Division (CRD), where microfinance and agricultural activities were to be implemented side-by-side. The expansion of the VISACAs, on the other hand, was to take place in all divisions. No 'vertical' targeting was proposed, a certain homogeneity within villages being assumed. On the basis of an eventual total of 80 VISACAs, the number of beneficiaries of the RF component was estimated at 100,000 'clients', including 45% women. For the *kafo* capacity building component, it was envisaged that 300 *kafos* would be involved, or around 30,000 men and women.

7. **The Department of State for Agriculture (DOSA) was the chief implementing agency.** A Project Support Unit (PSU) was set up within DOSA to handle day-to-day coordination and management of activities. Contracted NGOs were responsible for the support and training of VISACAs. The VISACA Promotion Centre (VPC) was responsible for one network as well as acting as the coordinating body. A strengthened Rural Finance Unit within the Central Bank carried out the monitoring and regulatory role. The field-level implementation of the agricultural components was carried out mainly by the Department for Agricultural Services (DAS) and the Department for Livestock Services (DLS) supervised by PSU field coordinators in each division.

8. **Changes in policy and institutions during implementation.** A Microfinance Department (MFD) was created within the Central Bank, a recognition of the key role of the microfinance sector in the country and directly linked with the expansion of the VISACA network. The physical targets in the RFCIP Rural Finance component were substantially cut by the 2002 Mid Term Review. The VPC was replaced by a new backstopping institution, the Microfinance Promotion Centre (MFPC) and the Farmer Partnership Fund (FPF) was moved to the Kafo Capacity Building component. Within the Project Support Unit, the post of M&E officer was replaced by that of Agricultural Development Officer after the resignation of the former. The stipulated positions of assistant and analyst for the Rural Finance component were never filled.[3]

[3] On the non-appointment of the analyst and secretary for the RF component, the Mission acknowledges that no budget was provided in the Detailed Cost Tables.

C. SUMMARY IMPLEMENTATION RESULTS

9. **There are now 62 VISACAs countrywide**. Total membership has almost reached the target of 35,000. Savings stand at GMD 27 millions and loans at GMD 14.7 millions. Net profit (subsidies not netted out) increased rapidly during 2003 as a result of a 127% increase in interest income. However, little has been achieved in terms of the level of portfolio at risk and the capacities of committee members and cashiers. The level of capital is still low, with over 80% of equity consisting of project-funded buildings (donated equity). VISACAs increasingly seek external lines of credit since the interest rate on external lines of credit is 16%, compared with interest on term deposits of up to 25%.

10. **VISACAs have gradually departed from the original concept** of village-based institutions owned and run by the community they serve. Some now cover more than 20 villages at a distance of up to 17 km from the founding village. This has resulted in a rise in defaults and impractically large management committees because of the need for all villages to be represented. VISACAs increasingly insist on physical guarantees as a loan condition, preventing the poorest from accessing credit and reducing the focus on savings.

11. **Support to farmers** included the vaccination of around 40,000 sheep and goats and nearly 8,000 poultry and the beginnings of a programme of poultry development. Six intensive feed gardens were established to provide feed for lactating and sick animals but few farmers adopted the practice. Support for crop development comprised the establishment of 34 multipurpose gardens, the distribution of cuttings of sweet potato and cassava, improvements to marketing facilities, and training programmes for farmers in integrated pest management, soil fertility management for upland crops and the processing of cassava.

12. **Two innovations were introduced in the agricultural sector**: (i) the recruitment and training of 193 Village Auxiliaries for service as volunteer extension workers in their own communities; (ii) the introduction of a voucher-based system for the remuneration of extension officials by which their performance is monitored by village and *kafo* heads. RFCIP also funded an upland conservation and gully rehabilitation programme for areas affected by severe gully erosion.

13. **The balance of the PSU changed** as a result of the replacement of a dedicated M&E officer[4] by an agricultural development officer and moving the FPF away from the rural finance component (as recommended by the 2001 IFAD Implementation Support Mission). The composition of the PSU is now slightly skewed against the Rural Finance component, which was to be responsible for 58% of the baseline costs of the project. Neither of the two incumbents of the post of Project Coordinator had a background in micro-finance (reportedly due to the lack of candidates with such qualification).[5]

14. **Monitoring and Evaluation.** International technical assistance was provided to set up the M&E system, and additional backstopping was made available. Despite these provisions, the M&E component did not achieve its primary objective: the collection and analysis of the information necessary to enable decision-makers to diagnose and resolve problems. The Participatory Monitoring and Evaluation implemented since December 2003 is far from being fully operational.

D. PERFORMANCE OF THE PROJECT

15. **Were the objectives relevant?** The three-pronged approach indicated by IFAD's 1997 COSOP–the provision of micro-credit, the diversification of crops and incomes, and the promotion of

[4] The 'dedicated' M&E Officer in this instance means the officer specifically assigned to that task and no other. No comment is intended on the qualities of the previous incumbent, who was not met or interviewed by the Mission.

[5] The Mission never questioned that the correct proceedings were followed in appointing the Project Coordinators. It merely considered it unfortunate that a candidate without the appropriate background in microfinance was selected. This was, reportedly, because none of the candidates interviewed had such a background.

investments for farmers – constitutes a sensible response to the major problems faced by rural communities in The Gambia, and the *kafos* (predominantly women's *kafos*) were rightly seen as an appropriate entry point for project activities.

16. **The VISACA component operated countrywide and the other components only in two divisions**. Out of some 130 project sites, almost half are VISACA-only interventions and about half agricultural-only, with a mere half-dozen having both financial and non-financial activities. Since CRD, with the largest number of existing VISACAs, was excluded as a location for new ones, the main geographical focus of the agricultural components had no link with the siting of new VISACAs. The targeting of agricultural activities resulted in a more or less random coverage, often in villages where no VISACA existed. The 'cluster' targeting envisaged at design was neglected, the synergy essential to the proper working of the project was lacking and the impact correspondingly weak.

17. **The IE survey shows that the RFCIP failed to target the poorest households and kafos,** estimating average incomes of RFCIP households in 2000 as almost double those of non-participating households. The selection of locations for new VISACAs on the basis of a certain level of economic potential and dynamism was desirable from the point of view of sustainability but also likely to exclude the poorest communities. This was exacerbated by the VISACAs' growing insistence on physical collateral as a condition for accessing loans.

18. **Lengthy PRA and serious manpower shortage in the extension services.** A large number of detailed appraisals were carried out to ascertain whether villages/*kafos* met the targeting criteria in terms of development levels and whether the request for project intervention reflected the needs and priorities of the communities. The appraisals involved a lengthy field work and large teams but the end result was a painstaking document of around 30 pages, much of it unutilised. There is a manpower shortage in the extension services resulting from the cut-backs during the Economic Recovery Programme and the leakage of staff to the private sector due to the lack of incentives and motivation within DOSA. The 2002 Department of Planning survey shows that 65% of villages were visited by agricultural extensionists less than once a month, and the IE survey of July 2004 found that the quality of the services received only a moderate rating from farmers.

19. **The Farmer Partnership Fund** with its cumbersome proposal and authorisation procedures now accounts for the lion's share of RFCIP time, money and effort. The concept of credit-funded community initiatives managed by the Rural Finance component has been replaced by that of grant funding managed by the Field Coordinators and the Project Coordinator. The previous ceiling of $6,000 imposed on the mini-projects has been lifted. The FPF has become a development fund awarded to whichever communities can come up with a well-argued proposal meeting the eligibility criteria.

20. **Lack of measurable impact.** The Appraisal ERR estimate of 23% was based on exaggerated incremental effects on upland crop expansion and net income. There is no evidence for increases of the order envisaged and the IE survey reveals a notable lack of impact in areas where it might have been expected. An approximate figure for cost per beneficiary is USD 80 and on this basis RFCIP was not a costly project. The problem is that many of the activities constituted one-off interventions in widely scattered communities, with scarcely discernible impact on incomes.

21. **The operating self-sufficiency** of VISACAs was only 65% if subsidization is taken into account, a very low level considering that many VISACAs have been operating for a number of years. There has been too much emphasis on the physical structure and appearance of buildings: the average cost of a new building is around USD 10,000 at current rates. It appears that the requirement for local labour is often ignored, which reinforces the sense that the new buildings are government gifts.

22. **Consultancies replacing M&E.** The gradual demise of the M&E system meant that impact assessment and diagnostic studies which ought to have been carried out as part of the routine responsibilities of project M&E were contracted out as *ad hoc* consultancies. The cost of a

consultancy on cereal banks was USD 7,400 and the findings were such as a functioning M&E system would have discovered without outside assistance.

E. RURAL POVERTY IMPACT

23. **VISACAs have provided access to financial services,** putting an end to their members' dependence on shopkeepers and moneylenders. VISACAs were easily the primary source of loans for survey respondents – 61% compared to 5% for commercial banks. Savings among VISACA households have risen by 66% in three years, but two-thirds of savings are kept in formal banks, indicating that VISACAs are perceived as better for credit than for savings. The assets of VISACA households' enterprises have risen between 2000 and 2003 contrasted with a fall for non-VISACA households. This seems to indicate that VISACA households have been able to 'protect' their enterprise assets by accessing loans when necessary.

24. **Limited effect on income levels.** A substantially higher increase in nominal average incomes for non-VISACA clients constitutes one of the most disappointing findings of the IE survey, suggesting that participation in the project did not entail percentage income increases. Data from the 2002 internal evaluation conducted by the Department of Planning of DOSA and anecdotal evidence suggest that significant income increases existed only in those (few) areas where VISACA and agricultural interventions were combined but such increases were much lower when a representative sample of all households and intervention types was considered.

25. **Positive effects on school enrolment and food security.** A number of women *kafo* members reported that they were now able to pay school fees with the income from their gardens. The IE Survey indicated that VISACA loans were utilised by nearly one-third of respondents for the payment of school fees. Five out of the seven project villages covered by the IE PRA exercises said that food security had improved because of the use of loans to buy foodstuffs or through increased rice production made possible by loans, or through consumption of produce from the new vegetable gardens. The building of cereal banks has reduced crop wastage and provided protection for stored grains against rodents and birds. The revival of *findo*[6] cultivation from its near demise has also been an important initiative given the resilience of the plant.

26. **Environmental issues.** The problem of soil erosion and local flooding has been tackled at a number of sites through the construction of bunds and Irish crossings. At the sites visited by the mission, the bunds are far too low and the whole system (which involved several kilometres of digging) will need refashioning within a few years. Grasses have been allowed to grow in the channels. The villagers appear to have no real sense of ownership of the schemes. The improper use of synthetic pesticides has been addressed by the project using an Integrated Pest Management approach, which involved the training of *kafo* members in the preparation and the use of botanical insecticides such as neem and papaya. Farmers can now prepare their own formulations and apply them in the field at little or no cost.

VISACAs as Institutions

27. **VISACA financial products.** With the same interest rate applied to all term deposits, there are no incentives to members to save for longer periods, and the average amount of outstanding term deposits is substantially lower than the average amount of outstanding loans. Only access to lines of credit has enabled most VISACAs to manage their liquidity ratio, and some still have ratios well below the minimum 15% required by the Central Bank. VISACAs offer short-term loans for productive and 'non-productive' purposes. The average loan duration in 2003 was five months. Despite the need for longer-term loans for investments, VISACAs can not offer medium term loans to their members. This is due to the short-term nature of the deposit structure and to the VISACAs' inability to manage a medium term loan product.

[6] *Findo* (*Digitaria exilis and Digitaria iburua)* is a local cereal variety.

28. **External credit and deteriorating quality of loan portfolio.** The lower interest rates charged on lines of credit (15 to 18%), contrasted with the high interest rates on deposits (up to 25%), cause many VISACAs to seek external loans and this trend may intensify, thus increasing their dependency on external 'cold money'. Most VISACAs, especially those with insufficient deposits, would not survive a cessation of the external credit supply. Although the recovery rate to NBFIs is said to be around 95%, the trend is downward. Some NBFIs are considering withdrawing from the programme because of high recovery costs. Interest charged on loans is mostly between 30 and 36%. The question is whether the current real interest rate applied by VISACAs will be sustainable when project subsidies cease. At the end of 2003, 11% of all loans were doubtful, up from 3% in 2001. The increasing amount of default loans over the years is eroding the sustainability of many VISACAs. Faulty loan application appraisal, extended area coverage without adequate means for loan recovery and favoritism in loan allocation are held responsible.

29. **Weaknesses of VISACA governance and lack of incentives at all levels.** (i) In VISACAs serving many villages, some villages may not represented on the committee; (ii) there is very little turnover of members; (iii) women are represented in most cases but rarely participate fully; (iv) regulations regarding the functioning of the VISACAs are either lacking, incomplete or unclear; (v) there is an over-reliance on the NGO animators, who keep the books and are responsible for savings mobilization and loan recovery; (vi) the much needed adult literacy courses have not been provided. VISACA members receive no dividend; cashiers and committee members receive a small amount of money only if their VISACA shows a profit at the end of the year, which is often not the case. Recruitment of well trained cashiers is therefore problematic.

30. **Impact of the RFCIP on the microfinance sector.** Due largely to the expansion of the VISACA network, the Rural Finance Unit of the Central Bank was promoted into a fully-fledged Microfinance Department. The Central Bank has set up a regulatory framework for banks and non-bank financial institutions, including VISACAs, although the rating system tends to emphasize the number of movements and size of membership rather than financial performance, penalizing smaller VISACAs. The Microfinance Promotion Centre started operations in March 2003 as a national technical service provider, with significant support from the project. It is seriously under-staffed given its proposed role as a technical service provider for the whole microfinance sector.

31. **Gender impact.** Women account for 40% of VISACA membership and 60% of deposits, but only 27% of the loans disbursed in 2003 due to their inability to provide physical guarantees for loans. The representation of women on management committees is adequate, with some VISACAs insisting on gender parity. However, nearly all the women are illiterate and generally leave the men to lead the discussion and take the decisions. Around two-thirds of *kafo* members assisted by the project are women and the most dynamic of the vegetable gardens visited by the mission were run by women. The decision to disqualify milling machines from the menu of FPF is contentious in view of IFAD's strong commitment to reducing the workload of women. Women constitute around 20% of VAs and should perhaps be preferred since married women are unlikely to move away from their villages.

Sustainability

32. **Only VISACAs with good credit discipline and strong leadership are likely to be sustainable.** With an average 65% operational self-sufficiency for the whole network, most VISACAs are unsustainable even in the short-term. The reasons for this can be summarised as follows: the high level of portfolio at risk; the low level of savings and loans portfolio; the lack of diversified business opportunities within the area of coverage; insufficient profit to cover the interest payable and operating expenses; the failure of NGOs to deliver the necessary transfer of skills and knowledge. No exit strategy was planned in the early stages of implementation, and none has been included in NGO work plans. VISACAs are still not asked to contribute to operating expenses such as training and animators' fees. The process of institutionalisation has been promoted by RFCIP and NGOs, but the setting up of network apex bodies is in its early stages.

33. **Urgent need for incentives in extension services.** The extension service is subject to an acute shortage of manpower and the VAs are no replacement for highly trained extension officers. The only sustainable approach is to put in place attractive packages for extension staff, including regular training programmes, local and overseas study tours, part-time or short-term university courses, instruction in IT, improved office amenities such as reliable telephone connections and power supply, and performance-related bonuses. The supply of vaccines at a subsidized rate needs to be reconsidered after project closure and there will need to be a revision of current fee scales.

Innovation

34. **Outreach of VISACAs.** The real innovation of VISACAs would have been to reach the poorest members of the communities they serve by developing financial products adapted to their needs, but there is no evidence for this. An "innovative" aspect of the VISACAs has been their ability to achieve a wide area coverage with a low level of implementation. Even this innovation has not been entirely positive because of the problems (loan recovery) involved in serving a number of scattered villages.

35. **Village auxiliaries and the voucher system.** The recruitment and training of volunteer extensionists represents an important innovation and the 'auxiliary' system could be cheaply replicated throughout the country. Apart from cost, the advantages are obvious: the VAs live and work in the village in question, they speak the same language, share the same problems and are readily available for consultation. Material incentives for VAs will be required if the system is to be a permanent feature of rural life. The voucher-based system introduced to guarantee the work of extension is also an innovation in The Gambia. It minimises false claims by extension workers, encourages the coverage of remote areas and involves beneficiaries in the evaluation of the services. However, the system may serve as a disincentive for energetic officers due to the limit imposed on night-stay claims. The overall project impact was rated as modest (see main report and Appendix III).

F. PERFORMANCE OF PARTNERS

36. **IFAD: shortcomings of design.** (i) The desired synergy between the three project components was a non-starter because of faulty targeting mechanisms; (ii) only the VISACA approach to rural finance was considered (in spite of the existing alternatives) – this meant the exclusion of the group lending approach; (iii) there was little emphasis on innovative microfinance products for the poor and the issue of medium-term loans for investment was not given sufficient consideration; (iv) no thorough evaluation of potential NGO partners was prescribed; (v) the purpose of the FPF was not adequately clarified; (vi) estimated incremental outputs and beneficiary numbers were much exaggerated.

37. **Direct supervision.** The high turnover of IFAD CPMs during the implementation period entailed a lack of continuity. Only the last two of nine missions included a microfinance expert. The problems and constraints clearly signaled at various points do not appear to have been actively pursued. It took nearly three years to replace the under-performing VPC[7] and there was a *volte-face* regarding the structure and function of M&E, never adequately explained. The basic lack of synergy between the components was never analysed and the effects of the transformation of the FPF were missed. As for loan administration: delays in processing withdrawal applications have this year risen to 35-40 days.

38. **The Microfinance department of the central bank** has been carrying out regular supervision of the VISACA networks to ensure compliance with Central Bank rules and guidelines and other prudential ratios. Present capacities are insufficient, training levels are inadequate and the supervision schedule too tight. What will happen after the project is phased out? The Microfinance Promotion Centre has also been very active with on-site visits and quarterly reports, but it too is over-stretched.

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[7] It is not suggested that the dismantling of the VISACA Promotion Centre was an easy task, but the Supervision must share in the responsibility for the long delay before any action was taken.

39. **Department of State for Agriculture.** In its present state, with insufficient budgets and staffing levels, which tends to affect staff motivation, it is unsurprising that DOSA has tended to treat RFCIP as an unfocused source of funding.[8] The energies of the field coordinators and animation teams have been increasingly taken up in the processing and implementation of FPF mini-projects.

40. **The NGOs.** NGO facilitators provided the backstopping for the VISACAs in return for financial support. There was no initial evaluation of the capacities of NGOs mostly concerned with grant administration in various fields. The majority of animators had no background in microfinance and some were unable to follow the basic training provided. Their functions are mostly confined to data collection and on-site book-keeping instruction, and they have been unable to provide training in planning, governance or loan appraisal. RFCIP contracts do not link the remuneration with performance; the contracts are renewable annually, but never has a contract failed to be renewed. Even in the oldest VISACAs the lack of capacity makes them dependent on animators, implying that the necessary transfer of knowledge has not taken place.

41. **The Kafos.** The prescribed training and promotional programmes have been duly carried out. However, links with the microfinance activities were tenuous. Initially, it seems that the Kafo Capacity Building component was subsumed within the Agricultural Support programme. Latterly, it has disappeared within the FPF, which accounts for the entire sum set aside for the component in the 2004 budget.

G. CONCLUSIONS AND RECOMMENDATIONS

42. The objective of nationwide coverage by VISACAs within six years was unrealistic, and this single design feature concealed a host of problems. The envisaged linkage of components was scarcely attempted and its significance was missed by the PSU and by the Supervision Missions. The ill-conceived shift in the composition of the PSU, the failure to appoint a Project Coordinator with experience of microfinance (reportedly due to the absence of candidates with such background) and to recognise the key role of M&E, together with the predominance of FPF activities in the last years of the project, may also be traced to this initial misconception.

43. The key Rural Finance component accounted for 57.9% of the budget at appraisal, and 36.6% after the move of the FPF. In the 2004 budget, it accounts for a mere 4.6% of the total. Yet the various reports, including this one, still treat the VISACAs as the heart of the project. The Rural Finance component has in effect been progressively marginalised. The weaknesses of the VISACAs were identified by the IFAD Implementation Support Mission in 2001, but the decisive measures necessary to resolve them were not taken. The Central Bank criteria continued to encourage VISACAs to expand rather than to retrench. Contracts with NGOs were not rewritten so as to insist on a timed exit strategy, nor were payments made conditional on performance. The MTR rightly revised the physical targets but stopped short of demanding other radical solutions.

44. Some agricultural activities funded by the project, such as the support for poultry farming, vegetable gardens, cassava multiplication and *findo* cultivation, match the available resources and comparative advantages of farming in The Gambia, but little effort has been made to address the crucial problems of processing and marketing. Simple and inexpensive processing techniques, for example for the preparation of sauces and juices, were not propagated and the need for up-to-date marketing information was neglected. DOSA field staff with relevant expertise are in short supply.

45. This report emphasises that the RFCIP failed to reach the poorest segments of the rural population but also admits that sustainability of village-level financial institutions requires a certain level of economic potential and capacity to save. This poses a conundrum for IFAD, with its specific

[8] The Mission found that the distinctions between RFCIP and non-RFCIP activities (in extension for example) were not clearly made in the districts where RFCIP was the major source of funding. This does not imply a misuse of funds.

brief to target the poorest of the poor. The assumption of the Appraisal Report that no 'vertical' targeting was necessary was true only for the more remote villages and hamlets. The overall project was rated as modest.

46. Future IFAD investment in The Gambia requires a radical rethink. A programme of Rural Finance sectoral support, including group-lending strategies, might be more effective than direct support for VISACAs only. The VISACA 'brand' has been established as the unique village-level financial institution in rural areas of The Gambia, but VISACAs are becoming area- rather than village-based institutions and their *modus operandi* is mostly based on physical guarantee rather than the amount of deposit or peer pressure. They should put more emphasis on savings mobilization and quality of loan portfolio, and there is a pressing need for greater capacity, particularly in terms of basic literacy.

47. **Rural finance initiatives** might still be successfully twinned with support for the agricultural sector provided that a more than a nominal synergy between the two components existed. Agricultural activities should include the expansion of the Village Auxiliary network and the provision of training in vegetable processing, drying, storage, crop planning and marketing.

48. **The Farmer Partnership Fund.** The PSU and the PSC should at once reconsider the budgeting and authorisation process for the FPF, which currently take up a disproportionate amount of resources. The ultimate responsibility for the FPF needs to be clarified and decisions made about its objectives. Options should be simplified, appraisals drastically abbreviated and the USD 6,000 ceiling restored.

49. **Relocation of the management unit.** In any future microfinance/agricultural project, the project management unit should be established outside the capital, for example at the NARI compound in Sapu, which was in the past and could be again a dynamic centre for rural regeneration. This relocation would serve to intensify the project's field presence while also strengthening its autonomy and identity.

50. **Project support unit.** Changes in the personnel of the PSU should be subject to the recruitment process set out in the Appraisal Report, and changes in the composition of the PSU require an explicit rationale. In a Rural Finance project, the PC should have a background in microfinance.

51. **Monitoring and evaluation.** A centralised M&E system should not be curtailed or downgraded. Participatory M&E is a useful tool to involve beneficiaries in the monitoring of impact but cannot replace a centralised monitoring system as a basis for decision-making.

52. **Supervision.** Effective supervision of the project requires continuity and appropriate expertise so that problems may be promptly diagnosed and resolved. The constant turnover at CPM level and the lack of a microfinance expert for the first seven missions seriously affected the quality of supervision.

Republic of The Gambia

Rural Finance and Community Initiatives Project

Interim Evaluation

Main Report

I. INTRODUCTION

A. Background of the Evaluation

1. The Interim Evaluation of the Rural Finance and Community Initiatives Project (RFCIP) is being conducted prior to the consideration of a second phase of the project. The main objectives of the Interim Evaluation mission were as set out in the Approach Paper circulated to interested parties in July 2004. An Impact Assessment Survey was carried out at that time by the Department of Economics and Management Sciences of the University of The Gambia.

2. The Mission[1] was in The Gambia from 11 July to 7 August 2004. The project presented a self-assessment to an initial workshop attended by key partners and stakeholders. The field itinerary included visits to ten VISACAs in four divisions, involving interaction with management committees, cashiers and VISACA members. Visits were also made to *kafo*[2] farms and vegetable gardens, cereal banks, poultry units and erosion control programmes.[3] Field interviews were held with project staff, agricultural and livestock officers, village auxiliaries, NGO animators and coordinators, farmers and *kafo* members. At central level, there were meetings with the staff of the Project Support Unit, relevant government departments, research institutes and NGOs, the Central Bank of The Gambia and Non-Bank Financial Intermediaries (NBFIs). Methodologies utilised by the Mission included field-level questionnaires, focus group discussions, interviews with key informants and case studies of the various community-based organisations and their members.

3. The present draft report will be submitted to the core partners for their comments in due course. The main recommendations will be discussed at a workshop to be held in Banjul early in 2005. Following this workshop, an 'agreement at completion point' will be issued representing the partners' understanding of the main recommendations and their commitment to act upon them.

4. **Country Background.** The Gambia is a country entirely surrounded by the territory of Senegal with the exception of the western coastline. It has an estimated population of 1.5 million, and an average population growth of 3.3% in the past fifteen years (reduced to 2.5% in the past five). Around 68% of the population live in rural areas. The agricultural sector accounts for 40% of the total GDP,

[1] The composition of the Mission was as follows: Professor Roger Norman, Team Leader; Mr. Issa Barro, Microfinance Specialist; Mr. Sainey Keita, Agriculture Specialist; Mr. Mark Keating, Evaluation Information Officer, OE. Mr. Fabrizio Felloni, Lead Evaluator, (OE), carried out a preliminary visit in April 2004, designed the evaluation methodology and accompanied the mission from 11 July to 19 July 2004. The IE survey was carried out by Professor Sulayman Fye, University of The Gambia, in collaboration with Mr. Edrissa Ceesay, Statistician, Central Statistics Department and Mr. Musa Suso, Research Assistant, NARI together with a team of student enumerators from the University of The Gambia. Two of these enumerators, Mr. Lang Sanyang and Ms. Kaddy Jammeh, acted as interpreters for the IE mission during field trips.

[2] *Kafo* is a mandinka word for 'organisation', literally it means 'coming together'. *Kafo*s are traditional village-level organisations built around age or interest groups. See, for example, Touray, I., 1996 *Study on Women's Organizations in Brufut and Gunjur Communities and the Factors that Favour or Impede their Sustainability in The Gambia*. Programme for the Integrated Development of Artisanal Fisheries in West Africa, Cotonou, Benin, 41p., IDAF/WP/88.

[3] See Appendix V for full list of sites visited and persons met.

and industry only 15%. The GDP per capita is USD 280, which entails The Gambia's classification as a 'low income country'. GDP growth averaged 3.7% p.a. in the 1990s and early years of the new millennium, but due to the population growth, the real GDP per capita has grown only at 0.4% on average.[4] On the basis of the low per capita income, low levels of adult literacy and school enrolment, and low life expectancy (51 for men and 55 for women), The Gambia is listed as 151 out of 175 countries according to the UNDP Human Development Indicator (2003). The percentage of households living on less than a dollar a day has been estimated at 53.7%. Due to the small size of its economy compared to the neighboring countries – its GDP is less than one tenth of that of Senegal – it displays a typical dependency on exports and vulnerability to price fluctuation for agricultural products. The Gambia is a beneficiary of the Heavily Indebted Poor Countries (HIPC) Initiative, and a major challenge for the Government is to keep the public deficit under control. The present value of debt is over 76% of GDP.

5. **IFAD in The Gambia.** Since 1982, IFAD has funded six projects in The Gambia with a total commitment of USD 31 million. Two projects were jointly funded with the World Bank–IDA, two with the African Development Bank and two (including RFCIP) were funded by IFAD alone. Of the six, two projects are ongoing: the RFCIP and the Lowlands Agricultural Development Project (LADEP). With the partial exception of the RFCIP, all projects have aimed at expanding agricultural production through technological transfer and support to government extension. The Country Strategy Opportunities Paper of 2003 introduced a lending envelope of USD 15 million up to 2010, encompassing two national programs aiming, respectively, at the development of lowland rice farming and income diversification, and the consolidation and continuation of microfinance initiatives.

6. **Microfinance in The Gambia.** The Government of The Gambia has made considerable efforts to ensure that financial markets can flourish in rural areas, alongside the agricultural development of the country. Two financial bills of 1992, The Gambia Act and the Financial Institutions Act, provided the basic framework for the regulation and supervision of the financial sector, including the developing microfinance sub-sector. Consultants from Ghana were contracted to prepare the regulation of the microfinance sector, incorporating important lessons learned from previous failures, namely that sustainable microfinance institutions are those that mobilise savings, that subsidised donor-led credit programmes are unsustainable and that ceilings on interest rates should be avoided. Current microfinance programmes comprise government or donor-supported institutions or projects and autonomous microfinance institutions operating at the grassroots level with the assistance of selected NGOs and NBFIs. The microfinance sector has demonstrated a growing professionalism in the provision of financial services, but certain credit programmes of the previous generation still operate.

7. The Indigenous Business Advisory Service provides technical assistance and micro-credit to small-scale entrepreneurs. The scheme is typical of donor-funded schemes of the 1970's and 1980's characterised by poor loan recovery rates and high operating costs. The Social Development Fund (SDF) was set up in 1998 with funding from the African Development Bank and provides access to credit through NGOs and community based organisations (mainly *kafos*) as well as institutional support and capacity building services to microfinance institutions. It appears to be successful in reaching its target clientele such as women, youth and the handicapped, but tends to disturb the rural financial market because its loans are accessible both to microfinance institutions and their clients, the *kafos*. Chief among autonomous microfinance institutions are the Village Savings and Credit Associations (VISACAs), the first of which was established in 1989 with the assistance of the *Centre International de Développement et de Recherche*, a French NGO. The VISACA movement has been consistently supported by IFAD because of the potential of VISACAs as sustainable institutions serving the rural population.

[4] Sources: the Population Reference Bureau (2003) and the World Bank (2003).

8. Non Bank Financial Intermediaries (NBFIs)[5] serve as wholesalers to the microfinance institutions and as fund managers for funding agencies and projects. The most important of them are: (i) the National Association of Cooperative Credit Unions of The Gambia, the largest NBFI in the country, with 67 affiliated credit unions countrywide and a membership of more than 18,000, not exclusively rural. Its strategy is marked by an emphasis on sustainability, and credit unions without prospects of sustainability are disaffiliated or merged; (ii) The Gambia Women's Finance Association (GAWFA), an affiliate of the Women's World Banking from which it gets financial and technical support. It operates countrywide and mostly targets women's *kafos* through group-lending schemes. It has a very good record in management and loan recovery; (iii) GAMSAVINGS was set up as a subsidiary of the insurance company GAMSTAR to provide credit to clients. Most clients are in urban areas, but there is willingness in the short term to operate in rural areas as well.

9. **Agricultural Policy.** Before the introduction of the Economic Recovery Program (ERP) in 1985, the Government pursued a paternalistic policy of direct intervention in agricultural production, processing and marketing. Farmers were provided with subsidized fertilizer, seed and mechanical services, had access to concessionary credit facilities and were able to obtain free vaccinations and pesticides. With the introduction of the ERP, these services were no longer offered and subsidies were also removed. Predictably, this had a generally adverse effect on the agricultural sector, at least in the short term.[6]

10. Current government policies aim at the revitalization of agriculture, including a major review of options for sustainable natural resource development. The Government intends to pursue these objectives through a strategy of public and private sector partnership. The private sector is expected to assume a leading role in enterprise investment and entrepreneurial management, for which the Government has undertaken to provide an appropriate enabling environment. There is special emphasis on improving food security by increasing and diversifying cereal production, and creating rural employment to help reduce disparities between rural and urban incomes. Internal market outlets have been created in order to reduce post-harvest losses, with horticultural producers being linked to the tourism industry and local fresh vegetables and fruits replacing imported foods in the hotels. A network is being established to provide up-to-date market information to producers.

B. Approach and Methodology

11. The evaluation follows the IFAD Methodological Framework for Programme Evaluation, which outlines the main evaluation criteria for IFAD programmes and provides a rating system (ratings are shown in the relevant section and in Appendix III). The objectives of the framework are to systematise impact assessment and facilitate the consolidation of the findings of different evaluation exercises. The framework is articulated in three main blocks: the programme's impact on rural poverty; the performance of the programme; the performance of programme partners.

12. The methodology utilized by the mission for impact assessment included: (i) a quantitative survey of 253 households and 72 *kafos*; (ii) a qualitative PRA exercise conducted for eight *kafos*; (iii) direct observations by the evaluation mission members and (iv) the review of official documents and socio-economic literature. The survey considered a multi-stage cluster sample of households and *kafos* from all the divisions where project activities were implemented. The survey design adopted a 'double-difference' approach between 2000 and 2003 for the treatment and control sub-samples. As no

[5] The Financial Institutions Act divides NBFIs into various categories, with the VISACAs being the lowest. VISACAs are therefore regarded as first stage institutions, which means that they could graduate to become NBFIs according to the Central Bank rating system.
[6] See the IFAD Country Opportunities and Strategy Paper (COSOP) of 1997.

baseline survey had been conducted, the survey had to adopt the 'recall method' in order to obtain an estimate of corresponding values in 2000 for income, assets, savings and employment.[7]

II. MAIN DESIGN FEATURES

13. The Rural Finance and Community Initiatives Project was approved by the Executive Board of IFAD in December 1998, declared effective in July 1999 and scheduled for closure in December 2005. The project appraisal estimated the total project costs at USD 10.6 million, to be funded by IFAD (USD 9.2 m), the Government of The Gambia (USD 1.0 m) and the beneficiaries (USD 0.4 m in labour contribution). IFAD was the only funding donor and was also responsible for loan administration and project supervision.

A. Project Rationale and Strategy

14. The underlying strategy of RFCIP can be traced to the 1997 Country Opportunities and Strategy Paper (COSOP), which suggested that the search for household food security through income diversification and the provision of rural financial services might become 'the axis of IFAD assistance in The Gambia'. Rural micro-finance was described as 'possibly the most important issue for IFAD in The Gambia'[8]. According to national statistics, the ratio of rural credit to rural GDP declined from 30-40% in the early 1980s to only 7-8% in the following decade. The demand for rural credit was estimated at around USD 5.8 million in 1997.[9]

15. Nationwide support for the gradual 'organic' growth of the VISACA movement was considered an appropriate direction for IFAD, provided that it was allied to the promotion of viable investments for farmers. This twinning of microfinance with agricultural support and capacity building constitutes the basic rationale for the RFCIP. The main strength of the VISACA concept was seen as its flexibility, by which individual VISACAs set their own lending criteria and management methods. VISACAs in fact constitute an institutional innovation which was expected dramatically to improve the sustainability of IFAD's rural finance operations in The Gambia.

B. Project Area and Target Group

16. The RFCIP is peculiar in that different target areas were envisaged for the different components. The rural finance component was to be implemented countrywide while the agricultural support and kafo capacity building components were to be implemented only in two divisions, the Lower River Division (LRD) and the Central River Division (CRD), selected on the grounds of their overwhelmingly rural character, their vulnerability to poverty, the absence of other large donor-funded projects and, in the case of CRD, IFAD's previous experience in the area. The option of extending agricultural and *kafo* support activities to other divisions was to be considered at the time of the MTR. The 'heartland' of the project was therefore to be two divisions with a combined population of some 220,000 people and nearly 800 small settlements, few of them (none in the case of LRD) with a population in excess of 2,000 inhabitants.

17. No 'vertical' targeting was proposed for the expansion of VISACAs, since it was assumed that 'the economic status of the compounds within any given village is likely to be very similar' and targeting mechanisms for this component 'would compromise the image of the VISACAs as a service to the community as a whole'[10]. On the basis of an eventual total of 80 VISACAs, the total number of

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[7] The usual *caveats* on the accuracy of "sensitive" information such as income, savings, assets, etc. hold also in this case. In the remainder of the report, the survey results will not be presented in isolation but after "triangulation" with other available evidence, particularly the direct observations of mission members.

[8] COSOP, 1997, paras. 53-54.

[9] Staff Appraisal Report Vol II, pp 1-2. A good illustration of unsatisfied demand for credit can be seen in the 1996 FAO study on women's groups in Brufut and Gundur, which found that 10 of 13 groups reported an inability to access credit.

[10] Staff Appraisal Report Vol. I, p. 15.

beneficiaries of the RF component was estimated at 100,000 'clients', including 45% women. For the kafo capacity building component, it was envisaged that 300 *kafos* would be involved, or around 30,000 men and women.[11]

C. Goals, Objectives and Components

18. The Appraisal Report gave the ultimate goal of the project as the improvement of household food security and incomes in the rural areas of The Gambia. In order to achieve this goal, the project aimed to develop on and off- farm production activities by increasing access to rural microfinance services and agricultural technical support, with special efforts to involve traditional village organisations in the setting of priorities as well as in the direct provision of services. The key Rural Finance (RF) component, accounting for 58% of base costs, aimed to strengthen or create community based and self-managed microfinance institutions, namely the VISACAs. The main rural finance development sub-components were: (i) contribution to the fixed assets of VISACAs (building and office equipment); (ii) training and technical assistance; (iii) re-financing facility for short and medium-term credit, to be provided by local financial NGOs; (iv) a Farmer Partnership Fund to offer grant-equity contribution to village community projects; (v) technical assistance to the Central Bank of The Gambia and the creation of a VISACA Support Centre.

19. The other three project components were: agricultural support involving participatory research, technology dissemination, livestock vaccination and the building of storage facilities; capacity building for the *kafos* in order to enhance the operation of VISACAs and promote income-generation; support to the project management in terms of office equipment, vehicles and technical assistance for project evaluation. The specific aims of the agricultural components of RFCIP were to assist producer groups and *kafos* to increase their production of crops and livestock, to address the environmental constraints to production increases, and to disseminate improved environmentally friendly technologies. These three components were expected to account for 17%, 13% and 13% of base costs, respectively.

D. Implementation Partners and Arrangements

20. RFCIP was implemented by the Department of State for Agriculture (DOSA), with particular activities contracted out to selected NGOs. Overall project supervision was carried out by a Project Steering Committee (PSC) chaired by the Permanent Secretary of DOSA and comprising representatives from the Central Bank, the Department of Finance and Economic Affairs, the Programme Coordinating Office (PCO) and the Strategy for Poverty Alleviation Office (SPACO) (the former located within DOSA, the latter within DOSFEA) as well as one representative to be elected by partner NGOs and two representatives, one man and one woman, of farmers and VISACA members. A Project Support Unit (PSU) was set up within PCO/DOSA to handle the coordination and management of RFCIP activities. The Project Coordinator (PC) was responsible for day-to-day coordination of activities and also acted as Secretary of the PSC.

21. Under the Rural Finance component, contracted NGOs were responsible for the support and training of VISACAs, with a strengthened Rural Finance Unit within the Central Bank carrying out the monitoring and regulatory role, including quarterly audits of all VISACAs. The NGOs initially selected were AFET, FORUT, FFHC, EDF/NASACA,[12] each to be responsible for a network of VISACAs in different regions of the country. The VISACA Promotion Centre (VPC) was also responsible for one network in addition to acting as the coordinating body for all the NGO partners. RFCIP selected 3 NBFIs to manage the lines of credit aimed at refinancing the VISACAs.[13]

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[11] Ibid. p. 34.
[12] Respectively : the Association of Farmers, Educators and Trainers, *Solidaritetsaksjon for utvikling*, the Freedom from Hunger Campaign, and the National Association of Savings and Credit Groups funded by the European Development Fund.
[13] NACCUG, GAWFA, GAMSAVINGS.

22. The planning and implementation of the agricultural support and kafo capacity building components was carried out by the line departments and agencies of DOSA, in particular by the Department for Agricultural Services (DAS) and the Department for Livestock Services (DLS), which were responsible for the operation of the agricultural and livestock extension services. The implementation of agricultural and *kafo* support activities in the field was managed by two field coordinators (one for each division) assisted by Animation Teams comprising technical support staff of the line departments. The Department of Planning (DOP) within DOSA was to carry out a yearly evaluation of the project. The National Agricultural Research Institute (NARI) received project funding for the dissemination of appropriate agricultural technology, and the Agricultural Communication Unit for the promotion of the aims of the project and the VISACA concept.

E. Major Changes in Policy and Institutions during Implementation

23. The main change under this heading has been the creation of a fully-fledged Microfinance Department (MFD) within the Central Bank, replacing the previous Rural Finance Unit. This was a recognition of the key role of the microfinance sector in the country, and also directly linked with the expansion of the VISACA network funded by RFCIP. The MFD was given the task of quarterly visits to all VISACAs, in addition to prudential supervision of the microfinance sector as a whole. These are very demanding tasks for a department of only six professional officers. The regularity of the visits to VISACAs was confirmed by the management committees interviewed by the mission, but the efficacy of the system is yet to be proven.

24. The Government has recently taken steps to persuade commercial banks to provide loans to the agricultural sector. The preference of these banks was for investment in commercial ventures such as the re-export trade, with their shorter recovery cycle. The Department of State for Finance and Economic Affairs (DOSFEA) is looking at the policy environment for lending by commercial banks in order to encourage them to introduce longer term loans in their lending portfolio.[14]

25. In 2004, the Government has provided farm equipment and inputs at subsidized prices in an attempt to increase dry season crop production. These inputs include tractors, fertilisers and pesticides, and seeds of groundut, maize, *findo*,[15] rice and sesame. The Government has also put in place a marketing strategy to involve the private sector in the purchase of agricultural produce, notably groundnuts. The long-term dispute with the Geneva-based groundnut purchasing company *Alimenta* has also been resolved.

F. Design Changes during Implementation

26. The principal change in project design was the revision of physical targets in the Rural Finance component. The targets at appraisal had stipulated the construction of 43 new VISACAs in order to make financial services widely available to the rural poor. The Mid Term Review (MTR) mission of December 2002 declared this strategy unrealistic on the grounds that it neglected the critical issue of sustainability for existing VISACAs. It was therefore decided to concentrate on strengthening existing VISACAs during the last two years of the project (Table 1).

Table 1: Changes in Targets after the Mid Term Review

	Appraisal Targets	MTR Targets	Changes
Number of VISACAs	80	70	- 12.5%
Number of individual clients	100,000	35,000	- 65.0%
Number of women	50,000	17,500	- 65.0%
VISACA rehabilitation	18	30	+ 66.6%
VISACA construction	43	20	- 53.5%

Source: RFCIP: Progress Report for the RF component, Jan-June 2004

[14] Source: interview with Mr. Secka (DOSFEA).

[15] *Findo* is a local cereal of the grass family, *Digitaria exilis* and *Digitaria iburua*.

27. Three other important changes were recorded in the Rural Finance component. The first involved the role of the Visaca Promotion Centre which was asked to withdraw from backstopping individual VISACAs and to concentrate exclusively on the support of other facilitators, with its own network to be taken over by AFET. In August 2002, the VPC was replaced by a new backstopping institution, the Microfinance Promotion Centre (MFPC). The second change took place at VISACA level, where project design had included the provision of salary for one cashier and a manager. This provision was held to go against the principle of VISACA self-management and was dropped after a year of operation. Instead the funds were deposited in a bank account as an insurance fund against natural calamities. The third change was the shifting of the Farmer Partnership Fund (FPF) from the Rural Finance component to the Kafo Capacity Building component (as recommended by the 2001 IFAD Implementation Support Mission), the implications of which will be discussed in Chapter IV.

28. After the relocation of the FPF, there was considerable debate regarding the eligibility of mini-projects for grant funding, which resulted in the disqualification of milling machines on the grounds that they constituted a commercial investment more appropriately funded from VISACA loans.

29. According to project design, the PSU was to be headed by the PC, with the Rural Finance Officer as the key component manager, an M&E Officer, a Project Accountant and a Project Secretary. The Rural Finance Officer was to have been assisted by an analyst and a secretary, neither of which positions were filled.[16] The two field officers, in LDR and SDR, were to coordinate the field activities under the Agricultural Support and Kafo Capacity Building components. A second field officer was appointed for the Central River Division as the task of implementing activities in both the north and south parts of the division was found to be beyond the capacity of a single officer.

30. There were various other management changes during project implementation. The Project Accountant was given the title of Financial Controller (a titular change only, it seems). The M&E Officer resigned and was not immediately replaced. The Project Coordinator left to join the staff of the World Bank and was replaced by the Financial Controller at the recommendation of the outgoing PC and with the endorsement of IFAD. A new M&E Officer was appointed, but his experience of M&E was limited and his performance was found to be inadequate by successive Supervision Missions and also by his own avowal. He was therefore switched to the newly-created position of Agricultural Development Officer, responsible for the coordination of the work of the field units.

III. SUMMARY IMPLEMENTATION RESULTS

31. The four RFCIP components (Rural Finance, Agricultural Support, Kafo Capacity Building and Project Management) were clearly designed to work in harness, but the reality has been very different. Out of some 130 project sites, almost half are VISACA-only interventions and about half agricultural-only, with a mere six or seven – the so-called intensive intervention areas – having both financial and non-financial activities. The Kafo Capacity Building component has to all intents and purposes been subsumed by the Farmer Partnership Fund. In the 2004 budget, the FPF accounts for 100% of the funds available under this component.

A. Rural Finance

32. At project inception, the VISACA network comprised 37 VISACAs, 32 of which were operational. To date, a total of 62 VISACAs are operating throughout the country. Twenty VISACAs have been provided with new premises, and the premises of a further 33 have been rehabilitated. As of December 2003, the VISACAs had a total membership of 34,808, 40% of members being women. Total savings were GMD 27 millions, 70% comprising term deposits, and total loans amounted to GMD 14.7 millions. The loan recovery rate before project inception was 98-100% but had fallen to around 89% by December 2003. This reduction can be attributed to the increase in area coverage of

[16] On the non-appointment of the analyst and secretary for the RF component, the evaluation mission acknowledges that no budget was provided in the Detailed Cost Tables for RF or PSU.

individual VISACAs, a severe depression in the agricultural sector in 2002, and weaknesses in VISACA management. Net profit increased from GMD -31,263 (loss) at the end of 2002 to GMD +294,100 at the end of 2003 as a result of a 127% increase in interest income. Although one-third of this profit is expected to be held as reserve, the level of capital is still very low, with over 80% of equity consisting of project-funded buildings (donated equity).

33. As a result of the reduction of physical targets by the MTR, the NGO facilitators were directed to focus on upgrading the quality of management. The figures reveal that they have succeeded in increasing the aggregates in quantitative terms (membership size, outstanding loans and deposits, net profits), but little has been achieved in qualitative terms (level of portfolio at risk and the capacities of committee members and cashiers).

34. One significant issue is the departure from the original concept of VISACAs as village-based institutions managed and run by the community they serve. For a number of reasons, including the criteria of the Central Bank rating system, VISACAs have focused too much on the size of their membership and some now cover more than 20 villages at a distance of up to 17 km from the founding village. This has resulted both in an increased risk of default due to reduced peer pressure and in impractically large management committees because of the need for all villages to be represented. VISACAs have gradually increased their emphasis on physical guarantees as a loan condition, with the size of loans depending more on the value of the guarantee rather than on the amount of deposit. This tends to prevent the poorest from accessing credit and reduces the focus on savings. Members can take out a loan shortly after making a deposit, they are not required to save continuously after doing so and no payment is required before the full term of the loan. Some VISACAs are turning to lending to *kafos* rather than to individuals in order to reduce delinquency but have no experience in group lending.

35. The deteriorating loan portfolio quality, in conjunction with the lack of business opportunities in rural areas, have caused some VISACAs to invest substantial sums in treasury bills in order to reduce idle money and generate interest. VISACAs are village banks designed to extend financial services to their members and are not intended to invest members' deposits in treasury bills, no matter how attractive the interest rate. Effectively, the savings of the rural poor are being utilised to finance needs of urban areas. Besides, it is not good sense to use deposits bearing an average interest rate of 20% and to invest them in treasury bills paying only 16%, rather than using them to extend loans that can pay 30-36% interest.

36. Refinancing through lines of credit administered by NBFIs has helped VISACAs increase their lending capacity and access for members to the larger and longer-term loans (up to 9 months) more suitable for farming. There is an increased tendency for VISACAs to seek external lines of credit because this solves their savings' shortage problem and allows for higher interest incomes, since the interest rate on external lines of credit is 16%, compared with interest on term deposits of up to 25%. Only the short term refinancing facility has so far been mobilized. VISACAs are not ready for medium term on-lending despite their members' expressed needs for medium term loans to finance investments. This issue of medium term loans was not properly addressed in project design or during the course of implementation.

B. Agricultural Support

37. The main livestock activities were as follows:

- the construction of improved poultry housing in 12 pilot sites – the implementation of the Cockerel Exchange Programme, and the provision of layers and broilers, await the completion of the construction of housing;
- from December 2003 to March 2004, around 40,000 sheep and goats were vaccinated against Pestes de Petits Ruminants and nearly 8,000 poultry against Newcastle Disease – these vaccinations were undertaken jointly with FAO, who provided the vaccines;

- trials carried out by the National Agricultural Research Institute using a thermal stable life vaccine which is safe to use and can be stored at room temperatures for up to two months;
- six intensive feed gardens were established to provide feed for lactating and sick animals but, with a single exception, the collective management of these gardens has been not been a success and very few farmers have adopted the practice.

38. Project support for crop development comprised:

- the establishment of 34 multipurpose gardens;
- the distribution of 300,000 cuttings of sweet potato and 50,000 cuttings of cassava;
- improvements to marketing facilities;
- the training of farmers in integrated pest management (IPM) and soil fertility management for upland crops; the training of women in the processing of cassava into *gari* and cassava chips; the training of carpenters in the manufacture of cassava processing equipment;
- the revival of *findo* cultivation – in 2003, 500 kg of *findo* seeds were distributed to *kafos* and individual farmers and about 60 ha. were put under cultivation.

39. Two innovations were introduced by RFCIP in the agricultural sector. The first was a significant measure aimed at improving the extension services, namely the recruitment and training of 193 Village Auxiliaries for service as volunteer extension workers in their own communities. Two people in each village received training, one in animal husbandry and the other in crop production. The second was the introduction of a voucher-based system for the remuneration of extension officials. Under this system, their performance is monitored by village and *kafo* heads, who are issued with a book of vouchers which serve as certification of the work accomplished.

40. RFCIP also funded an upland conservation and gully rehabilitation programme in seven sites, entailing the construction of diversions, grass waterways, concrete ramps and Irish-crossings in areas affected by severe gully erosion.

A kafo vegetable garden at Buiba site (Lower River Division). The land is collectively owned by the women's kafo but plots are allocated to and managed by individual kafo members. The photo shows a plot where onions are grown. IFAD photo by F. Felloni.

C. Kafo Capacity Building

41. The main objectives of this component of the RFCIP were to enable *kafos* to identify and address their own development priorities through participatory planning, implementation, monitoring and evaluation of action plans. *Kafo* farms for groundnuts, sorghum, maize, millet, rice, *findo* and sesame have been established. Training programmes and sensitisation campaigns included the training of animators in the identification of village projects and of Village Auxiliaries in communication skills. There were also film shows and village-based theatre training to promote the aims of the component.

42. The Farmer Partnership Fund (FPF) was designed to provide matching grant financing for short-term projects identified by *kafos* and for longer-term village development projects. Eligibility depended on evidence of positive impact on household food security and income diversification. A total of 15 different types of mini projects were funded between 2000 and 2003. The mini-projects run by *kafos* include nine milling machines, 39 cereal banks, 34 vegetable gardens and 64 new or upgraded wells, as well as sheds, latrines and market stalls. In 2004 alone, 126 *kafos* will benefit from FPF mini-projects.

D. Project Management and M&E

43. The Project Support Unit (PSU) manages the project, supervised by a steering committee (PSC) that meets twice a year. The minutes of PSC meetings reveal formal proceedings with little room for the diagnosis of problems, or of the potential for problems. Budgets and Progress Reports are approved, mostly without modification. Apart from the ex-officio members, two representatives of the farmers and one of the NGOs were also present at PSC meetings, as required in project design. The participation of the former was perfunctory in both the last two meetings and their presence can be assumed to have been taken.

44. The PSU has good accommodation in Bakau and the offices are well equipped. There are 4x4 vehicles available for the use of the Project Coordinator (PC), the Rural Finance Officer (RFO) and the Agricultural Development Officer (ADO). Other project-funded vehicles are distributed between implementing agencies. The secretariat seems adequate, headed by a competent professional.

45. The PSU that has emerged from the changes outlined in the previous chapter consists of seven individuals – the PC, the RFO, the ADO, the Project Secretary and the three Field Coordinators. A comparison of the two organograms, before and after the changes (Appendix IV), reveals that the composition of the PSU is now slightly skewed against the Rural Finance component, which was to be responsible for 58% of the baseline costs of the project. Essentially, there are four officers running the smaller component and one officer running the larger (with the assistance of NGOs). In addition, the PC has no background in micro-finance (reportedly due to the absence of a candidate with such background).[17] This shift in the composition of the PSU was accompanied by the move of the FPF to the Kafo Capacity Building component, which also affected the intended balance of the budget. (Table 2).

Table 2: Effect on Component-wise Costs of Relocation of FPF

	Projected Cost at Appraisal	% of Baseline Costs	% of Baseline Costs after Move of FPF
Rural Finance	$ 5.40 m	57.9	36.6
Agricultural & Livestock Support	$ 1.55 m	16.6	16.6
Kafo Capacity Building	$ 1.18 m	12.7	33.9
Project Management/M&E	$ 1.20 m	12.9	12.9

Source: Adapted from Staff Appraisal Report

46. **Monitoring and Evaluation.** Considerable resources were devoted to M&E, both at the initial stage of the project and during implementation. International technical assistance was provided to establish the M&E and the Management Information systems, and additional backstopping was made available to M&E staff in July 2002. Despite these provisions, the M&E component did not achieve the primary objective of any such system: the collection and analysis of the information necessary for tracking progress and impact, enabling decision-makers to diagnose and resolve problems.

[17] The Mission never questioned that the correct proceedings were followed in appointing the Project Coordinators. It merely considered it unfortunate that a candidate without the appropriate background in microfinance was selected. This was, reportedly, because none of the candidates interviewed had such a background.

47. A number of factors contributed to the weak performance of the M&E component, notably (i) the multi-layer data management and reporting path; (ii) late and irregular quarterly reports submitted by line agencies; (iii) the restricted scope of the data collected, which was almost exclusively concerned with physical and financial progress; (iv) the limited capacities of data collection and management staff; (v) the resignation of the M&E officer, the delay in replacing him and the limitations of his replacement already referred to. It appears that the main use of field data was in the preparation of the Annual Work Plan and Budget. The focus of the M&E system was on physical and financial progress, in other words towards the accountability dimension of M&E, rather than the knowledge generation and learning aspect. The absence of the 2003 annual evaluation produced by DOP/DOSA and the delayed publication of the Annual Stakeholders' Evaluation and Consultation Report, the absence of diagnostic studies and the deficiency of information on control groups are clear examples. The lack of understanding concerning the true purpose of M&E has resulted in a flow of information useful in the short term, but of little value in the medium and long term.

48. **Participatory M&E.** The Participatory Monitoring and Evaluation (PM&E) system was designed by the project to involve the beneficiaries in monitoring project activities – particularly FPF mini-projects – at community level. It was implemented in December 2003 and data collection tools were delivered to beneficiaries in January 2004, but the system is far from being fully operational. Data gathered at field level is not submitted to the PSU on time and the MIS database has not yet been complemented with modules to cater for the management of the PM&E information. Problems have also been encountered with data collection. The literacy levels of data collectors are low and they are not provided with sufficient incentives. In addition, farmers are notoriously reluctant to disclose the true volumes of their production and sales.

IV. PERFORMANCE OF THE PROJECT

A. Relevance of Objectives

49. The major problems confronting rural populations in The Gambia may be listed as follows: (i) food insecurity at certain times of the year; (ii) over-dependence on cash crops (notably groundnuts) that are vulnerable to sharp falls in market prices; (iii) lack of access to water for irrigation purposes, especially in the so-called highland areas; (iv) lack of basic infrastructure in terms of roads, electric power and a functioning telephone system; (v) lack of access to markets and market information (UNDP 2003, WB 2003, EIU 2003 and mission's own observations). The three-pronged approach indicated by IFAD's 1997 COSOP – the provision of micro-credit, the diversification of crops and incomes, and the promotion of investments for farmers – constitutes a sensible response to these problems, and the basic framework for the design of RFCIP. However, the COSOP and the RFCIP have not attempted to address basic problems of infrastructure and communications in remote rural areas, and the question must be asked whether the very poor condition of most roads, the lack of reliable power supply and the inadequacy of telephone and internet links have seriously constrained the successful operation of the project. Table 3 reveals that well over half of respondents in the IE survey considered markets and communication to be the most urgent problems faced by their communities.

Table 3: Perceived Community Problems *(Multiple Response)*

	Frequency	Percent
Food insecurity	61	24.4
Poor housing condition	29	11.6
Poor health, medical services, high mortality rates	61	24.8
Inadequate markets and communication networks	143	57.2
Other, incl. lack of water, storage facilities, inflation, etc	67	26.8

Source: IE Survey 2004

50. The traditional age or interest groups, the *kafos*, were seen as the most appropriate entry point for project activities, and the building of their technical and managerial capacities as the key to *kafo* empowerment. The advantage of the *kafo* is that it is a traditional, community-based institution with

an implicit commitment to self-help. A *kafo* may represent the whole village or a particular sectional or professional interest or a group identifiable according to age and/or gender. Thus, whatever the development activity concerned, the *kafo* provides a suitable vehicle for instruction and empowerment, with the signal advantage of not being a project specific entity. The IE survey team noted that in the villages they visited, the *kafos* were predominantly women's *kafos.*

51. In terms of Rural Finance, the main objective of the project was to extend and improve the operation of VISACAs. At project inception, the VISACA model was just one of three existing rural finance methodologies in the country (the VISACA model, the credit union system and the group lending approach). IFAD's choice to limit its support to the VISACA model seems invidious, especially since the appraisal report described the group lending approach as very successful and its supporting NGO (GAWFA) as one of the best managed and most experienced in the microfinance sector.[18] Credit Unions would not have been appropriate, since their activities are concentrated in urban areas and their clients tend to be drawn from the entrepreneurial class, but the group lending approach might have been more effective than VISACAs in targeting market segments such as the women and the very poor. In view of the above paragraph, the projects' relevance has been rated as substantial (3).[19]

B. Effectiveness

52. The major issues considered under this heading are: (i) the effectiveness of the targeting strategy and the PRA exercises in identifying and reaching needy communities; (ii) the effectiveness of the extension services; and (iii) the contentious role of the Farmer Partnership Fund.

B.1 Targeting Issues

53. The design of the project centered on a synergy between the microfinance component and the other two components, in other words on the premise that fresh productive and entrepreneurial opportunities should be provided alongside the promotion of savings and access to small loans. Yet from the start it was envisaged that the VISACA component would operate countrywide and the other two components only in two divisions. This meant that the proposed synergy would only be able to function in a limited geographical sphere: it was in fact a tacit admission on the part of the formulators that in reality, or in most cases, the components would be separate. The mission believes that this paradox lies at the heart of many of the problems confronted by the project.

54. It was not made clear in the Appraisal Report where and according to what criteria new VISACAs were to be located. The decision was therefore taken, apparently at the urging of the Rural Finance Unit of the Central Bank, that the primary aim should be a broad nationwide coverage, so that CRD, where the VISACA concept in The Gambia had been born and raised and which had the largest number of existing VISACAs, was omitted from consideration for new VISACAs. Thus the main geographical focus of the agricultural support and kafo capacity building had no link with the sitting of new VISACAs. The targeting of agricultural activities, which was based on the rather specific criteria set out in the Appraisal Report and the quality of proposals from applicant communities, resulted in a more or less random coverage, often in villages where no VISACA existed. The envisaged linkage between VISACA support, kafo capacity building and agricultural extension did not therefore materialise. The consequences were that the agricultural and group-based interventions were disconnected activities, providing support to particular communities as well as to the normal responsibilities of the extension services but failing to make a coherent or measurable impact.

55. What the designers had in mind was apparently a system of 'cluster' targeting, with a new or existing VISACA located in the largest or most centrally located community in a given area, and the

[18] Staff Appraisal Report Vol. II, Working Paper 1.
[19] Based on the comprehensive discussion in the main text, summary project performance ratings are presented in Appendix III.

introduction of vegetable gardens, new wells, grain banks, volunteer extension workers and so on in the surrounding area. Evidently, uniform coverage of a territory is not possible through this system, and the initial selection of 'clusters' is problematic. The idea is that the 'ripple effect' of successful initiatives would result in the replication of the programme. What actually transpired in the case of the RFCIP was that only in half-a-dozen 'high intervention' sites did the components work in tandem. The synergy essential to the proper working of the project was effectively absent and the discernible impact correspondingly weak.

56. The selection of locations for new VISACAs seems also to have been based on the need for a certain level of economic potential and dynamism. This consideration is desirable from the point of view of sustainability (in other words, a minimum level of economic activity is necessary for the survival of a village bank) but also likely to exclude the poorest communities. As far as 'vertical targeting' is concerned – the deliberate targeting of poorer groups within the community – the project designers considered such targeting 'neither advisable nor necessary'[20] both because it would undermine the ownership of the VISACA by its members and because the small loan sizes and short lending periods would anyway be unattractive to the better off. However, it is clear that the project in fact did not in fact succeed in reaching the poorest, perhaps mainly due to the VISACAs growing insistence on physical collateral as a condition for accessing loans. The findings of the IE survey revealed that households benefiting from the VISACAs tended to be better-off at the beginning of the project, more precisely, the wealth index[21] shows that control households from the same villages are under-represented in the lowest quintile (Table 4), and this conclusion is supported by the IE survey's analysis of incomes, which shows that the average incomes of RFCIP households in 2000 (the year of effective project start-up) were almost double those of non-participating households.[22]

Table 4: VISACA/RFCIP beneficiaries by Wealth Index Quintiles

		Wealth Index Quintiles						*Total*
		Poorest	Second	Third	Fourth	Better off	Not stated	
Beneficiaries of RFCIP	Count	36	48	41	31	40	3	*199*
	Percentage	18.1	24.1	20.6	15.6	20.1	1.5	*100.0*
Non beneficiaries	Count	19	10	9	9	7		*54*
	Percentage	35.2	18.5	16.7	16.7	13.0		*100.0*
Total	Count	55	58	50	40	47	3	*253*
	Percent.	*21.7*	*22.9*	*19.8*	*15.8*	*18.6*	*1.2*	*100.0*

Source: IE Survey, July 2004

57. **Participatory Rural Appraisal (PRA).** The targeting criteria for the agricultural support and kafo capacity building components were complex. Training in PRA and other participatory techniques for line departments was duly provided, and a large number of very detailed appraisals were carried out in villages where interventions were being considered. The basic aim of these exercises was to establish whether the village/*kafo* met the targeting criteria in terms of wealth and development levels and whether the request for project intervention reflected the needs and priorities of the community in question. Typically, the appraisals involved a team of five persons working in given villages for 3-5 days[23], an expensive and time-consuming procedure which was rightly abbreviated by Field Officers

[20] See RFCIP Loan Document, p. 5.

[21] Each household asset (e.g. cars, carts, refrigerators, television and amenities such as electricity) for which information was collected through the IFAD survey was assigned a weight or factor generated through principal components analysis. The resulting asset scores were standardized and used to create the break points that define wealth quintiles and each household was assigned a standardized score. The sample was then divided into population quintiles – five groups with almost the same number of respondents, namely, the poorest, second, third, fourth and richest, according to the score.

[22] When questioned about the levels of poverty in agricultural intervention villages, line department officials were generally of the opinion that these villages belonged neither to the poorest nor the better off categories.

[23] The PRA exercise at Sinchu-Gundo carried out in March 2000, for example, involved a team of ten people for four days. It resulted in a handwritten document of 25 pages with 12 appendices which then had to be typed up for consideration and approval at various levels.

and their Animation Teams over time. What was lacking was a specific set of objectives for these PRAs, which were not clearly spelled out in the Appraisal Report. In many cases, community priorities had already been debated and articulated during the drawing up of the initial proposal submitted by the *kafos*. The end-result of the PRAs was a painstaking document of 30 pages or more which contained much interesting information, most of which was unutilised.

B.2 Shortcomings of the Extension Services.

58. The serious manpower shortage in both the Agricultural and Livestock Extension services (one extension worker to every 6,296 farmers) has already been referred to. Various explanations were offered to the mission. Some focused on the lack of incentives and motivation, which result in a leakage to private sector institutions offering better conditions of service. Others blamed the policies adopted during the ERP of 1985 and entailing the laying-off of up to one-third of the extension officers who engage directly with the farmers. The territory covered by individual officers has increased without a corresponding increase in the provision of motorcycles and fuel. Consequently, the contact between farmers and extension workers is markedly reduced (Table 5). This was corroborated by anecdotal evidence supplied to the mission.

Table 5: Field Visits by Extension Staff, 2002

Frequency of visit	**Crop extension** *(%)*	**Livestock extension** *(%)*
Less than once a quarter	40.7	15.9
Once or twice a quarter	25.6	24.2
More than once a month	10.5	7.6
Weekly	1.7	0.6
When required	14.5	35.0
None	7	16.6

Source: DOP Impact assessment, 2002.

59. The IE survey of July, 2004 indicated that the quality of the extension services received only a moderate rating from farmers. Out of the 250 farmers who were invited to respond, only a little over half did so. Out of these, 54% found the services ‘good’ or ‘very good’, 21% rated them as ‘fair’ and 25% as ‘poor’ or ‘very poor’. Given the usual reluctance openly to criticise government services and the fact that nearly half the farmers opted not to respond, these results can be viewed as ‘damning with faint praise’. In discussions with the mission, the contribution of VAs was more warmly assessed, but their training has been minimal when set against the very broad competence necessary for village-level extension work.

B.3 Changing Focus of the Farmer Partnership Fund.

60. The Implementation Support mission of 2001 criticised the use of FPF grants for investment purposes and proposed their utilisation only for community infrastructural works or for augmenting the credit lines or for increased institutional support to VISACAs.[24] It was the first of these suggestions that was adopted and the FPF was accordingly relocated to the Kafo Capacity Building component. From this point the targeting of FPF grants lost any ostensible linkage to the VISACA network. Although it is true that the VISACAs at present are unable to meet the need for medium and long term credit, what the FPF effectively does is to replace the concept of credit-funded community initiatives managed by the RF component with that of grant funding managed by the Field Coordinators and the Project Coordinator. The authorisation procedure is extremely cumbersome, and the process of proposal, PRA, selection, approval and implementation regarding FPF grants appears to

[24] ‘Some of the funding through FPF has been used for investments such as grain mills which should have been financed by medium term loans’ (Implementation Support Mission report, October 2001).

have become the main activity of the project in CRD and LRD. Since the amounts allocated to the FPF were spent sparsely in the early years of the project, there still remained SDR 658,000 (more than one million US dollars) in the FPF as of June 2004, making it the single largest budget item for the last two years of the project. The previous ceiling of USD 6,000 imposed on the mini-projects has been lifted.[25]

61. The targeting criteria for selection of *kafos* are particular, but on closer inspection they are also imprecise.[26] The result is that there is no discernible strategy in the approval of FPF mini-projects, which have become a kind of community development fund awarded to whichever communities can come up with a well-argued proposal meeting the eligibility criteria.

62. To sum up, the FPF is:

- no longer located in the intended component with the intended link to credit supply;
- responsible for the easily the largest single item in the 2004 budget (the development and review of FPF proposals and the implementation and monitoring of FPF projects represents 36% of the proposed budget for the year);
- subject to a cumbersome and time-consuming authorisation procedure;
- lacking any budgetary 'ceiling' per mini-project;
- unconnected with the strategic thrust of the RFCIP;
- not subject to monitoring by an M&E department;
- not included within the TOR of the Agricultural Development Officer.

63. In view of the above paragraphs, effectiveness has been rates as modest (2).

C. Efficiency

64. **Lack of Measurable Impact.** USD 10.6 million (roughly equivalent to D300 million at the current rate of exchange) is a very large sum of money to spend in the rural areas of a country of 1.5 million people. Of this sum, a little over 60% had been disbursed by the end of June 2004. The Economic Rate of Return (ERR) for the RFCIP has not been calculated, and given the uncertainty over the incremental benefits of the project, is not likely to be. The Appraisal Report estimated the ERR at a healthy 23%, but the calculation was based on what now seems a gross exaggeration of incremental benefits, particularly regarding upland crop expansion and net income increases. The income of project-supported livestock owners was expected to more than double during project implementation, and those of millet farmers to increase by 63%. The net income from income generating activities funded by new credit sources was expected to rise fourfold in three years and from multipurpose gardens by twelve fold in four.[27] In fact, there is no evidence for increases of this order. Indeed the IE survey reveals a notable lack of impact in areas where it might have been expected (see Chapter V).

65. The cost per beneficiary is also hard to determine accurately. According to the Appraisal Report, 275,000 people were expected to benefit from VISACA operations, 30,000 from crop production activities, 40,000 from improved livestock husbandry and 85,000 from the FPF, giving a total of 430,000 or nearly one-third of the population of The Gambia! The first of these figures was based on an unrealistic estimate of the average membership of VISACAs, and the total number of VISACAs was reduced by the MTR. Some overlapping between categories should also be accounted for. The actual membership of VISACAs is currently estimated at around 35,000.[28] A total of 185 schemes and mini-projects have been carried out under the agricultural components, in addition to

[25] The mission was unable to discover why this decision had been taken – perhaps simply as an expedient to allow for the expenditure of the remaining funds under this sub-component.
[26] For example: willingness to contribute local resources or to develop participatory mechanisms or to recognise the need for management training. Even the existence of a 'hungry season' of four months is very difficult to confirm.
[27] Staff Appraisal Report, Vol.1, Appendix 7, p.5.
[28] Project Self-Assessment, Output Achievements Matrix, July 2004.

training programmes and vaccination campaigns. Since the Appraisal Report had envisaged the involvement of 300 *kafo*s, it would seem reasonable to reduce the actual number of beneficiaries under this heading by one-third, to an estimated 100,000. This would give a total of 135,000 direct beneficiaries, and a cost per beneficiary of approximately USD 80. On this basis, RFCIP was not a costly project. The problem is that many of the activities constituted one-off interventions in widely scattered communities, with scarcely discernible impact on incomes and other physical assets. In view of the above paragraphs, the project effectiveness has been rated as modest (2).

66. **Efficiency of VISACAs.** Despite an increase in income of 117.5% between 2001 and 2003, and despite the fact that most VISACA operating costs are subsidized, net profits amounted to only GMD 294,100 at end of 2003. The total expenses of the network stood at GMD 6.6 millions at this point, an amount that would have been higher if cashiers were paid a salary. The operating self-sufficiency was 107%, but this is mainly due to the high level of subsidies. Without subsidization, the operating self-sufficiency falls to a mere 65%, a very low level considering that many VISACAs have been operating for a number of years. Table 6 shows the true picture, including subsidization.

Table 6: VISACA Profitability Ratios ('000 GMD)

	2001 (*49 VISACAs*)	2002 (*56 VISACAs*)	2003 (*62 VISACAs*)	% change 2001 – 2003
Financial incomes	1,503	1,441	3,269	+117.49%
Financial expenses	989	1,048	2,074	+109.7%
Gross financial margin	513	392	1,195	+132.9%
Operating expenses	362	452	470	+29.8%
Subsidized expenses[29]	2,067	2,363	2,616	+26.5%
Total operating expenses (w/o subsidies)	2,429	2,815	3,086	+27.0%
Total expenses (w/o subsidies)	4,198	4,237	6,648	+58.3%
Total incomes	2,175	1,842	4,326	+98.9%
Net profit or loss (w subsidies)	+44	-31	+294	+568.2%
Net profit or loss (w/o subsidies)	-2,023	-2,394	-2,322	-14.8%
Operational self-sufficiency (subsidized)	102%	98%	107%	+4.9%
Operational self-suff. (real)	51.8%	43.4%	65.0%	+25.5%

Source: RFCIP: Total indicators 2001, 2002, 2003

67. **Expenditure on VISACA Premises.** The average cost of a new building is GMD 300,000, or around USD 10,000 at July 2004 rates. There has been an emphasis on the physical structure and appearance of VISACA premises, equipped with perimeter wall and outdoor toilet block, although security concerns should be taken into account.[30] The view of the mission is that existing VISACAs should *earn* their new buildings by the quality of their performance. In many cases, in fact, it appears that the requirement for local labour is being ignored, which reinforces the sense that the new buildings are gifts of the Government.

68. **Consultancies Replacing M&E.** The gradual demise of the M&E system meant that impact assessment and diagnostic studies which ought to have been carried out as part of the routine responsibilities of project M&E were contracted out as *ad hoc* consultancies. One recent example of this was the *'Role and Impact of Cereal Banks and the Design of an Inventory Credit Product for Possible Use by VISACAs in The Gambia'* (RFCIP, 2004). This was a study of 42 cereal banks funded by the project which takes over 50 pages to reach the following conclusions: (i) Cereal bank *kafos* should be encouraged to save with VISACAs ; (ii) buying in grains by cereal banks should be

[29] Subsidized expenses were calculated thus: total cost of NGO support in 2003, GMD 1,686,082 or GMD 27,195 for one VISACA; average cost of a new building, GMD 300,000 amortized over 20 years or GMD 15,000 p.a.

[30] The importance of secure building structures for VISACAs has been emphasised in comments submitted by DOSA and this is acknowledged by the mission, although the point about VISACAs *earning* new buildings remains valid.

encouraged; (iii) cereal bank management committees should be trained in procurement and marketing of cereals; (iv) stationery should be available for record keeping; (v) regional apex institutions should be formed; (vi) participatory M&E should be introduced for cereal banks. The details are given here to underline that these observations are precisely those the PSU would make for themselves, provided that a proper system of M&E was in place. The cost of the cereal bank consultancy was USD 7,400. In view of the above paragraphs, the efficiency has been rated as modest (2) and the overall project performance has also been rated as modest (2).

V. IMPACT ON RURAL POVERTY

69. Assessing the impact of project activities is hindered by the lack of baseline data, the imprecision of household-level figures for production and food insecurity, and the impossibility of separating the impact of RFCIP activities from those of other agencies and projects (an average of five external agencies had been operating projects or programmes in the villages covered by the IE PRA exercises).[31] The Participatory M&E system initiated by the project is still in its infancy, and the annual Department of Planning (DOP) evaluation for 2003 was not carried out. The mission has consulted the findings of the Impact Assessment Study conducted by DOP (DOSA) in November 2002 and those of the IE survey and supplemented these with the results of its fieldwork. The Mid-Term Review referred to the 'unrealistic assumptions at project design stage', highlighting the over-ambitious projections of benefits and of intended production increases, a verdict with which the present mission concurs.

A. Impact on Physical and Financial Assets

70. The usefulness of VISACAs, the only financial institution widely available in rural areas, has been emphasised by all stakeholders, especially by end-users. The extent of coverage has been instrumental in helping a significant proportion (around 35%) of the rural population to access appropriate financial services. The existence of VISACAs has served to put an end to their members' dependence on the shopkeepers with whom they used to deposit their savings, with no interest payable, no access to loans and often with obstacles to prompt withdrawal.

71. **Access to Loans.** Perhaps the most significant impact of the project has been the increased access to loans by the rural population. Table 7 shows that VISACAs were easily the primary source of loans for respondents and suggests that the VISACA methodology was the right one to meet the credit needs of the rural population. However, as indicated in the previous chapter, the impact of VISACAs has not extended to all levels of the rural population. In particular, the increasingly strict requirements being applied in many VISACAs in terms of physical guarantees and collateral effectively exclude the poorest members of communities from accessing loans.

Table 7: Sources of Loans

	Frequency	Percent
VISACAs	155	61.3
Formal banks	12	4.7
Financing/pawn shops	8	3.2
Individual money lender	1	0.4
Relatives/friends/neighbours	9	3.5
Others	3	1.2
Responded	188	74.3
Not responded	65	25.7
Total	253	100.0

Source: IE Survey, July 2004.

[31] The agencies included NGOs such as GAWFA, AFET, Action Aid The Gambia, the National Women's Association, the Catholic Relief Service and The Gambia Food Nutrition Association. Government departments included DOSA, the Department of Community Development and the Forestry Department.

72. **Increased Savings and Assets.** Table 8 shows that VISACA households have increased their monetary savings by 66%, whereas non-VISACA households have seen their savings reduced by up to 23%. Significantly, however, the share of these savings deposited in VISACAs was only 5% (2003), compared with 66% for formal banks (see Table 13). This seems to indicate that VISACAs are perceived as suitable credit providing institutions but not as the best place to deposit savings.[32] Some members do not trust the capabilities of the management committee, others have doubts about the physical security of the building and others prefer to keep part of savings at home for confidentiality.

Table 8: Savings (including VISACAs and other formal and informal financial institutions)

	VISACA households	Non-VISACA households	RFCIP groups *(kafos)*	Non-RFCIP groups *(kafos)*
2000	26,302	65,626	22,453	15,001
2003	43,688	50,496	26,849	20,149
Change	+ 66%	- 23%	+ 20%	+ 34%

Source: IE Survey, July 2004

73. VISACA beneficiaries appear to have increased their enterprise (including agricultural production) assets and net worth. This is more apparent in the case of *kafos* assisted by the project, since the project provided fixed assets such as wells and cereal banks as well as current assets such as seeds and poultry. Table 9 shows that VISACA households increased their enterprise net worth by 25% from 2000 to 2003 (a period in which households experienced an economic downturn, particularly in 2002, due to floods and pest outbreaks and a decline in tourism), compared to a decrease of 17% for non-VISACA households.[33] This seems to indicate that VISACA households have been able to 'protect' their assets by accessing loans when necessary, whereas non-VISACA households were obliged to divest their assets – through the sale of livestock for example – in times of need. Findings on enterprise assets and household savings represent positive benefits on household welfare. The IE PRA exercise and the mission observations suggest that VISACA loans have eased household cash flow constraints and had an income smoothing effect, while the agricultural component has provided communities and *kafo*s with fixed assets. As already discussed, a limitation can be found in the limited credit discipline for VISACA loans.

Table 9: Average Household Enterprise Net Worth

	VISACA household	Non-VISACA household	RFCIP *kafo*	Non-RFCIP *kafo*	Total
Net worth 2000	13,798	19,871	8,923	3,709	13,390
Net worth 2003	17,227	16,549	17,427	5,748	16,403
Change 2000/2003	+25%	-17%	+95%	+55%	+23%

Source: IE Survey, July 2004

74. **Weak Effect on Average Income Levels.** It was pointed out in the previous chapter that VISACA clients appeared to be significantly richer than non-VISACA clients at the start of the project, with the former having average incomes more than double those of the latter in the year 2000. Although anecdotal cases of income increases have been reported, the findings of the IE survey suggest that participation in the project did not entail significant increases (Table 10).[34] In relative terms, project households experienced lower increases than control ones (the latter appeared to benefit from an increased flow of wages and remittances). Interviews with VISACA members and the review of the available documentation suggested that those who really benefited from the project were the households in the half a dozen sites where VISACA and agricultural components were integrated. Project households complained that, although they had increased their production as a result of access

[32] Professor Fye, who organised the IE survey, said field interviews had shown that 'people open VISACA accounts simply to access a loan, not to make savings'.
[33] Monetary values are presented in current terms, i.e. not adjusted for inflation. Inflation rates are presented at the beginning of the report.
[34] See the above note on inflation.

to credit, they were unable to wait for higher prices because of the lack of storage facilities such as grain banks, another indication of the lack of synergy between project components.

Table 10: Average household income from all sources (GMD)

		2000	2003	Diff.
Types of household/group	VISACA household	33,086	39,837	20%
	NON-VISACA household	16,053	23,527	47%
	RFCIP *kafo*	7,963	11,056	39%
	NON-RFCIP *kafo*	3,331	7,764	133%

Source: Adapted from IFAD Survey 2004.

75. **Agricultural Production.** Quantitative evidence for increases in production is sparse, and farmers in The Gambia (and elsewhere) are notoriously reluctant to reveal the size of harvests or numbers of livestock. According to figures compiled by the PSU in June 2004, the annual incremental output was estimated at 1,308 metric tons of vegetables, 480 metric tons of cassava, 1,188 metric tons of early millet and 21,839 head of small ruminants. Anecdotal evidence during interviews revealed an increase in cultivated land in some areas because farmers had been able to acquire draught animals for ploughing, and a substantial increase in annual harvests in others. The cultivation of cassava and sweet potato in particular had a positive impact. A *kafo* member in Sami Madina reported to the mission an annual income of GMD 3000-5000 from cassava and GMD 2000-3000 from sweet potato. Another *kafo* member had earned GMD 3000-5000 from the sale of mint. These improvements were attributed primarily to the new wells funded by RFCIP. Other *kafo* members also reported improvements in household food security and diet as a result of the vegetables grown in the newly-established gardens. Women's *kafos* have been able to utilise increased earnings in setting up cottage industries such as soap making, tie-and-dye, and sewing. In border villages, the sale of cassava cuttings to farmers in Senegal has been a new source of income for farmers.

76. **Livestock.** There appear to be no year-by-year figures for livestock numbers in project areas, which would have been a very useful indicator for project impact. A number of farmers reported to the mission that there had been an increase in the numbers of goats and sheep in their villages and some reported an increase in the rate of reproduction, but without overall statistical evidence, these may be no more than isolated instances. By contrast, the impact assessment study of 2002 reported that the incidence of Pestes de Petits Ruminants in sheep and goats, and Newcastle Disease in poultry, was nil in regions where vaccinations had been carried out.

A community tube-well funded by the Farmers' Partnership Fund at Sibito site (Lower River Division). In this site ground water is abundant. Its extraction is valuable for both irrigation of gardens and human consumption. IFAD photo by M. Keating.

B. Impact on Human Assets

77. **Capacities of VISACA Committees.** Despite project efforts to build the capacity of VISACAs by means of formal training programmes, field visits, and on-site training, the mission found that the management committee's understanding of formal banking procedures and of their own role remained weak. The main reason was undoubtedly the high level of illiteracy among the committees, which meant that management actually remained in the hands of the NGO animators. With a few exceptions, committees interviewed by the mission showed little overall motivation. Many committee members failed to attend meetings and even those who did attend showed little real interest in the work of the VISACA, perhaps due to the tendency for the personnel of the committee to remain unchanged from the time of its establishment and to the lack of financial incentives – particularly if there was no profit for distribution. Only in cases where the president of the committee provided vigorous leadership and a clear long-term vision was there evidence for real motivation on the part of the committee as a whole. All VISACAs reported that an annual general meeting of members was held, but no records of decisions were made available and there is no evidence that all members participated, especially in VISACAs covering large areas. As far as security is concerned, cases of thefts or deliberate mismanagement of funds have been very rare, and with the help of the NGO animators VISACAs have been able to control their money despite an under-developed information system.

78. **Education and Health Care.** Income from the new vegetable gardens has had an effect on school enrolment, with a surprising number of women *kafo* members reporting to the mission that they were able to pay school fees with the income from their gardens and had been unable to do so before. The IE Survey indicated that VISACA loans were utilised by nearly one-third of respondents for the payment of school fees, and this finding was illustrated by reports from the PRA exercises in the villages of Touba Kut (CRD/N), Taifa, Darisalami, and Yoro Beri Kunda (CRD/S). In Sutukonding village (URD), VISACA members had bought medicines with VISACA loans and sold them on to the community on a subsidised basis. Committee members of the Sanyang VISACA (WD) have utilised profits from the VISACA to set up a primary health care unit in the village.

C. Impact on Social Capital and Empowerment

79. In the context of RFCIP, 'social capital' can be taken as referring principally to the *kafos*. The project has provided training for *kafo* leaders in planning, management and decision-making and for *kafo* members in crop and livestock production, including such topics as land preparation, compost making and animal health. The training appears to have been practically oriented and appreciated by the trainees.

80. The age-linked, gender-linked or enterprise-linked *kafo* was traditionally governed by certain inalienable rules, of behaviour, of precedence and above all of collective responsibility. The notion that the *kafo* constitutes an appropriate 'entry point' for donor-funded activities was basic to the project. However, there is a risk involved in providing external support for these community-based organisations, namely that *soi-disant kafos* will emerge whose sole objective is to attract external funding and which lack the necessary cohesion and discipline for sustainable activities. By specifically allowing for the possibility of project-specific *sub-kafos*, the RFCIP may have encouraged this tendency.

D. Impact on Food Security[35]

81. Five out of the seven project villages covered by the IE PRA exercise claimed that food security and diet had improved, either because of the direct use of loans to buy foodstuffs, or through increased rice production made possible by loans, or through consumption of produce from the new vegetable

[35] Villagers in areas where projects have been in operation are familiar with the idea that the length and frequency of the 'hungry period' is among the usual criteria for assistance. It is therefore customary for villagers to over-estimate the degree of food insecurity, making the collection of reliable data problematic.

gardens. Four of the villages highlighted the vegetable gardens as among the most important externally-funded initiatives, with an appreciable effect on diet and/or income. Several women *kafo* members reported to the mission that their household diet was richer and more varied as a result of the vegetables grown in their gardens.

82. The building of cereal banks has reduced crop wastage and provided protection for stored grains against rodents and birds. The 2002 impact assessment study revealed, predictably enough, that improvements in food security corresponded with the intensity of project intervention.

E. Impact on the Environment and Communal Resource Base

83. **Erosion Control.** The problem of soil erosion is a key issue in upland fields. Two erosion control sites were visited by the mission, Pakaliba in LRD and Pateh Sam in CRD, both of which suffer from deep gullies on the slopes and in the villages themselves. In Pakaliba, before the advent of the project, large quantities of sand were brought in by floodwater and deposited on the main highway and in the rice fields. The construction of bunds has served to divert the flow of water downstream creating a reservoir, now used to water livestock during the dry season. In Pateh Sam, deep gullies are still visible in the village. The construction of bunds on the outskirts of the village has reduced the flow of floodwater through the village streets, the gullies are gradually being filled, and the incidence of building collapse during the rainy season has been substantially reduced.

84. However, in both sites the job seems only half-done. The bunds are far too low and the whole system (which involved several kilometres of digging) will need refashioning within a few years. Grasses have been allowed to grow in the channels. Farmers are supposed to avoid cultivation of the tops of the bunds, but already the injunction is being ignored. Irish crossings have been constructed at various points but they are too small and too few. At Pateh Sam, the concrete used for these crossings is crumbling and there seems to have been no monitoring of quality by the Soil and Water Management Unit (DAS). At both sites, extempore crossings over the bunds are being utilised and the water will soon find its way through at these points. The problem here, as elsewhere in the project, is that the villagers have no real sense of ownership of the schemes. Discussions with villagers revealed that they await the next dose of help and seem unwilling to take any initiative themselves.

85. **Organic Pesticides.** The risk of acute or chronic poisoning due to improper use of synthetic pesticides has been addressed by the project using an Integrated Pest Management approach, which involved the training of *kafo* members in the preparation and the use of botanical insecticides such as neem and papaya. Farmers can now prepare their own formulations and apply them in the field at little or no cost. The IPM training was widely quoted by farmers as the most useful of the training programmes provided by the project, and the organic treatment for the ubiquitous red spider mite was particularly appreciated.

F. Impact on Institutions, Policies and the Regulatory Framework

F.1 Impact on the VISACAs

86. **Membership and Coverage.** The total membership of VISACAs in mid-2004 had all but reached the target of 35,000 set by the MTR. This was achieved despite the fact that eight new VISACAs have yet to be established, mainly because most VISACAs have extended their area coverage in order to find additional members, with around 44% of members coming from villages other than the founding village (Table 11). The fact that VISACAs seek additional members beyond the confines of their own villages does not mean that they already serve all the active inhabitants of their own villages. Rather, it means that the poorest of these could not provide the physical guarantees required.

Table 11: VISACA Membership

Items	**2001**	**2002**	***2003***
Membership	19,556	29,309	*34,808*
Of which female	7,354	11,194	*14,157*
'Outsider' members	*7,984*	*12,763*	*15,277*

Source: RFCIP, Total indicators for operating VISACAs

87. **Inadequate Liquidity Ratios.** Savings products comprise current account deposits and term deposits with maturities of 3, 6, 9 and 12 months, with most of them falling in the three-month category (more than 80% of total term deposits in some VISACAs). This deposit profile is the direct consequence of the unsatisfactory interest structure, with the same interest rate applied to all term deposits regardless of their duration. This offers no incentives to members to save for longer periods, and the average amount of outstanding term deposits is substantially lower than the average amount of outstanding loans. Access to lines of credit, especially for on-lending to farmers, helped VISACAs to manage their liquidity ratio, but a few VISACAs still have liquidity problems, with liquidity ratios well below the minimum 15% required by the CBG (e.g. Kerewan VISACA with only 7%).

Table 12: Savings *(GMD)*

Items	**2001**	**2002**	***2003***
Total deposits	10,026,953	16,917,191	*27,020,397*
(*of which*)Term deposits	6,072,334	10,748,783	*18,872,341*
Average outstanding deposits	3,506,002	7,276,387	*10,056,155*
(*of which*) Deposits by women	2,417,869	3,004,950	*6,026,988*
(*of which*) Term deposits	2,919,884	6,003,516	*8,717,465*
Ave. amount of deposit*	1,030	1,237	*1,163*
Ave. duration of term deposits (months)	*5.0*	*6.0*	*5.0*

Source: RFCIP, Total indicators for operating VISACAs

** In 2003 the average deposit amount was equivalent to about 13% of GDP per capita.*

88. **Preference for Deposits in Formal Banks.** Despite the attractive rate of interest paid on deposits, VISACA members are depositing only a small proportion of their total savings in VISACAs (Table 13). There was actually a slight decrease in the proportion of savings deposited in VISACAs between 2000 and 2003, compared to a slight increase in the figure for formal banks. Thus VISACA members seem to prefer making deposits in formal banks even though they do not access loans from them. The main reason for this is insufficient confidence in the VISACAs, encapsulated by the following statement made by a management committee member at Sami Madina VISACA: 'How can illiterates run a bank?!' The fact that less than one-third of the savings of RFCIP *kafos* are deposited in VISACAs is doubtless one consequence of the neglect of the stipulation in the Appraisal Report that the villages targeted for agricultural interventions should be 'grouped into clusters around an existing or new VISACA'.

Table 13: Share of Savings by Type of Saving Repository, 2003

	VISACA household	Non-VISACA household	RFCIP group (*kafo*)	Non-RFCIP group (*kafo*)
Home	16%	41%	11%	23%
Formal bank	71%	24%	40%	38%
VISACA	5%	5%	32%	7%
Osusu[36]	6%	0%	0%	22%
Group	2%	30%	17%	10%
Total	100%	100%	100%	100%

Source: IE Survey, 2004.

[36] *Osusu:* traditional savings scheme for women's groups.

89. **Dependence on External Loans.** VISACAs have a single loan product, the short-term loan, whose duration varies from three to eight months according to the planned activity. The average loan amount in 2003 was D1,239, an increase of 51% from 2001. The average loan duration, has remained the same (five months) despite a significant increase in loan disbursement over the past three years (+163%). Five months is also the average duration of term deposits, which would put most VISACAs in a tight liquidity situation were it not for the fact that they were obtaining external loans. The single loan product is suitable for VISACA members because it allows them to use the money for any type of activity, including 'non-productive' activities such as payment of school fees or health care. The sole requirement for borrowers is timely repayment.

Table 14: Loans *(GMD)*

Items	2001	2002	2003
Total loans disbursed	5,588,819	7,760,621	14,711,599
(Of which) Loans to women	1,699,740	2,192,667	4,037,191
Average amount per loan*	818	1,045	1,239
Average duration of loan (months)	5.0	5.0	5.0
Loans outstanding at end of year	5,895,551	8,792,269	12,942,846

Source: RFCIP, Total indicators for operating VISACAs

** In 2003 the average loan amount was equivalent to about 15% of GDP per capita*

90. Although there has been consistent demand for the financing of agricultural and non-agricultural equipment, VISACAs still do not extend medium term loans to their members. This is attributable to the short-term nature of the deposit structure and to the VISACA's inability to manage a medium term loan product. Refinancing through lines of credit has helped VISACAs increase their lending capacity and enable clients to access the larger and longer term loans suitable for agriculture. However, loans often fail to reach members in time to finance the given agricultural activity because of the lengthy processing time.

91. The lower interest rates charged on lines of credit (15 to 18%) contrasted with the high interest rates on deposits (up to 25%) cause many VISACAs to look for easily accessed external loans since this leads to higher interest incomes for VISACAs, the lending rate to members being the same whether the money comes from savings or from external loans. A tendency may therefore develop for VISACAs more and more frequently to seek these lines of credit rather than longer term deposits, thus increasing their dependency on external 'cold money'. This trend is unlikely to be reversed and most VISACAs, especially those with insufficient deposits, would not survive a cessation of the external credit supply. Already, certain VISACAs which are unable fully to repay external loans are disqualified from obtaining new loans.

Jappine VISACA (Lower River Division). The photo shows the (rather expensive) construction and protection (metal bars applied to the windows and barbed wire surrounding the building). IFAD photo by F. Felloni.

92. Although the recovery rate to NBFIs is said to be around 95%, the trend is downward. Each NBFI makes loans to VISACAs situated in different divisions of the country making loan recovery difficult and expensive. NBFIs complain of a level of fee (6-8%) inadequate to cover their costs and some are considering withdrawing from the programme in the absence of additional incentives (such as sharing with RFCIP the cost of transportation) since they cannot increase their lending rate to VISACAs. External loans are used mostly for working capital for farmers. Their short term duration does not allow for investment, which is much needed in order to increase productivity and reduce manual work.

93. **Sustainability of Interest Rates.** There have been numerous changes over the years in interest rates on deposits as well as on loans (for example, Kunting VISACA charged interest as high as 120% per annum before reducing the rate to 48% or less.) Consequently, interest on deposits has also been very high (up to 60% in one VISACA). Nominal interest rate on loans varies from one network to another, but most VISACAs apply between 30 to 36%, with some charging up to 48%. The question is then whether the current real interest rate applied by VISACAs will be sustainable at a time when the project subsidies are no longer forthcoming.

94. **Deteriorating Quality of Loan Portfolio.** At the end of 2003, total outstanding loans amounted to D12.9 millions for the 62 VISACAs, of which D1.4 millions, or 10.8%, represent doubtful loans, up from 2.9% in 2001.

Table 15: Quality of Loan Portfolio

Items	2001	2002	2003
Total loans outstanding at end of year	5,895,551	8,792,269	12,942,846
(Of which) Doubtful loans	383,456	252,041	1,394,892

Source: RFCIP, Total indicators for operating VISACAs

The portfolio at risk is higher in some networks: 29% for FORUT VISACAs for example. The NASACA network appears to be the best performer, with portfolio at risk of only 4%. Although the overall trend of portfolio at risk is downward, there is still cause for concern in some networks[37]. The fact is that the increasing amount of default loans over the years is eroding the profitability and sustainability of many VISACAs despite their low operating costs. Faulty loan application appraisal, extended area coverage without adequate means for loan recovery, and favouritism[38] are held to be responsible. It is usually said that the majority of delinquent borrowers are from 'outside' villages, but in many VISACAs the defaulters are equally divided between the founding village and its neighbours. In a few cases, even management committee members have failed to repay their loans. In some VISACAs, repayment problems are exacerbated by the receipt by *kafos* of loans from other NBFIs, making it difficult for them to repay both loans. *Kafos* accessing loans from the Social Development Fund occasionally use them to repay the VISACA loan. The SDF loan carries a lower interest rate and is perceived as 'government money'.[39]

95. **Weaknesses of VISACA Governance.** The governing bodies (management committees) of the VISACAs do not function well overall, and the VISACAs visited by the mission suffer from the following shortcomings in varying degrees:

- in VISACAs serving many villages, some villages may not be represented on the committee, which does not comply with the requirement for participatory decision making;
- there is very little turnover of members, and sometimes none at all;
- women are represented in most cases but rarely participate fully;

[37] There are many inconsistencies in the data, especially with respect to the financial indicators. The Mission was unable to verify all the figures so the information should be looked at with some caution.
[38] Loan applicants have to contact one of the committee members, who basically 'sponsors' them before the remainder of the committee.
[39] See paragraph 7, for a brief outline of SDF programme.

- regulations regarding the functioning of the VISACAs are either lacking, incomplete or unclear – in many cases, there are no hard and fast rules about dealing with defaults or early repayments.
- there seems to be a lack of long term vision among committee members, who tend to rely entirely on the NGO service provider.
- there is no clear definition of the individual roles of members or sharing of tasks – again, it is the animator who is responsible for matters such as savings mobilization and loan recovery;
- illiteracy and lack of capacity are major challenges for both committee members and cashiers but no adult literacy courses have been provided by the project;
- the necessary transfer of knowledge from the NGO has not taken place even in mature VISACAs – it is often the NGO animator who keeps the books and in some VISACAs, the animator is nearly always present during opening times.

96. **Lack of Incentives.** The issue of incentives at every level of the VISACA system is crucial and has not been properly addressed. Members do not receive any kind of dividend, cashiers are not remunerated[40] and committee members do not receive salaries.[41] The lack of incentives makes it hard for VISACAs to recruit well trained and committed cashiers and to keep good cashiers when they are found. It also increases the risk of theft and malpractice. One solution has been to recruit two or more cashiers to work alternately, but in most cases there is only one cashier who understands the work of accounting.

97. **Training.** Training of committees, cashiers and NGO animators and supervisors has been provided by the Management Development Institute and the *Centre International de Développement et de Recherche*. There has been a gradual reduction in the rate of training as it was expected that the NGO facilitators would take over the training sessions according to the needs of their VISACAs. However, not only have NGOs reduced the level of formal training to their VISACAs, but informal training had been left to the animators, many of whom lack the necessary competence. Some animators were not even able to follow the initial training courses provided to them. At present, there is a serious lack of capacity at all levels and additional training is urgently required in such areas as the appraisal of loan applications, bookkeeping, planning, internal control and the management of guarantees, but perhaps above all in basic literacy.

The interior of Bantanto VISACA (Central River Division, South). The documents on the wall (background) comprise the rules and procedures of the VISACA and the certificate of the Central Bank authorising the VISACA to conduct financial operations. IFAD photo by F. Felloni.

[40] See also section 2.6.
[41] Currently, committee members and cashiers receive a small amount of money provided that their VISACA shows a profit at the end of the year. The profit is divided into three parts: one third for expenses incurred by the VISACA; one third held in reserve as per Central Bank requirements; one third to be shared among cashiers and committee members. However, many VISACAs make no profit at all.

98. **Weak Information and Control Systems.** The information system at VISACA level is very limited, comprising only basic record keeping and the production of a trial balance. All the work of producing financial statements and information on performance is done at the NGO service provider level, and even at the level of the VISACA there is a strong intervention by the animator, who in some cases fulfils the role of the cashier. Basic information such as a comprehensive list of all borrowers or the amount of delinquent loans can only be obtained when the animator is present.

99. The committee oversees transactions in the VISACA every opening day and carries out the cash count. The NGO animator checks and controls the transactions recorded by the cashier. The NGO supervisor ensures that the data provided by the animator is accurate and that the VISACA is functioning in accordance with the internal rules and the regulations. The Microfinance Promotion Centre (MFPC) controls the work of the animators and supervisors of each network in order to ensure the efficiency of their work. The Microfinance Department of the CBG supervises the VISACAs to ensure that they are respecting the prudential ratios. In practice, some levels of control are ineffective. In particular, the quality of control by the management committee is questionable as most committee members are illiterate and do not understand what is in the records. There appear to be no set procedures for control by the NGO animators and visits to VISACAs by their supervisors are rare. The MFPC is seriously under-staffed and the MFD's role is that of supervision only.

F.2 Impact on the Microfinance Sector

100. RFCIP has played a major role in the development of the microfinance sector in The Gambia, a development that has been signaled by the promotion of the former Rural Finance Unit of the Central Bank into a fully-fledged Microfinance Department. The Central Bank has set up a regulatory framework for banks and non-bank financial institutions – including VISACAs – as well as a rating system. The Central Bank of The Gambia Act and the Financial Institutions Act were passed prior to the development of the microfinance industry in the country and were partly based on existing provisions in neighbouring countries such as Ghana. The development of microfinance during the past ten years and the specific conditions in The Gambia call for some adjustments to be made.

101. A good example is the rating system itself: VISACAs are rated 'A' (excellent) to 'E' (distressed) according to a set of given criteria. Among other indicators, the rating system highlights the performances of the VISACAs in terms of movements and membership. These factors, rather than the financial performance of the VISACAs, have been attributed too much weight. The MTR drew attention to this inconsistency, giving the example of the Jiffarong VISACA, which was ranked 'A' despite an alarming rate of bad debts and a portfolio at risk of more than 30%. VISACAs are village-based institutions which can perform well and in a sustainable even with a small membership and limited capital, but the Central Bank indicators tend to penalize smaller VISACAs, regardless of their performance. The Central Bank is aware of this shortcoming and the system will be reviewed.

102. **The Microfinance Promotion Centre**. The Microfinance Promotion Centre (MFPC) started operations in March 2003 as a national technical service provider, with significant support from the project. It may be too early to assess the performance of the MFPC, but there are weaknesses which should be addressed at once. MFPC is seriously under-staffed given its proposed role as a technical service provider for the whole microfinance sector and its intention to set up a small business enterprise unit. There are only three staff members: the Coordinator, a training officer and a monitoring officer. In addition, a clear business plan is lacking. At present, there is strong support from RFCIP and the Government, but for how long?

G. Impacts on Gender

103. Women are well represented in the VISACAs, accounting for 40% of the total membership and 60% of total deposits. However, although women are the largest depositors, they were the recipients of only 27% of total loans disbursed in 2003. This discrepancy is due to their inability to provide physical guarantees to access loans and to the modest scale of most of the activities in which they are involved.

The representation of women on management committees is adequate, and some VISACAs insist on gender parity on the committees, but in most of the VISACAs visited by the mission, the actual participation by women in decision-making was found to be limited. Nearly all the women are illiterate and generally leave the men to lead the discussion and take the decisions. The exceptions encountered by the mission were Kerewan VISACA, which is a women-only institution, and Tujereng VISACA in Western Division, where women committee members seemed voluble and articulate.

104. Around two-thirds of *kafo* members assisted by the project are women and the vegetable gardens in particular have been popular with women's groups. The most dynamic of those visited by the mission were owned and run by women. The decision to disqualify milling machines from the menu of FPF is contentious. IFAD-funded projects are always looking for ways to alleviate the workload of women and in this instance the provision of milling machines is a conspicuous opportunity. Milling machines were popular choices for FPF mini-projects. A decision was taken by the 2000 Supervision Mission that the machines were more properly obtained by means of VISACA loans, but the fact is that VISACAs are unable to supply medium-term credit. There is also a general feeling among field staff that collectively-owned machines are not properly maintained, yet training in the methods of collective management and maintenance should be a central plank in kafo capacity building.

105. The provision of hand pumps (single, double and treadle types) has greatly reduced the drudgery involved in drawing water from wells. The treadle type, however, which is probably the most efficient in terms of labour, is unpopular with many women in The Gambia since it necessitates the wearing of culturally unacceptable short dresses.

106. Around 20% of Village Auxiliaries are women, and consideration might be given to attempting to raise this percentage. One important justification for this is that married women are unlikely to move away from their villages, which line department officials reported as a regular problem with the men.

H. Sustainability

107. **Few VISACAs are Sustainable.** Only VISACAs with good credit discipline, very committed management committees and strong leadership are likely to be sustainable. With an average 65% operational self-sufficiency for the whole network, most VISACAs are unsustainable even in the short-term. The reasons for this, already highlighted in this report, can be summarised as follows:

- the high level of portfolio at risk;
- the low level of savings and loans portfolio;
- the lack of diversified business opportunities within the area of coverage;
- insufficient profit to cover the interest payable and operating expenses;
- the failure of NGOs to deliver the necessary transfer of skills and knowledge;
- the NGOs' tendency to focus on institutionalization rather than sustainability.

108. **No Real Exit Strategy.** The issue of an exit strategy was given no serious consideration in the early stages of project implementation and no coherent exit strategy has been included in NGO work plans. VISACAs are still not asked to contribute even small amounts to operating expenses such as training and animators' fees. The process of institutionalisation has been promoted by RFCIP and NGOs, but the creation of network apex bodies is in its very early stages. NASACA was formed by the ten VISACAs of the Western Division and a board established, but the initiative has met with obstacles[42]. AFET is engaged in setting up inter-VISACA networks in preparation for a union planned for the end of 2004. Most VISACAs are still very weak and for each network to have its own apex body and technical service provider may not be viable. There is also the risk that a large number of underperforming VISACAs will affect the whole network. Similarly, little has been done towards the

[42] Meetings have become very irregular and the supporting NGO does not even have its own office at present.

institutionalisation of the lines of credit. It is expected that the lines of credit will eventually transform into an agricultural development fund with separate management, able to extend loans to the VISACAs according to set criteria.

109. **Urgent Need for Incentives in DOSA.** The project currently supports the extension service by providing fuel for transportation and night-stay allowances for extension agents through the voucher system. If the system is to remain effective after the closure of the project, DOSA and other departments must be prepared to continue to provide these services. The extension service is subject to an acute shortage of manpower and the remaining staff complain of lack of incentives.[43] The village auxiliaries (VAs) are no replacement for highly trained extension officers and the only genuinely sustainable approach is to put in place attractive packages for extension staff. The Government will baulk at across-the-board salary increases, but other incentives may be offered: regular training programmes, local and overseas study tours, part-time or short-term university courses, instruction in IT, improved office amenities especially in terms of reliable telephone connections and power supply, and performance-related bonuses. Equally, material incentives for VAs will be required if the VA system is to become a permanent feature of rural life. Such incentives could either be in cash or kind. One possible solution is the provision of labour on their farms by the community they are serving.

110. **Subsidized Vaccines.** The supply of vaccines by the project at a subsidized rate needs to be reconsidered after the closure of the project. At present the project charges a token vaccination fee of GMD 1.00 for animals and GMD 0.50 for poultry and the proceeds are deposited in a VISACA account. These funds may finance some campaigns after project closure but there will need to be a revision of current fee scales if the programme is to continue without government or other funding.

111. **Ownership of Schemes.** Attention has been drawn in this report to the lack of a sense of ownership of project-funded schemes by communities. The repair of bunds and the renewal of garden fencing, for example, require no project support. Hedges could be planted around gardens as a means of protecting crops after deterioration of the barbed wire fence. *Kafos* need to be made to understand that whatever is done in their community becomes their property and that they are responsible for its maintenance. It may be noted here that the practice of turning over the construction of VISACA buildings entirely to contractors, and the presentation of the building as a finished article complete with GOTG/IFAD signboard tends to identify it as an 'official' building.[44] In many cases, the construction of a building preceded the starting of operations, suggesting a supply-driven rather than demand-driven intervention: 'a new building has been granted and therefore must be utilised for the given purpose'. The priority for existing VISACAs is financial viability not building works.

I. Innovation and Replicability/Scaling Up

112. **Outreach of VISACAs.** The real innovation of VISACAs would have been to reach the poorest members of the communities they serve, but there is no evidence for this. Neither the Appraisal Report nor subsequent reports have insisted on the importance of mainstreaming new financial products for the poor, and there was very limited deliberation regarding what type of products (savings, credit, insurance) poor people need, with what maturity and pricing mechanisms. VISACAs have operated like most financial institutions in rural areas of The Gambia and elsewhere, serving the better-off rather than the poorest and providing most benefit to the entrepreneurial sectors of the rural population. Like most approaches to microfinance, the VISACA model operates best with

[43] An Agricultural Assistant has a salary of GMD 1,000 pcm, an Officer 2,000 and an Assistant Coordinator, even after more than 20 years of service, 2,600. NGO animators with little training or experience can expect to earn around 2,800 net.
[44] It was pointed out in the wrap-up meeting that these 'official' signboards are no longer erected. However, some of the old boards remain and need replacing. The most attractive signboard seen by the Mission was at Tujereng. Designed and painted by a local artist, it nicely conveyed the sense of a village-owned bank.

long-term support, the selection of areas with some economic potential, and the targeting of those households with some capacity to save.[45]

113. **Village Auxiliaries.** The recruitment and training of volunteer extensionists represents an important innovation and, if successful, the 'auxiliary' system could be easily and cheaply replicated throughout the country. Apart from cost, the advantages are obvious: the VAs live and work in the village in question, they speak the same language and they are readily available for consultation. As farmers themselves, they share the same problems. The system of village auxiliaries replaces an earlier model of village-level extension, the 'Contact Farmers', on whose farms innovations were introduced and trials carried out. VAs are trained in a broader range of agricultural techniques, including the correct spacing of plants, the preparation of nursery beds, crop spraying, feed vaccine administration and de-worming. Their brief is to act not only as a conduit for information and techniques but as a versatile practitioner of extension services. The problem of incentives must be resolved before the VA system can be replicated elsewhere.

114. **The Rescue of *Findo.*** The support of *findo* cultivation does not represent an innovation so much as a revival. It is nevertheless of potential significance and deserves a mention here. RFCIP funded the purchase and distribution of *findo* seeds and practically rescued the crop from oblivion. Why did such a hardy, useful crop disappear in the first place? The mission posed this question in various quarters and the consensus was that the process of preparation is extremely laborious. This suggests that any future support for *findo* cultivation should include the provision or subsidisation of threshing and milling machines, as well as marketing channels.

115. **The Voucher System.** The voucher-based system introduced to guarantee the work of extension is also an innovation in The Gambia. The advantages of the system are that it minimises false claims by extension workers, encourages the coverage of remote areas and involves the beneficiaries in the evaluation of the services provided. Essentially, it is an expedient to ensure what would not require ensuring if the morale and commitment within DAS and DLS was as it should be. No doubt it does serve to raise the standards of lazy or incompetent officers, but it may also serve as a disincentive for the energetic ones because of the limit imposed on night-stay claims.

A woman holding a bag of *findo* at Buiba (Lower River Division). Findo is a local cereal which can be beneficial to those people suffering from diabetes. As such,it has a potential good niche market. However, its processing is heavily labor intensive and providing milling machines (originally not envisaged by the project) is essential. IFAD photo by F. Felloni.

[45] Perhaps the most innovative aspect of the VISACAs has been their ability to achieve a wide area coverage with a low level of implementation: the number of villages currently served by VISACAs is far higher than the number of VISACAs established. However, even this innovation has not been entirely positive because of the problems involved in serving a number of scattered villages, particularly that of loan recovery.

J. Overall Impact Assesment

116. The impact of the RFCIP on physical and financial assets has been much less than expected due mainly to the scattered and therefore incoherent nature of the interventions. The evidence suggests that the various project interventions can have the desired effect, but that genuine impact is limited to the few high intervention sites. The RFCIP, however, has had an undoubted effect on the organisation and regulation of the rural finance sector, in which the VISACAs may still have a major part to play provided that solutions can be found to the various problems affecting their sustainability. The overall project impact was rated as modest (2).[46]

VI. PERFORMANCE OF PARTNERS

A. Performance of IFAD

117. The design of RFCIP contained numerous shortcomings already alluded to in this report. In summary:

- The desired synergy between the three project components was a non-starter because of faulty and imprecise targeting mechanisms.
- Only the VISACA approach to rural microfinance was considered. This meant the exclusion of the successful group lending approach promoted by GAWFA.
- The issue of medium-term loans for investment was not given sufficient consideration and there was little emphasis on innovative microfinance products for the poor.
- No thorough evaluation of potential NGO partners was prescribed.
- The purpose and focus of the FPF was not adequately clarified; the targeting criteria were both complex and ambiguous.
- The estimated incremental outputs and beneficiary numbers were much exaggerated.

118. The Implementation Support mission of 2001 was strongly critical of project design, and constituted a serious attempt to get the project back on track. In particular, it stressed the urgent need for functional literacy training for management committees, cashiers and VISACA members, the inappropriateness of establishing new VISACAs when most of the existing ones were under-performing, the need to tighten the contractual agreements with NGO facilitators and to carry out a detailed assessment of their work and capacities. It also recommended the recruitment of a 'Project Officer' to assist the RFO.[47] The report appeared in October 2001.[48]

119. The Mid Term Review was carried out a little over one year later (December 2002) and contained a sensible annexe on the Rural Finance sector which repeated and amplified many of the issues raised by the Implementation Support mission. The chief recommendation of the MTR was that the project concentrate on consolidation rather than expansion of the VISACA network, and it warned of the risks involved in VISACAs becoming 'district' rather than 'village' organisations. However, it also recommended that the FPF 'menu' be broadened and that the budget ceiling be removed. It failed to resolve the outstanding issue of the lack of an M&E Officer, which was left to the PSU to tackle. There was no mention of functional literacy programmes, the assessment of NGO partners, the tightening of contracts or the recruitment of an additional officer within the RF component.

A.1 Supervision and Loan Administration

120. The project is directly supervised by IFAD itself, one of only fifteen such projects worldwide. Supervision Missions have been carried out regularly and reports produced promptly. Reports listed

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[46] Details are presented in Appendix III.

[47] It was suggested that this addition to the PSU should have a university degree and five years of relevant field experience and that preference should be given to female candidates. It will be remembered that a similar post had been stipulated at project design.

[48] The RFCIP Project Coordinator told the mission that the PSU had never seen this report.

main findings with recommendations and ratings, according to the usual format established by UNOPS. There have been four CPMs during the period of project implementation and these CPMs have often been unable to remain with the mission for its full duration, meaning that the main responsibility for supervision and reporting has been in the hands of one individual, usually an agriculturalist. Only the last two (of nine) missions included a microfinance expert, despite an earlier recommendation to this effect.

121. The ratings awarded by Supervision Missions have been positive ('1's and '2's on a scale of 4) almost without exception. The problems and shortcomings which have been clearly signalled at various points do not appear to have been actively pursued. For example, it took nearly three years to replace the under-performing VPC[49]. The 2001 self-evaluation conducted by DOP (a perceptive and useful document) pointed to basic problems concerning the sustainability of VISACAs, but the Supervision Mission appears to have ignored the warnings. There was a *volte-face* regarding the structure and function of M&E, never adequately explained.

122. It should have been the task of the Supervision Missions to identify and rectify the shortcomings of project design. Although some of them drew attention to the apparent lack of impact in terms of agricultural production and income, the basic lack of synergy between the components was never properly analysed. Most reports were content to applaud the achievement of physical targets, and more attention was given to issues such as the vaccination campaigns and the correct utilisation of the FPF than to the basic weaknesses of the VISACAs. In brief, the Supervision Missions appear unwittingly to have colluded in the gradual drift away from the original purposes of the project. This may partly have been because these purposes were not adequately understood, but it is more likely to have been the result of mission visits that were too hurried and which did not contain the necessary expertise in microfinance issues.

123. The main problem regarding loan administration has been the increasing delays in processing withdrawal applications. A delay of up to 14 days is considered acceptable (the World Bank stipulates 10) and in the early years of the project, the delay did not exceed 20. Recently, however, this has risen to 35-40 days, and has therefore begun to affect the smooth financial operation of the project. In view of the above paragraphs the performance of IFAD was rated as negligible (1).

B. Government and Its Agencies (including project management)

124. **The Microfinance Department of the Central Bank** has been carrying out regular supervision of the VISACA networks to ensure compliance with Central Bank rules and guidelines and other prudential ratios. For a staff of only six full-time professionals, quarterly visits to all VISACAs in addition to supervision of the microfinance sector as a whole is a very demanding brief. The department is well aware of the extensive financial and technical resources necessary to carry it out effectively but present capacities are clearly insufficient: training levels are inadequate and the supervision schedule is too tight. Even with the assistance of the RFCIP, the exercise is problematic. What will happen after the project is phased out?

125. **The Microfinance Promotion Centre** has been very active in controlling the networks, with on-site visits and quarterly reports submitted to the project. However, with only three professionals for quarterly visits to 62 VISACAs, the effectiveness of their control must be questionable. The control carried out aims mainly at verifying that transactions are properly recorded and that management committees are functioning. It does not extend beyond basic operations and offers no assistance in terms of governance issues, credit policies, the design of appropriate loan and savings products or strategic planning. The MFPC is planning to relocate to Brikamaba in CRD South, where a training centre is being built. This move needs to be accompanied by the recruitment of additional staff in order to cover all the aspects of VISACA management.

[49] This was a complex issue, with powerful interests apparently lobbying for the survival of the VPC. But supervision must share in the responsibility for the long delay before any action was taken.

126. **Department of State for Agriculture.** Any assessment of DOSA's performance is coloured by the inherent weaknesses of the department in terms of budgets and staffing levels. The mission had the impression that RCFIP was seen by DOSA as an unfocused source of funding.[50] The result was that both the Agricultural Support component and the Kafo Capacity Building component appeared more as instruments of budget support for DOSA than as key elements in a coherent strategy. There was little clear distinction in the LRD and CRD field offices between activities carried out under the auspices of RFCIP and 'normal' (i.e. non-RFCIP) activities. Some divisions within DOSA, for example the Department of Planning and the Agricultural Communication Unit, lack funds for all but the barest essentials.

127. **Department of Agricultural Services (DAS) and Department of Livestock Services (DLS).** The DAS and DLS have scrupulously carried out project activities concerning agricultural and livestock extension, including the selection and training of VAs. They also staffed the animation teams responsible for PRA and for the implementation and monitoring of the FPF mini-projects and *kafo* farm initiatives. The training of beneficiaries in Participatory M&E has been a recent addition to their workload. A disproportionate amount of the time and energies of the animation teams has been taken up in the administration of the mini-projects.

128. **The Agricultural Communication Unit** (ACU) was contracted by the project to provide market information and a range of information, education and communication activities. ACU produced a series of 'project briefs', which provide yearly information on the progress of the project, highlighting achievements and challenges. These handy pamphlets are widely consulted by politicians among others. The ACU has produced high-quality video documentaries on IFAD's work in The Gambia and on the RFCIP in particular, both in English and local languages. It has also organized village theatre training and plays on selected agricultural themes which have proved useful in introducing the project to village audiences. Other activities included sensitization programme on vaccination campaigns and VISACAs and the training of VAs in communication skills.

129. **National Agricultural Research Unit (NARI).** The contribution made by NARI has been central to certain aspects of the agricultural component, notably through the provision of cassava and sweet potato cuttings, both of which have had a positive effect on agricultural incomes and household food security. In view of the above paragraphs the performance of the Government and its agencies was globally rated as modest (2), although differences have emerged in the performance of several agencies and units.

C. Performance of Non-Governmental and Community Based-Organizations

130. **The NGOs.** NGO facilitators have supported VISACAs according to the terms of annual contracts issued by the project, with each NGO assigned to operate exclusively in one or more divisions. Their task has been to recruit animators responsible for the backstopping of around three VISACAs each, and also supervisors responsible for monitoring and coordinating the work of the animators. In return, the NGOs receive financial support from the project to cover salaries and overheads. Each NGO was provided with a vehicle and motorcycles.

131. No evaluation of the capacities of the NGOs was carried out at the inception of the project. They were selected on the grounds of their previous assistance to VISACAs in particular regions. This represented a simple territorial distribution of responsibilities unconnected with existing expertise and capacities. With one exception, microfinance is not the sole activity of the NGOs concerned. In most cases they concentrate on administering grants made to rural communities for purposes such as health, environment, adult literacy, vegetable gardening and animal husbandry. The RFCIP contracts do not link the remuneration of NGOs with performance, so that even if a particular network is performing

[50] The Mission found that the distinctions between RFCIP and non-RFCIP activities (in extension for example) were not clearly made in the districts where RFCIP was the major source of funding. This does not imply a misuse of funds.

poorly, the payments are made in full. The contracts are renewable annually, but never has a contract failed to be renewed. [51] The message given is inevitably that the process is automatic and that good performance is not insisted on.

132. Lack of capacity is a major challenge for NGO service providers. The great majority of animators had no background in microfinance when recruited and some were unable to follow the basic training provided by MDI. Their functions are mostly confined to data collection and on-site book-keeping instruction, and they have been unable to provide training in planning, governance or loan appraisal. Supervisors are supposed to make up for these shortcomings, but the mission found that visits by supervisors in most networks are rare. NGOs have been instrumental in attracting the custom of neighbouring villages, but they have not always appreciated the consequent delinquency problems and lack of cohesion.

133. NGOs emphasise that their role is that of a service provider, but many management committee members and cashiers still regard them as their 'boss' – especially in cases where the NGOs are also providing grant assistance in the area – and management committees are understandably reluctant to make any criticism of them. Nor is the remuneration of the animators attached to the quality of their performance. Although committee members and cashiers have received basic training in governance and book-keeping respectively, even in the oldest VISACAs the lack of capacity makes them very much dependent on animators, implying that the necessary transfer of knowledge has not taken place. For NGOs such as FFHC, for whom RFCIP is currently the only provider of support, there is a disincentive for guiding VISACAs to the point where their own role becomes superfluous. The performance of NGOs supporting VISACAs is rated as modest (2).

134. **International Trypanotolerance Centre (ITC).** The project contracted the International Trypanotolerance Centre to set up intensive feed gardens in order to supplement the feed requirements of sick and lactating animals in six pilot villages in the project areas. With one exception, results have not been encouraging and the programme has been discontinued. ITC is now promoting the establishment of Farmer Field Schools for livestock production but the PSC has not been persuaded to provide funding.

135. **The *Kafos*.** The prescribed training and promotional programmes have been duly carried out but their overall effect is impossible accurately to assess. The negative aspects have already been stressed, in particular the tenuous links existing with the microfinance activities, reflected in the fact that *kafos* supported by the project deposited only 32% of their savings in VISACAs compared to 40% in formal banks (see Table 13). Some *kafo* members expressed to the mission their appreciation of the multipurpose gardens and of some of the training programmes on offer, although the mission found some evidence that training was not always appropriately targeted, for example training in the processing of tomatoes in areas where there is no surplus, and the absence of such training where it is needed. A certain inflexibility in the provision of training programmes also led to missed opportunities. In the village of Nema (LRD), for example, there are deposits of good quality clay but ceramic pots are brought from a distance of 50 kms. Other groups requested training in fruit and vegetable processing, mushroom culture and tie-and-dye. These remain rather random observations, mirroring the random nature of the interventions.

136. In the first years of the project, it seems that the Kafo Capacity Building component was subsumed within the Agricultural Support programme. Latterly, it has disappeared within the FPF, which accounts for the entire sum of GMD 184,300 set aside for the component in the 2004 budget.

[51] Excepting the belated replacement of the VPC.

A kafo poultry farm at Buiba (Lower River Division). The poultry farm is collectively managed by women kafo members, who take shifts in feeding the birds. Working capital (feed and chicks) is supplied through kafo savings, while the project contributed through a cockerel exchange arrangement. IFAD photo by F. Felloni.

VII. OVERALL ASSESSMENT AND CONCLUSIONS

137. The mission's clearest impression of the RFCIP is that of missed opportunities. The idea of matching the provision of microcredit with a greater variety of productive investments for poor farmers was appropriate to the conditions in the rural areas of the Gambia, and the VISACA concept had already made sufficient headway to have earned continuing support. Village banks owned and run by the communities themselves and able to decide their own terms and conditions are a worthwhile goal in the Gambia and elsewhere. However, the objective of nationwide coverage within six years was unrealistic, and in this single design feature was concealed a host of problems. The linkage between rural finance and agriculture components was scarcely attempted and its significance was missed, by the PSU, by the PSC and, more surprisingly, by the Supervision Missions.

138. The ill-conceived and apparently almost unobserved shift in the composition of the PSU, the failure to appoint a Project Coordinator with experience of microfinance and to recognise the key role of M&E, together with the predominance of FPF activities in the last years of the project, may also be traced to this initial misconception of how the linkage between the components was meant to work. The FPF was not designed to provide community grants to scattered communities as a reward for diligent and well-tutored applicants; it had been conceived as a specific link in the chain connecting the farmers with their village banks. Participatory M&E, which is only in its infancy in the RFCIP, is no substitute for a well-planned and centralised M&E system. Indeed it was described to the mission by a project official as 'the simple accounting of activities at village level', which seems an accurate assessment of its limitations.

139. The key RF component, around which the project was to be built, accounted for 57.9% of the budget at appraisal, and 36.6% after the move of the FPF, putting it more or less on a par with the Kafo Capacity Building component (see Table 2). In the 2004 budget, the Rural Finance component accounts for a mere 4.6% of the total. The declining share of the budget belonging to Rural Finance finds an echo in the revised organogram. A glance at this (see Appendix IV) shows that the project as it developed became split down the middle, joined only at the level of the PC. The original organogram, as designed at appraisal, had the Rural Finance officer as the key figure under the PC at PSU level. What has happened in effect has been the gradual marginalisation of Rural Finance and its separation from the rest of the project.

140. All of the above can partly be explained as resulting from the looseness and imprecision of the original design, but responsibility must also attach to the quality of the supervision. Some possible reasons for this have already been outlined and need no reiteration here. What is certain is that a supervision process with greater continuity of leadership and with greater understanding of microfinance would not have experienced the same shortcomings.

141. The weaknesses of the VISACAs – the attempts to spread the net too wide and thus to lose the crucial advantages of social cohesion and personal familiarity typical of rural communities, the growing proportion of portfolios at risk, the continuing dependence on NGOs – were becoming apparent early in the life of the project, and many of them were correctly identified by the Implementation Support Mission as early as 2001. But the decisive measures that were necessary to reverse these trends were not taken. The Central Bank criteria continued to encourage VISACAs to expand rather than to retrench. Contracts made with NGOs were not revised so as to insist on a timed exit strategy nor were payments made conditional on performance. The MTR was no doubt correct in reassessing the physical targets in terms of establishing new VISACAs and instead to concentrate on improving those that already existed, but it stopped short of demanding a radical re-think.

142. As far as the Agricultural Support and Kafo Capacity Building components are concerned, there were and are weaknesses within the concerned line departments which have made it very difficult for them to act with the necessary energy and commitment in pursuing the goals of the project. These weaknesses are familiar enough, and are openly admitted by even senior members of the civil service: lack of finance to fund their day-to-day activities, lack of personnel to carry them out, lack of incentives and lack of training. All of these are connected with the cycle of dependence on external assistance. Some agricultural activities funded by the project, such as the support for poultry farming, vegetable gardens, cassava multiplication and *findo* cultivation, match the available resources and comparative advantages of farming in The Gambia, but little effort has been made to address the crucial problems of processing and marketing. Simple and inexpensive processing techniques, for example for the preparation of sauces and juices, were not propagated and the need for up-to-date marketing information was neglected. DOSA field staff with the necessary expertise in these areas are in short supply.

143. The most innovative of RFCIP interventions regarding the agricultural extension service, and potentially the most important, was the recruitment and training of nearly 200 Village Auxiliaries. If this initiative turns out to be both sustainable and replicable, it may prove to be the project's greatest contribution in this sector. If the necessary training programmes were put in place, it might be possible to reduce the number of VAs per village from two to one, with a single VA acting as an all-round farming auxiliary trained in the basic techniques of crop and livestock farming, including livestock vaccination. However, it is the opinion of the mission that incentives will be necessary to encourage trained VAs to continue their work and to remain in their villages rather than seeking better remunerated employment elsewhere. Similarly, there is likely to be a steady drain of manpower and talent from government services to the NGOs and the private sector so long as the wide discrepancies in salary and prospects for promotion remain.

144. This report repeatedly emphasises that the RFCIP failed to reach the poorest segments of the rural population. Yet it also admits that sustainability of village-level financial institutions requires a certain level of economic potential and capacity to save. This poses something of a conundrum for IFAD, with its specific brief to target the poorest of the poor. The Appraisal Report supposed that no vertical targeting was necessary because communities were homogenous. This may indeed be so in some smaller and more remote villages and hamlets, but it is not so in larger villages, particularly those where some commercial activity exists.[52] It is of the opinion of the mission that, in these cases, rather than mandating the provision of financial services to only certain household categories, it would be sensible to design more user friendly financial products and remove barriers to entry for poorer households (for example revisiting the collateral requirement). All this would require more focused study of financial need and product design. The overall project rating was modest (2).

[52] It is even less true in cases where the outreach of the VISACA has expanded to include a number of outlying villages, which may include people of different ethnic background and even different languages inadequately represented on management committees.

VIII. INSIGHTS AND RECOMMENDATIONS

8.1 Radical Rethink Necessary

145. The mission recognises that both potential and opportunities exist for investing in the microfinance and agricultural sectors in The Gambia, some of which have emerged during the implementation of RFCIP. However, any future investment on the part of IFAD's would require a clearer articulation of objectives and a radical rethink, rather than an attempt to build on fragile foundations. In view of the inherent weaknesses of the VISACA system in terms of the viability and sustainability of the majority of the existing portfolios, and the weaknesses of technical service provision and of incentives at all levels, IFAD should consider (after thorough consultation with other agencies operating in the country and a careful study of the strengths and weaknesses of different approaches) whether a programme of sectoral support for the Rural Microfinance sector, in particular for successful group-lending strategies, might constitute a more effective intervention than the continuation of direct support for VISACAs only. This might be successfully twinned with further support for the agricultural sector – including expanding and refining the network of Village Auxiliaries and the provision of training and information in processing and marketing. However, more than a nominal synergy between the two components would be required and the targeting of the two components would require to be carefully dovetailed.

146. The VISACAs have been an important investment and the 'brand' has been established as the unique village-level financial institution in rural areas of The Gambia.[53] Further support, for a strictly limited duration, will be necessary, and moves towards institutionalization and sustainability should be accelerated. In important respects, however, the original VISACA concept has been abandoned. VISACAs tend to be area- rather than village-based institutions and their *modus operandi* is now mostly based on physical guarantee rather than the amount of deposit or peer pressure. VISACAs should put more emphasis on savings mobilization and quality of loan portfolio, and there is a pressing need for more capacity, particularly in terms of basic literacy.

8.2 Establishing Sustainable VISACAs

147. The mission's specific recommendations for the VISACAs and the microfinance sector are:

i. Microfinance institutions adopting different approaches in rural area should be looked at closely to assess their effectiveness in extending financial services to those marginalised in the VISACA system.
ii. The organizational structure of the Rural Finance component involves many stakeholders without guarantee of efficiency – four NGOs service providers, three NBFIs for lines of credit, and three training institutions. Rationalisation as well as tighter contracts are required.
iii. The service provision system should be redesigned to make it more effective in capacity building and transfer of knowledge; all VISACAs should contribute, on a progressive scale, to the costs of services provided.
iv. Interest rate for term deposits should be structured so that the longer the term, the higher the interest rate (e.g. 20-25% on terms of more than 9 months, 10% for 6-9 months).
v. Part-time cashiers should be recruited within the village, trained, and paid by the VISACA. Incentives should also be given to management committee members, based on the amount of outstanding portfolio and the level of recovery rate.
vi. Service providers should capacitate the management committees in terms of loan disbursement, savings mobilization, adult literacy, loan recovery and decision making. This implies that the service providers must possess the necessary skills and experience.

[53] The IE survey found that an impressive 80% of non-VISACA respondents were familiar with the VISACA 'brand'.

vii. Institutionalization should be implemented at all levels: the VISACAs, technical service provision and financial instruments. The process should be carefully planned, avoiding the creation of numerous apex bodies and technical service providers.
viii. The rating system of the CBG does not adequately reflect the merits and demerits of VISACAs and should be reviewed in order to take into account the specific needs and conditions of this type of institution.
ix. Performance-based incentives should be put in place at all levels.

8.3 Agricultural Support

148. Future projects should include vegetable processing, drying, storage, crop planning and marketing in its training package for *kafos*. The content of these programmes should be a matter of consultation with farmers and should match the production potential and marketing opportunities in a given area. A poultry hatchery is needed to boost poultry production. Currently, most of the birds are imported from Senegal.

149. **Extension.** The Village Auxiliary system should be continued and expanded, with the training provided for VAs regarded as on ongoing process. The recruitment of a single volunteer, instead of two, to cover both agricultural and livestock issues in each village should be given consideration. Pressure should be brought to bear on the Department of Livestock Services to allow for vaccination of animals and poultry by Village Auxiliaries. Incentives (not necessarily financial) for VAs are essential, but these should be worked out by the communities concerned.

150. **The Farmer Partnership Fund.**[54] The PSU and the PSC should immediately reconsider the budgeting and authorisation process for the FPF, which currently take up a disproportionate amount of time and resources. It is too late to return the implementation of FPF to the Rural Finance Component, which would anyway require additional staffing under that component. However, the ultimate responsibility for the FPF needs to be clarified and clear decisions made about its purpose and utilisation. Although the reservations expressed by the Implementation Support mission about the inclusion of milling machines in the FPF menu were logical, the fact that VISACAs are still unable to make medium-term loans means that grant-funded milling machines, which provide the readiest way of reducing the workload of women in the villages, cannot be seen as competing with VISACA products. Cereal banks and community wells are also of proven benefit where they have been built. Vegetable gardens have been valuable, but require a large amount of preparatory work in terms of sitting and demarcation. The aim would be to reduce and simplify the options, for example to only three: milling machines, cereal banks and community wells. The ceiling of USD 6,000 per mini-project should be re-applied. There should be no need to continue or repeat elaborate PRA exercises. On the basis of existing PRAs, it should be possible to identify which are the poorest communities presently unsupported by the project. This process of identification should be carried out by the entire PSU, including field coordinators, acting as a special committee. IFAD may wish to recruit a qualified consultant to assist with and monitor this task.

8.4 Project Management and Supervision.

151. **Relocation of the Management Unit.** In any future microfinance/agricultural project, the project management unit, however designated, should be established in a central geographical situation in the field, for example at the extensive NARI compound in Sapu, which was in the past, and with the necessary investment of funds and enthusiasm could be again, a dynamic centre for rural

[54] It is not within the brief of the Interim Evaluation Mission to make recommendations concerning ongoing implementation issues. This is the task of supervision. However, exceptional circumstances demand exceptional measures, and readers of this report will have understood that the RFCIP has veered alarmingly from its original objectives.

regeneration.[55] This relocation would serve to intensify the project's field presence while also strengthening the project's autonomy and identity.

152. Various objections to this proposal were raised at the wrap-up meeting. It was argued that the move would be expensive and impractical because of the problems of communications, power supply and the lack of a bank. Nevertheless, this is a recommendation by which the mission abides. It was positively commented on by the Permanent Secretary at the Department of Finance and Economic Affairs and the chief of the Department of Local Government, both of whom saw it as a step in returning DOSA to its roots in the field. Those officials reluctant to be distanced from the nub of political life in Banjul would presumably exempt themselves, as would those deterred by the various hardships of life outside the capital. It is no secret that DOSA is in a state of near-collapse and radical measures are necessary, one of which is to reduce the emphasis on 'politicking' and to encourage the promotion of officers who have retained a genuine commitment to the ideals of assisting farmers and engaging in progressive agricultural projects.[56]

153. **Monitoring and Evaluation.** A centralised M&E system should not be neglected, curtailed or downgraded. Participatory M&E is a useful tool to involve beneficiaries in the monitoring of activities and impact but it cannot replace a centralised monitoring system which should provide the basis for decision-making at PSU and PSC level. The M&E Officer is responsible for the internal control of the project. Without this internal control, there is a risk that important decisions can be made according to the personal whims of senior officials. Similarly, there can be no excuse for omitting the annual internal evaluation stipulated at design.

154. **Project Support Unit.** Changes in the personnel of the PSU should be subject to the recruitment process set out in the Appraisal Report. Equally, changes in the composition of the PSU require a careful and explicit rationale. In any future project focusing on Rural Finance, the Project Coordinator should have substantial previous experience of microfinance issues, and the Rural Finance Officer should be provided with the necessary support staff.

155. **Supervision.** Effective supervision of the project requires continuity and appropriate expertise so that problems may be promptly diagnosed and resolved. This is so whether the supervision is carried out directly by IFAD or by another agency. The constant turnover at CPM level and the lack of a microfinance expert for the first seven missions seriously affected the quality of supervision of the RFCIP. The listing of factual data and recommendations without any genuine diagnosis of the shortcomings of project design does not constitute an adequate analysis. The rating system appears to have been used in token fashion.

156. The funding for ACU should be immediately resumed in order to rescue this useful organisation from a state of penurious inactivity. The output and activities of ACU have been impressive, and the present unit should not be held responsible for the previous financial mismanagement.

[55] The sitting of a new project at Sapu is also indicated by the presence of the MFDC training centre at nearby Brikamaba, shortly to be rebuilt.

[56] Some lessons may be learned from the ROC Rice Project currently being implemented at Sapu (which enjoys special administrative autonomy). This is a grant-funded project based on minimum cost and maximum beneficiary responsibility. Seeds and fertilisers are provided for one year only, irrigation is tidal, cropping is intensive (two crops of rice and one of potato). The project concerns itself with each stage of production, processing and marketing, as well as with the crucial matter of agricultural diversification, in which Taiwanese farmers with their limited resources of land and large resources of labour are especially adept. Future IFAD-funded projects may wish to seek information and advice from the Asian Vegetable Research and Development Centre. It is often said that *anything* will grow in the alluvial soils of The Gambia provided there is access to water. Yet the range of vegetable production remains very limited, mainly because of the dearth of marketing opportunities.

APPENDICES

IMPLEMENTATION RESULTS

A. Rural Finance

1. At project inception, the VISACA network comprised 37 VISACAs, 32 of which were operational. To date, a total of 62 VISACAs are operating throughout the country with the support of the NGO service providers. As of December 2003, the VISACAs had a total membership of 34,808, 40% of members being women. Total savings were D27 millions, 70% comprising term deposits, and total loans amounted to D14.7 millions. Outstanding term deposits stood at D8.7 millions and outstanding loans at D12.2 millions. The loan recovery rate before project inception was 98-100% but had fallen to around 89% by December 2003. This reduction can be attributed to the increase in area coverage of individual VISACAs, a severe depression in the agricultural sector in 2002, and weaknesses in VISACA management. Net profit increased from D-31,263 at the end of 2002 to D+294,100 at the end of 2003 as a result of a 127% increase in interest income. Although one-third of this profit is expected to be held as reserve, the level of capital is still very low, with over 80% of equity consisting of project-funded buildings. Twenty VISACAs have been provided with new premises, and the premises of a further 33 have been rehabilitated.

2. The Mid-Term Review stressed the need to reduce the physical targets (the number of new VISACAs) and to concentrate instead on increasing the capacity of existing VISACAs. As a consequence, the NGO facilitators were directed to focus on upgrading the quality of management. The figures reveal that they have succeeded in increasing the aggregates in quantitative terms (membership size, outstanding loans and deposits, net profits), but little has been achieved in qualitative terms (level of portfolio at risk and the capacities of committee members and cashiers).

3. One significant issue is the departure from the original concept of VISACAs as village-based institutions managed and run by the community they serve. For a number of reasons, including the criteria of the Central Bank rating system, VISACAs have focused too much on the size of their membership and some now cover of more than 20 villages at a distance of up to 17 km from the founding village. This has resulted both in an increased risk of default because of reduced peer pressure and in impractically large management committees because of the need for all villages to be represented. VISACAs have gradually increased their emphasis on physical guarantees as a loan condition, with the size of loans depending more on the value of the guarantee rather than on the amount of deposit. This tends to prevent the poorest from accessing credit and reduces the focus on savings. In addition, members can take out a loan shortly after making a deposit, they are not required to save continuously after doing so and no payment is required before the full term of the loan. Some VISACAs are turning to lending to *kafos* rather than to individuals in order to reduce delinquency. These developments taken together – greater area coverage, increased lending to groups, insufficient linkage between deposit and loan amounts, emphasis on physical guarantee – represent a significant shift away from the original VISACA concept.

4. The deteriorating loan portfolio quality, in conjunction with the lack of business opportunities in rural areas, have caused some VISACAs to invest substantial sums in treasury bills in order to reduce idle money and generate interest. VISACAs are not intended to invest members' deposits in treasury bills, no matter how attractive the interest rate They are village banks designed to extend financial services to their members. Effectively, the savings of the rural poor are being utilised to finance, at least partially, the needs of urban areas. Besides, it does not make good sense to use deposits bearing an average interest rate of 20% and to invest them in treasury bills that pay only 16% rate of interest, instead of using them to extend loans that pay 30-36% interest.

5. Refinancing through lines of credit administered by NBFIs has helped VISACAs increase their lending capacity and access for members to larger and longer-term loans (up to 9 months), which are more suitable for farming. The table below shows that there is an increased tendency for VISACAs to look for external lines of credit because this can not only solve their savings problem, but also allow for higher interest incomes, since the interest rate on external lines of credit is only 16%, compared with interest on term deposits of up to 25%.

Table 1: Mobilization of lines of credit: Total disbursements

NBFIs	**2000**	**2001**	**2002**	**2003**	**2004**	**Total**
GAWFA	1,200,000	2,657,500	820,000	1,775,000	2,245,000	8,697,500
GARDA	-	-	985,000	-	-	985,000
NACCUG	-	-	1,575,000	2,100,000	1,100,000	4,775,000
GAMSAVINGS	-	-	-	-	1,850,000	1,850,000
Total	1,200,000	2,657,500	3,380,000	3,875,000	5,195,000	16,307,500

Source: RFCIP Rural Finance component, Aug. 2004

6. Only the short term refinancing facility has so far been mobilized. VISACAs are not ready for medium term on-lending despite their members' expressed needs for medium term loans to finance investments. This issue of medium term loans was not properly addressed in project design or during the course of implementation. One problem is that grant money distributed under the FPF is being used to finance investment for *kafos*. If *kafos* know they can get grants to finance productive investments, they have no reason to apply for loans.

B. Agricultural Support

7. Close to 70% of the rural dwellers of The Gambia, over half of them women, rely on farming for their livelihood. Land pressure which is linked to high population growth rate of the country (4.2% and a population density of 97 persons per square kilometre), are rising issues and current production methods are not able assure household food security. Government agencies operating in these areas are competent and increasingly aware that better and more sustainable results can be obtained by responding to farmers needs and involving them actively in research and development, especially allowing them to take the lead in deciding which themes to pursue. A genuine partnership between the operating agencies and farmers will generate significant benefits to household food security and poverty alleviation. Experience have shown that the traditional *kafo* are more stable entry points for agricultural extension than producer groups created especially for that purpose.

8. The specific aims of the Agricultural Support Component (ASC) of RFCIP are to assist producer groups and *kafo*s to increase their agricultural production for both crop and livestock and thereby enhance household food security both through consumption of own output and cash sale; address the environmental constraints to production increases; and disseminate improved environmentally friendly technologies. These aims are pursued from two angles:

9. **Livestock development.** Livestock production is a nationwide activity and almost all households undertake it. The production is done under various systems, with the traditional system predominating followed by some improved practices under project interventions and a few farms on commercial basis.

10. Small ruminants, comprising sheep (160,000) and goats (230,000) are significant in rural households. They are generally owned and managed by women, who derive significant income from their sale, which is either used to provide food for the family or for social occasions and according to the information provided by the Project Management and Implementation Agency in June 2004, the annual incremental output for small ruminants is estimated at 21,839 heads in the project sites. Another component of the livestock sector is poultry production. Because of its short cycle poultry provides meat, which is important, and a cheap source of animal protein. It is an important alternative in the diversification effort of Government and it is raised under both traditional/backyard and

commercial systems. The traditional system consists of scattered units of small numbers of birds kept under free-range management system. About 700,000 poultry birds equivalent to 90% of the national poultry flock are raised this way. The commercial production system comprises mainly of large numbers of birds raised under intensive system management. The flock/bird population is yet to reach the desired national level due principally to the high prevalence poultry diseases. The livestock component of the RFCIP aims to develop this sector in intervention sites through the provision of improved housing feed and health care through vaccination campaigns.

11. In order to achieve its set objective in the livestock subcomponent, a proposal developed with stakeholders at Yero Beri Kunda (YBK) in CRD South is being implemented. In this regard, funds have been disbursed for the construction of improved housing in 12 pilot sites in LRD, CRD/North and South. Funding is being finalized for the implementation of the Cockerel Exchange Program, layers and broilers which were awaiting the completion of the housing construction in the target Divisions.

12. A vaccine trial using **I.2**, which is a thermal stable life vaccine, was initiated by NARI in an effort to avoid wastage and due to its safety and economic benefits as well as viability for storage under room temperatures for a period of up to two months. The trial targeted three sites in CRD/North and 2000 doses of I.2 were used. 84%, 46% and 30% of the bird population in Jawur Mandinka, Simbara, and Gui Jahanka respectively were vaccinated. Two (male and female) farmers were selected in each village, trained and issued with veterinary kits. A vaccination calendar of four months was developed for the regular vaccination of birds in the target villages.

13. The vaccination of small ruminants against Pestes de Petits Ruminants (PPR) and poultry against Newcastle Disease (NCD) was conducted in all the three divisions. From December 2003 to March 2004 a total of 9,142 goats, 7,858 sheep and 4,238 poultry were vaccinated in CRD/South and a total of 8,020 sheep, 10,205 goats, and 2,447 poultry were vaccinated in CRD/North. A lower figure of 4,882 small ruminants and 1,093 poultry were vaccinated in LRD. These vaccinations were undertaken as a joint and collaborative effort by the project and FAO. The latter provided vaccines and fuel to the livestock assistants while the project also provided fuel.

14. The Intensive Feed Garden (IFG) was aimed at providing feed for lactating and sick animals but little progress has been made in this area due to poor management which could be attributed to collective ownership of the gardens and which is sometimes in conflict with personal interests. One out of the six IFGs can be said to have attained some degree of success. Very few farmers have adopted the practice of establishing private backyard IFGs

15. **Crop development.** Out of a total national arable land area of 550,000 ha., some 180,000 ha. are cropped annually by about 626,000 men and women farmers the remaining uncultivated area is left for livestock grazing and fallowing. Also, the under utilization of available arable land area could be attributed to lack of labour-saving devices since mechanization is still in its infancy despite government's high intervention. Almost 45% of the cultivated area is allocated to groundnut production in mainly upland fields under rain fed conditions. An average of 80,000 ha. of upland are allocated to coarse grains. The main stable food crop rice occupies an average of 20,000 ha. of lowland farms under rain fed and improved technologies. Cotton, which is purely a cash crop, occupies 3,000 ha. on average. Other crops such as cassava, potato and horticulture occupy about 1,500 to 2,000 ha. largely in vegetable gardens some commercial farms.

16. To boost the crop sector in project areas of LRD and CRD/North and South the RFCIP focused on training farmers on integrated pest and soil fertility management on upland crop, establishment of multipurpose gardens and facilitating the marketing of produce.

17. Thus under the ASC the RFCIP established 34 vegetable gardens in the three project areas of LRD and CRD/North and South. The establishment of these gardens have a positive impact on the

lives of the beneficiaries in that it has improved not only their income but also their household food security and diet. Over 75% of the memberships of these gardens are women.

18. The project has popularized the cultivation of cassava and sweet potato in its intervention sites. Consequently, there is a high demand for planting materials by farmers. In view of this some 50,000 cassava and 300,000 sweet potato cuttings were distributed in 2003 to project beneficiaries and it is estimated that these cuttings will yield about 600,000 cassava and 800,000 sweet potato cuttings this year thus meeting the increased demand. An additional 200 ha. of planting materials is expected from contract farmers this year, similarly, 3 trucks loads of sweet potato vines were distributed in 20 villages in CRD/North and South to supplement last years planting. The sale of cassava cuttings to farmers in the boarder villages in Senegal has become another source of income for farmers in these areas.

19. The project went further to train women in processing cassava into gari and chips as well as training carpenters in the fabrication of cassava processing equipment. This is done to take surpluses off farmers during bumper seasons and thus diversifying their sources carbohydrate. The project rescued findo cultivation from its near demise last year 500 kg of findo seeds were distributed to *kafo* and/or individual farmers in LRD and CRD and other Divisions. This crop requires little labour and has the ability to suppress weeds and grow well in relatively poor soils. A total of about 61 ha. was put under cultivation and a total of 100 farmers benefited from the seed distributed which has been recovered and redistributed along with 500 kg purchased this 2004.

20. In order to address the low extension worker to farmer ratio which is estimated at 1:6296, resulting in each extension worker supervising eight villages, the project trained Village Auxiliaries (VAs) whose role is to fill the gap left by extension workers in the field. It could be recalled that the ERP of 1985 retrenched 20-30% of middle and junior level staff most of these were front line workers as a result out reach to farmers has been greatly reduced. The project trained 193 VAs in various disciplines in crop and livestock husbandry and they performed the day-to-day duties of an extension worker in their various communities.

21. A major problem that has seriously affected the productivity of upland soils is the level of erosion caused by heavy down pours of rain at certain time of the rainy season leading to gully formation in the fields and villages. In recognition of this problem the project funded a village upland conservation and gully rehabilitation program. This resulted in the construction of diversions, grass waterways, concrete ramps and Irish-crossing in affected areas in LRD and CRD/South.

22. The project funded 126 mini projects run by *kafo*s in project areas and these include 9 milling machines, 39 cereal banks, 34 vegetable gardens, 64 new wells, waiting shed, latrines, stalls and this year alone 126 *kafo*s will benefit from the 2004 FPF mini project.

23. **Kafo Capacity Building.** To ensure the sustainability of a project, the beneficiaries need to be empowered in order to take responsibility for their own development through a strong capacity building program. The main objectives of this component of the RFCIP are to develop the capacities of *kafo*s members and leadership to identify and address their own development priorities through participatory planning, implementation, monitoring and evaluation of action plans. Major activities undertaken by *kafo*s include the establishment of *kafo* farms and crops grown on these farms include groundnut, sorghum, maize, millet, rice, findo and sesame. Funds generated from the sale of these produce are saved in VISACAs and others banks and are available to needy *kafo* members as loan or for the purchase of necessary inputs. Other activities undertaken under this component include the training of animators in the identification of village projects, Information Education and Communication sensitization tours, communication skills for VAs, film shows, village based theatre training. Recently, Participatory Monitoring and Evaluation and a Voucher Based system for monitoring the performance of extension workers were introduced.

TERMS OF REFERENCE OF THE MISSION AND ITS COMPOSITION

Approach Paper
The Gambia: Rural Finance and Community Initiatives Project (IFAD 486 GM)
Interim Evaluation

1. In 2004 the Office of Evaluation (OE) of IFAD will conduct an *Interim Evaluation* of the Rural Finance and Community Initiatives Project (RFCIP) in The Gambia.[57] The present Approach Paper provides a concise outline of the background and rationale for the evaluation, its objectives, the partnership involved and the evaluation process.

I. Background

The Country

2. The Gambia is a country entirely surrounded by the territory of Senegal with the exception of the Western coast on the Atlantic Ocean. It has an estimated population of 1.5 million, of which 68% rural. The total fertility rate (TFR) is high, estimated at 5.2 per woman, reflected also in an average population growth of 3.3% in the past fifteen years (reduced to 2.5% in the past five). The economy is characterised by a large (in relative terms) agricultural sector (40.5% of the total GDP, compared to only 15% for industry). It has a GDP per capita of US$ 280 and it is this classified as a "low income country". GDP growth has averaged 3.7% in the 1990s and early years of the new millennium. However, due to the population growth, the real GDP per capita has grown only at 0.4% on average.[58] Due to the small size of its economy compared to the neighbouring countries (its GDP is less than one tenth of that of Senegal), it displays the typical dependency on exports, large share of imports on GDP (more than 50%) and exposure to the risk of price fluctuation for agricultural products. As far as public finance is concerned an outstanding issue is for the Government of The Gambia, a recipient of the Heavily Indebted Poor Countries (HIPC) Initiative, to keep the public deficit under control.

3. Due to its low average income per capita, low adult literacy and school enrolment, and low life expectancy at birth (51 for men and 55 for women), The Gambia is classified as 151st out of 175 countries, according to the UNDP Human Development Indicator (2003). The percentage of households below US$ 1 per day has been estimated at 53.7%, and the percentage of poor household according to a national poverty line at 64% (UNDP 2001). This is paralleled by a moderate prevalence of stunting among children 0-5 years: 19.1% (UNICEF 2000).

IFAD's Interventions in The Gambia and Basic Project Features

4. Since 1982, IFAD funded six projects in The Gambia with a total commitment of US$ 31 million), of which two with the World Bank–IDA, two with the African Development Bank and two as the only international financier. Of these, two projects are still ongoing (RFCIP and the Lowlands Agricultural Development Project). All these projects, with the partial exception of the RFCIP, were fostering agricultural production through technological transfer and support to government extension. More recently, the new Country Strategy Opportunities Paper (2003) introduced a lending envelope of US$ 15 million up to 2010, encompassing two national programs aiming at, respectively, (i) the development of lowland rice farming and the diversification of on and off-farm activities and (ii) the consolidation and continuation of microfinance initiatives.

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[57] According to the Evaluation Policy of IFAD, an *Interim Evaluation* is a mandatory exercise undertaken at the end of the first project phase, before the approval of the second phase. The Evaluation Policy of IFAD can be freely downloaded at: http://www.ifad.org/evaluation/policy/index.htm

[58] Sources: the Population Reference Bureau (2003) and the World Bank (2003).

5. The Rural Finance and Community Initiatives Project was approved by the Executive Board of IFAD in December 1998, declared effective in February 1999 and scheduled for completion in June 2005. The project appraisal estimated the total project costs at US$ 10.6 million, to be funded by IFAD (US$ 9.2 m), the Government of The Gambia (US$ 1.0m) and the beneficiaries (US$ 0.4m in labour contribution).

6. The project was implemented by the Department of State for Agriculture (DOSA), which would contract out special activities to non-Government organisations (NGOs). IFAD was the only funding donors and was also responsible for the project supervision, within an experimental programme for direct supervision on 15 projects approved by IFAD's Governing Council in 1997.[59]

7. The Appraisal Report stated that the ultimate objective of the project was to improve household food security and incomes in the rural areas of The Gambia. In order to achieve this objective, the project would develop on and off- farm production activities by increasing access to rural microfinance services and agricultural technical support, with special efforts to genuinely involve traditional village organisation in the setting of priorities as well as in the direct provision of services. These goals and objectives were in line with the 1997 COSOP for The Gambia, which had a strong emphasis for the diversification of household income sources, the need for a demand-driven approach for project services and an articulated definition of the strategy to pursue a combination of outreach and sustainability of the financial services.

8. In the provision of financial services, the project would strengthen or create community based and self-managed microfinance institutions, the Village Savings and Credit Associations (VISACA).[60] VISACAs represented an institutional innovation which was expected to dramatically improve the sustainability (financial self-sufficiency) of IFAD's rural finance operations in The Gambia. This is in line, inter alia, wih the regional strategy for microfinance in PA which identifies the increase in outreach and viability of rural finance institutions as one of its three main objectives.[61] The main rural finance development components were: (i) contribution to fixed assets of VISACAs (building and office equipment), (ii) training and technical assistance, (iii) re-financing facility (for short and medium-term credit, to be provided by local financial NGOs), (iv) a farmer partnership fund to offer grant-equity contribution to village community projects and (v) technical assistance to the Central Bank of The Gambia and the creation of a VISACA Support Centre.

9. In addition to the financial services, the other three project components were: agricultural support (through participatory research, technology dissemination, livestock vaccination, building of storage facilities); capacity building for traditional village-based organisations (*"kafos"*) in training and organisational activities (instrumental to support VISACAs and promote income-generating activities); and support to project management (office equipment, vehicles and technical assistance for project evaluation).

Project Status

10. As of March 2004, the project had disbursed 58% of the IFAD loan. According to the latest IFAD Supervision Report (August) 2003, 20 VISACAs had been rehabilitated and 15 constructed

[59] For this reason, the present project evaluation will coordinate with a current IFAD Evaluation on Direct Supervision.

[60] VISACAs emerged for the first time as "semi-formal" microfinance institutions during the implementation of the *Jahally and Pacharr Smallholder Project*, the first financed by IFAD in the country. The 1994 Evaluation of the project had noted the failure of formal financial institutions, such as state-owned banks, to serve rural clients, due to subsidised interest rates, high transportation and transaction costs, absence of incentives to repayment for borrowers. This resulted in limited outreach to poor households, weak credit discipline, considerable losses for participating bank and ultimately the collapse of such supply-led programmes.

[61] The other two objectives are the strengthening the implementation capacity of project, regional programme and headquarter staff and the monitoring and the improvement of monitoring and reporting of results and impact (IFAD 2004).

(against, respectively, a target of 18 and 43 set at appraisal). Both the above Supervision and the IFAD Mid-Term Review (2002) mission, while recognising the potentials of VISACAs, pointed to the need for VISACAs to monitor more effectively and systematically their liquidity, portfolio quality and profitability. From a more aggregate perspective, the two missions underlined the importance of supporting the Microfinance Promotion Centre, following the demise of the VISACA Support Centre.

11. In terms of support to agricultural and livestock services and community capacity building, the 2003 Supervision noted that the main achievements pertained to the establishment and rehabilitation of vegetable gardens, training of village auxiliaries in crop production, dry season cassava multiplication. On the other hand, reportedly little progress had been made in the implementation of a decentralised approach for livestock vaccination and only few projects had been selected for funding through the farmer partnership fund.

12. In preparation to the 2002 before the Mid-Term Review, the project had conducted a quantitative impact analysis. A survey compared income (on farm, off farm and transfers) of household with high-degree of project intervention (2 or more components), moderate (one component) and a control group.[62] The exercise showed that income of "high-intervention" households was significantly higher than in the control case, while the income of medium-intervention households was not.[63]

II. Evaluation Objectives

Key Evaluation Questions

12. The evaluation will follow the IFAD Evaluation Policy and the IFAD Methodological Framework for Project Evaluation. The latter outlines the main questions and criteria for the evaluation of IFAD's projects and provides a rating system. The main objectives of the Framework are to standardise evaluation criteria among project evaluations, systematise impact assessment, and facilitate the consolidation of findings, insights and learning of several evaluation exercises.[64] The framework is articulated in three main blocks: 1) the project's impact on rural poverty, 2) the performance of the project, and 3) the performance of project partners.

13. The evaluation of the **impact on rural poverty** will encompass six domains of project impact (when applicable to the project): (i) household assets (physical and financial), (ii) human assets (education and health), (iii) social capital (people's organisations, social network and empowerment), (iv) food security, (v) environment and natural resources and (vi) institutions and policies.[65]

14. The above will require some analysis at the macro, meso (community, VISACA) and micro (household) level. As a first step, the evaluation will review the policies and the regulatory framework at the national level, the extent to which they were functional to the performance of the project, the consistency of the project design to the existing framework as well as the project's effectiveness in driving changes at the policy level. It is expected that this analysis will concentrate on microfinance sub-sectoral policies, including aspects such as the monitoring, regulation and supervision of microfinance institutions by apex organisations and the Central Bank superintendence. Moreover, consistency with the country and regional strategy (COSOP 1997 and 2003) as well as with IFAD's Rural Finance Policy and Decision Tools will be examined.

15. Second, the evaluation will focus on the organisations at the village level supported or created by the project. They will include the VISACAs, the traditional male and female *kafos*, as well as other

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62 Apparently, on-farm income did not include an estimate of auto-consumption.
63 In the absence of baseline data, attribution to the project performance rather than to initial household characteristics is not totally obvious although this data provides interesting information background.
64 IFAD Methodological Framework for Project Evaluation (p.2). The document can be freely downloaded at: http://www.ifad.org/gbdocs/eb/ec/e/34/EC-2003-34-WP-3.pdf
65 Gender issues are explicitly considered as cross-cutting research questions in the evaluation framework.

informal financial and non-financial village groups. VISACAs and kafos have been the object of distinct project component and the evaluation will assess whether the investment in "social capital" (kafos) has been instrumental to ensure credit discipline and a sound management of village financial associations and to what extent it has contributed to communities' and households' increased awareness and capacity to address poverty and local scarcity of resources. Regarding VISACAs, important issues that will need to be considered, to the extent possible, comprise: (i) the effectiveness of their governance structure, (ii) their outreach (breadth, poverty depth, women's participation), (iii) the products offered (credit, savings) and their relevance/acceptance to the clients (e.g. consistency with household cash flow), (iv) their profitability (e.g. OSS, ROA), (iv) quality of portfolio (e.g. arrears ratio, PAR), (v) adequacy of financing sources, (v) productivity and efficiency (e.g. operating cost ratios, outstanding amounts per loan officer etc.), (vi) financial sustainability (e.g. FSS, SDI).[66]

16. Third, the evaluation will study the changes in households' welfare that can be attributed to the project.[67] Some of the related questions, which might partially overlap with macro and meso-level themes, would include the following:

- To what extent did the design address the critical factors contributing to poverty in the rural Gambia?
- Did the process of identification of users' communities and households involve a sound participatory assessment of needs, existing social networks, so as to reduce intra and inter-household conflicts and strengthen the existing social capital?
- Did the project promote the most appropriate (low cost and risk) financial products and agricultural technologies and did it propagate them in the most effective manner? Did it build upon traditional/local knowledge, consistently with available resources (availability of labour, soil characteristics, manure etc.)
- Did the project contribute to the diversification of income sources and to improved risk management strategies and consumption smoothing (e.g. expenditures, food security)?

Across these impact domains, the mission will examine how the project contributed to women's empowerment and enhanced gender equity and intra-household resource distribution.

17. The evaluation of the **project performance** will involve the assessment of (i) the relevance of the project's objectives (i.e. were they consistent with the needs of the rural poor, did they focus the "right" priorities or did they adapt to changing priorities?), (ii) the effectiveness of the intervention (were the major objectives reached at the time of the evaluation?) and (iii) the efficiency (to what extent did the project achieve, or is expected to achieve, benefits that are commensurate to inputs, based on costs of alternative options and good practices?) to be measured in terms of cost of service provision per household but also in terms of operating costs ratios of VISACAs, and (iv) the sustainability of the project (the foreseen capacity to provide services to the intended users after its official closure).

18. The latter question is gaining paramount importance across development agencies. Given the special focus of the project under discussion, a necessary dimension of the sustainability will be the financial self-sufficiency of the VISACA, that is the capacity to cover all costs (including the financing of their portfolio at non-concessional conditions). An additional important aspect is related to the "exit options" available to the project partners, and, in particular, the prospects of future institutionalisation of the experimental project into a longer-term programme as well as the expansion and up-scaling of the tested approaches. This could involve elements such as: (i) the capacity of

[66] See, for example, AIMS (2000) and CGAP (1999, 2000, 2001, 2003) in the References.

[67] With very few exceptions, the contribution from an individual project only partially separable from other changes generated by other interventions in adjacent areas or from other transient or structural changes in the local socio-economic context. In spite of this inevitable and universal limitation, it is expected that some "weight" could be attributed to the implementation of RFCIP.

project institutions (e.g. ministries, the central bank) to continue providing essential services, (ii) the capacity of non-government project partners (e.g. re-financing NGOs) to implement their activities with declining access to subsidised donor funding, (iii) the mobilisation of the interest of other potential donors with relevant expertise and support instruments (e.g. technical assistance and equity investment), (iv) the interest of the private sector to have a stake in future activities. While design of future programmes is not in the scope of an evaluation, the exercise could nonetheless take stock of the progress made so far in these dimensions.

19. The evaluation of the **role of partners** will analyse to what extent IFAD, the project implementation agencies ensured a sound project design, facilitated stakeholder participation, supported implementation effectively, and provided for participatory evaluation, learning partnerships and adoption of lessons. Particular attention will be given to the effectiveness of monitoring and evaluation systems: their capability to capture key impact indicators and generate action by project management to address the findings. A peculiar feature of the present project is its direct supervision conducted by IFAD. The evaluation will seek to identify the gains reaped by IFAD and the project management, in terms of better knowledge of project performance and responsiveness (speed and quality) to the needs and challenges identified during the periodic supervisions.[68]

III. Partnership Involved

20. IFAD's Evaluation Policy, while underscoring the need for independence, recognises the importance of adequately involving the main stakeholders throughout the evaluation process. This isfundamental in order to ensure full understanding by the evaluators of the context, the opportunities and constraints faced by the implementing organisations, fully engage the stakeholders in a fruitful collaboration and facilitate the discussion of the recommendation and their adoption by the concerned stakeholders. In order to do so, the evaluation will first identify the stakeholders to be involved in the evaluation process into a core and broader evaluation partnership. The former will include those partners that are directly concerned with the evaluation's recommendations and have the authority to implement them, while the broader partnership will include further partners who can provide critical information to the benefit of the evaluation.

21. It is proposed that the core evaluation partnership would comprise: (i) the Department of State for Agriculture of the Government of The Gambia (DOSA), (ii) the RFCIP Management, (iii) the IFAD Division for Western and Central Africa, (iv) the Office of Evaluation of IFAD. The broader partnership would include local microfinance NGOs (GAWFA, GARDA and NACCUG), the Central Bank of The Gambia, the National Agricultural Institute, the Department of Livestock, representatives of the project users and government field staff.

22. A proposed time schedule of the evaluation process is presented below (Table 1). The Office of Evaluation will prepare send a draft approach paper outlining the main evaluation questions, the methodology and process, to the core and broader partnership members for their comments. Second, the evaluation team will interact with local (i.e. in The Gambia) partners during a field mission, in bilateral and group meetings. In particular, a first group meeting during the evaluation mission will be dedicated to the presentation of the evaluation's objectives. The implementing agencies and the project management will be asked to present a <u>self-assessment</u> of the project's performance, highlighting the implementation progress, the information available (and their sources) on the project's impact, the constraints experienced during the implementation as well as future scenarios to ensure impact and sustainability. The Office of Evaluation will provide in advance guidelines for the self-assessment to the implementing agencies and the project management.

23. At the end of the mission, the first findings from the field will be presented to the members of the core and broader partnership in wrap-up meeting and a short written document summarising these findings (the "Aide Mémoire") will be circulated. The mission will then prepare a draft main report

[68] See the list of indicators in the PMD Progress Report on the Project Portfolio (April 1999).

and a set of technical annexes which will be distributed to the members of the core and broader partnership for their comments.

24. As a final step, a one-day workshop will be organised in The Gambia to lay the ground for the preparation of the "Agreement at Completion Point". The latter illustrates the core partnership members' understanding of the evaluation findings and recommendations, their proposal to implement them and their commitment to act upon them.[69]

IV. The Process

25. The evaluation's analysis will be based on:
   a. desk review of the available project documents and socio-economic literature;
   b. the collection of primary data in the field through (i) surveys, (ii) participatory learning assessments (PLAs: wealth ranking, Venn's diagram, group discussion on project's performance and suggested measure to improve it), (iii) case study exercises (household, VISACAs, kafos) in the field, (iv) interview with key informants and (v) participant's observation; and
   c. the review of the self-assessment exercise conducted by the project.

26. In particular, before conducting the evaluation mission, the Office of Evaluation of IFAD will commission to local experts a small survey (around 250 households, including project and "control") complemented by PLAs in the project area. Quantitative data will be analysed through standard descriptive, inferential and regression statistical analysis.

27. As a next step in the process, IFAD will be fielding an evaluation mission, with national and international specialists, comprising: (i) a mission leader, development economist, (project institutions, M&E systems and IFAD's Direct Supervision), (ii) a microfinance - microenterprise specialist; (iii) an agricultural extension specialist. The Associate Evaluation Officer will join the mission during part of the field visits to provide guidance and ensure OE's understanding of the evaluation's findings and a smooth implementation of the evaluation's framework. The mission will interact with core and broad partnership members and visit the project sites. The mission will review the analysis of the survey and PLA exercise and, in addition, conduct further primary observations from project households and other key informants (e.g. government field staff) and collect some case studies at household and grassroots institution (kafo, VISACA) level.

<u>The Main Evaluation Products and Communication of Results</u>

28. The evaluation will produce a short (30-40 pages) and yet analytically rigorous report and a set of technical annexes, whose drafts will be submitted to the partners in due course. At the end of the evaluation process, following the organisation of a one-day country workshop, the agreement at completion point will be prepared. Members of the core learning partnership will be providing their endorsement to the agreement in writing. The agreement and its endorsements will be published with the main report.

29. In order to facilitate the dissemination of lessons learned, in addition to the printing of the report and annexes, the Office of Evaluation and Studies of IFAD will also produce a "profile": a two-page document summarising the key conclusions from the evaluation in a reader-friendly format, with the objective of providing a 'taste' of the evaluation and thereby encouraging a broader audience to read the report. The main report, the annexes and the profile will also be available and freely downloadable from the IFAD internet website (www.ifad.org/evaluation/list_eval.asp).

30. At the end of the process, the evaluation team may also consider other supplementary communication tools, to be explored in consultation with partners, such as: (i) targeting specific

[69] IFAD Evaluation Policy, p.11.

segments of the readership by publishing customised evaluation-related material in periodical and electronic journals, (ii) organising feed-back sessions in the field for the project beneficiaries. However, these additional tools, if adopted, might require the collaboration and further funding from interested partners.

Table 1. Time Plan (Tentative)

Period	Activity
Early April 2004	Official Evaluation Communication (fax) and Draft Approach Paper sent for Comments
21 – 30 April	Reconnaissance Mission of OE to The Gambia
Early May	OE Mini-survey & PLA conducted in RCIFP sites
12 July – 7 August	Evaluation Mission visits the country - Presentation of project self assessment - Meetings in the capital - Field visits - Wrap-up meeting (Aide Mémoire distributed)
September	Headquarter interactions PA – OE on the first evaluation findings
Mid October	Draft Report distributed for comments
January 2005	One-day country workshop: Jan 21 (Banjul) to prepare the "agreement at completion point" (to be attended, *inter alios*, by PA and OE representatives)
February 2005	Government of The Gambia, RFCIP Management, IFAD-PA, and other relevant partners send comments on the final agreement. Agreement finalised

APPENDIX III

IMPACT AND EFFECTIVENESS MATRICES

Project Summary Ratings

The following ratings are based on a more comprehensive discussion presented in the main text and on the tables below. The suggested overall rating of the project is modest (2). The rating of project impact is modest (2): specific rating by impact domain is provided in the tables below. The rating of project performance is modest (2), which includes a rating of (3) for relevance, (2) for effectiveness, (2) for efficiency and (2) for sustainability. The performance of partners is rated as negligible (1) for IFAD, modest (2) for government agencies, and modest (2) for NGOs supporting VISACAs. While the rating of the main implementing agencies is a low one, the mission noted significant differences in the performance of staff members, agencies, units and departments which are substantiated in the main text.

MAIN DOMAINS OF IMPACT	Key Questions for Impact Assessment in Rural Communities Affected by the Project (changes to which the project has contributed)	Assessment of Change (1)				Reach of Change (3)				Dynamic Processes ** (4)	Sus. Pot *** (5)
		Presence and Direction of Change (+) (0) (-)	What Has Changed? (indicators)	Extent of Change: How Much?	(Rating) *4/3/2/1	How Many? (households and people)	Who? (1) (Poor/ Poorest/ Better-off)	Who? (2) M/F	Project Contribution 4/3/2/1	4/3/2/1	4/3/2/1
-I. Physical and Financial Assets Summary rating: (2)	1.1 Did farm households' physical assets change (farmland, water, livestock, trees, equipment, etc.)?	+	Crops, water, livestock	(moderate)	2	150 villages	All	Both	3	2	2
	1.2 Did other household assets change (houses, bicycles, radios, etc.)?	0									
	1.3 Did infrastructure and people access to markets change (transport, roads, storage, communication facilities, etc.)?	+	Cereal banks and market stalls	39 cereal banks and 4 market stalls	2	43 villages	All	Both	3	3	3
	1.4 Did households' financial assets change (savings, etc.)?	+	Savings, income		3	35,000 people	All but poorest	Both	3	2	2
	1.5 Did rural people access to financial services change (credit, saving, insurance, etc.)?	+	Access to credit, savings accounts		2	35,000	All	Both	3	2	2
II. Human Assets Summary rating: (2)	2.1 Did people's access to potable water change?	0									
	2.2 Did access to basic health and disease prevention services change?	0									
	2.3 Did the incidence of HIV infection change?	0									
	2.4 Did maternal mortality change?	0									
	2.5 Did access to primary education change?	+	Ability to pay school fees		3	Unquantifiable	Poorest	Both	3	3	3
	2.6 Did primary school enrolment for girls change?	+	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto
	2.7 Did women's and children's workloads change?	+	Cereal milling machines	9 Kafos	1	9 villages	Poor	Females	4	1	1
	2.8 Did adult literacy rate and/or access to information change?	+	Literacy training		2	500 approx.	Better-off	Both	4	2	2

III. Social Capital and People's Empowerment	3.1 Did rural people's organizations and institutions change?	+	Village banks and Kafo capacities		3	150 villages	All	Both	4	2	2
Summary rating: (2)	3.2 Did social cohesion and local self-help capacity of rural communities change?	+	Capacities in banks and Kafos		2	150 villages	All	Both	3	3	3
	3.3 Did gender equality and/or women's conditions change?	+	Women's participation in banks, horticulture		2	150 villages	All but poorest	Females	3	2	2
	3.4 Did rural people feel empowered vis-à-vis local and national public authorities and development partners? (Do they play more effective role in decision-making?)	0									
	3.5 Did rural producers feel empowered vis-à-vis the marketplace? Are they in better control of input supply and marketing of their products?	+	Building of market stalls		1	4 villages	Better-off	Both	3	2	2
IV. Food Security (Production, Income and Consumption)	4.1 Did children's nutritional status change?	+	Improved diet, more vegetables		2	34 villages	Poor	Both	3	3	3
Summary rating: (2)	4.2 Did household food security change?	+	Increase in agricultural production		2	150 villages	Poor	Both	3	3	3
	4.3 Did farming technology and practices change?	+	Training on Kafo land		2	150 villages	Poor	Both	3	2	2
	4.4 Did the frequency of food shortages change?	+ (see 4.2)									
	4.5 Did agricultural production change (area, yield, production mix, etc.)?	+	Area and yield		2	150 villages	All	Both	3	2	2
V. Environment and Common Resource Base	5.1 Did the natural resource base status change (land, water, forest, pasture, fish stocks, etc.)?	+	Water: well construction	62 new wells	3	38 villages	All	Both	4	4	4
Summary rating: (2)	5.2 Did exposure to environmental risks change?	+	Soil conservation measures	250 ha	1	6 villages	All	Both	4	1	1
VI. Institutions, Policies, and Regulatory Framework	6.1 Did rural financial institutions change?	+	New and upgraded village banks		2	35,000 people	All but poorest	Both	3	2	2
Summary rating: (2 to 3)	6.2 Did local public institutions and service provision change?	+	Agricultural extension services		2	150 villages	All	Both	3	2	2
	6.3 Did national/sectoral policies affecting the rural poor change?	0									
	6.4 Did the regulatory framework affecting the rural poor change?	+	National Microfinance Network + Central Bank Department		3	Unquantifiable	All but poorest	Both	3	3	3

* Rating: 4= high; 3= substantial; 2= modest; 1= negligible. The rating here is based on the rural poor's (and their partners') perspectives in relation to the situation in the base year. *** Rating: 4= highly likely, 3= likely; 2= unlikely; 1= highly unlikely.** This refers to cases where even though impact achievement is modest or negligible, the project in question has set in motion dynamic positive processes that will eventually lead to substantial impact achievement. The identification of the existence of these processes is left to the evaluators' judgement on a case-by-case basis.

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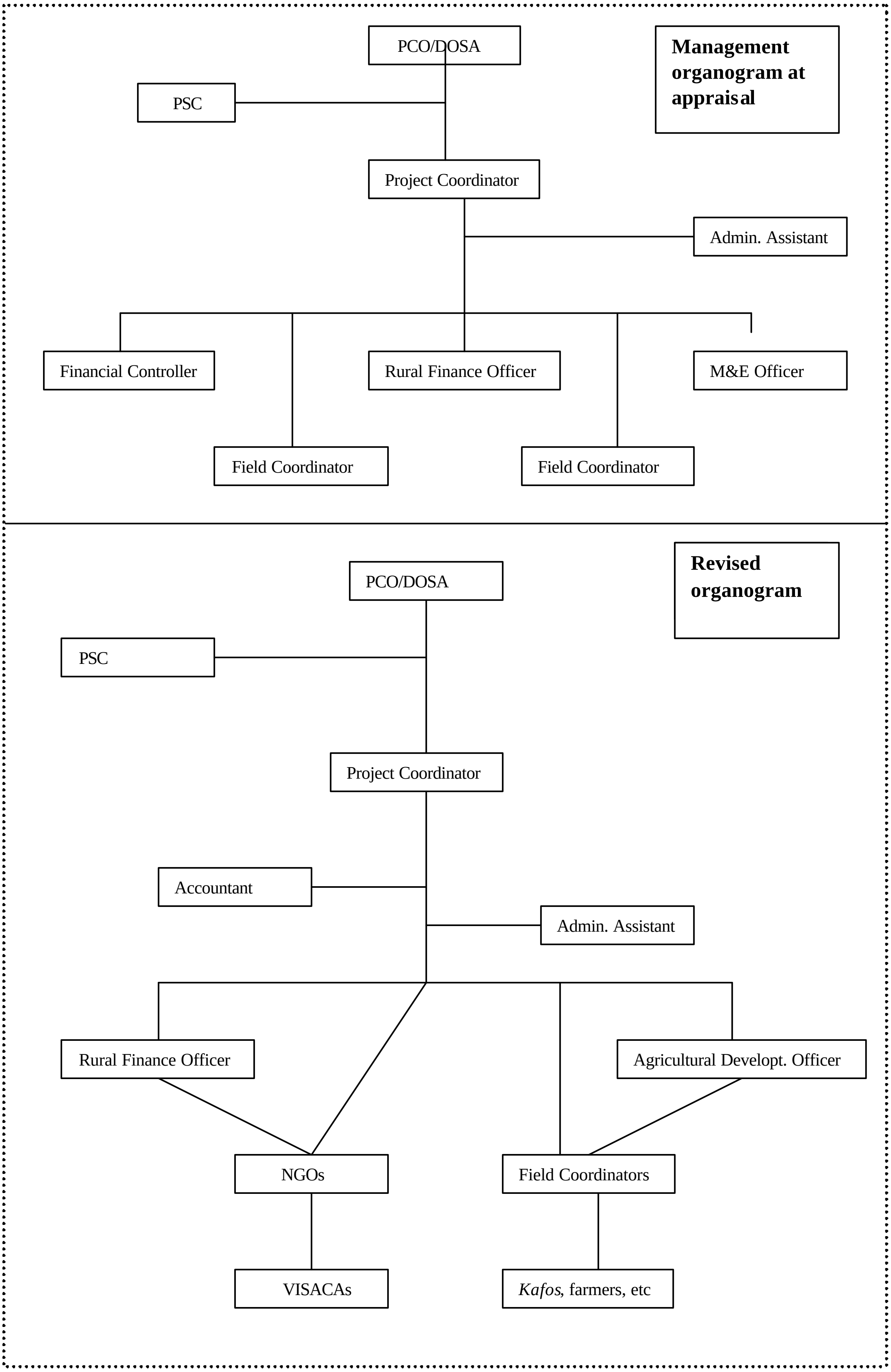
PROJECT EFFECTIVENESS MATRIX*

MAIN DOMAINS OF IMPACT	Key Questions for Impact Assessment in Rural Communities Affected by the Project (Changes to Which the Project Has Contributed)	Expectation of Impact (Project's Stated Objectives)				Effectiveness Rating (Achievement against Stated Objectives) 4/3/2/1			
		Reach Who?	Change What?	Change How Much?	Reach How Many?	Reach Who?	Change What?	Change How Much?	Reach How Many?
I. Physical and Financial Assets	1.1 Did farm households' physical assets change (i.e. farmland, water, livestock, trees, equipment, etc.)?	Rural poor	Farmland & water	4	150 villages	1	3	3	3
	1.2 Did other household assets change (houses, bicycles, radios, etc.)?	N/A	N/A	N/A	N/A				
	1.3 Did infrastructure and people's access to markets change (transport, roads, storage, communication facilities, etc.)?	Selected villages	Cereal Storage & market Facilities	2		3	1	1	3
	1.4 Did households' financial assets change (savings etc)?	Village bank members	Increased savings a & access to credit	4	25000 hh	2	2	2	2
	1.5 Did rural people's access to financial services change (credit, saving, insurance's, etc.)?			4	25000 hh	3	2	2	3
II. Human Assets	2.1 Did people's access to potable water change?	N/A							
	2.2 Did access to basic health and disease prevention services change?	N/A							
	2.3 Did the incidence of HIV infection change?	N/A							
	2.4 Did maternal mortality change?	N/A							
	2.5 Did access to primary education change?	Poorest	Ability to pay fees	Not specified	Not specified	3	3	Unquantifiable	Unquantifiable
	2.6 Did primary school enrolment for girls change?	Poor	Ditto	Ditto	Ditto	3	3	Unquantifiable	Unquantifiable
	2.7 Did women's and children's workloads change?	Selected villages	Provision of milling machines	2	Not specified	2	2	2	Unquantifiable
	2.8 Did adult literacy rate and/or access to information and knowledge change?	Village bank leaders & staff	Literacy & skills	2	60 villages (?)	3	3	1	3
III. Social Capital and People's Empowerment	3.1 Did rural people's organizations and institutions change?	150 villages	Village banks and Kafos	4	35,000 people	3	3	3	3
	3.2 Did social cohesion and local self-help capacities of rural communities change?	150 villages	Kafo capacities	4	35,000 people	4	3	2	3
	3.3 Did gender equality and/or women's conditions change?	Women	Degree of Empowerment	2	Approx. 16,000	4	2	2	2
	3.4 Did rural people feel empowered vis-à-vis local and national public authorities and development partners? (Do they play more effective role in decision-making?)	Rural poor	Self Confidence	2	150 villages	2	2	2	2

	3.5 Did rural producers feel empowered vis-à-vis the marketplace? Are they in better control of input supply and marketing of their products?	Rural producers	Market control	3	150 villages	2	2	2	2
IV. Food Security (Production, Income and Consumption)	4.1 Did children's nutritional status change?	N/A							
	4.2 Did household food security change?	Poorest	Food security	3	150 villages	1	2	2	2
	4.2 Did farming technology and practices change?	Farmers	Skills and knowledge	3	150 villages	2	2	2	2
	4.3 Did the frequency of food shortages change?	See 4.2							
	4.4 Did agricultural production change (area, yield, production mix, etc.)?	Farmers	Irrigated area, crop yield & mix	4	150 villages	3	3	2	3
V. Environment and Common Resource Base	5.1 Did status of the nat ural resource base change (land, water, forest, pasture, fish stocks, etc.)?	Horticultural ists	Water availability & access to land	4	70 villages	Approx. 16,000 people	3	3	3
	5.2 Did exposure to environmental risks change?	Villages vulnerable to water erosion	Protective measures	4	6 villages	2	2	1	2
VI. Institutions, Policies, and Regulatory Framework	6.1 Did rural financial institutions change?	Selected villages	Establishment of village banks and capacities of Kafos	4	35,000 people	4	2	2	3
	6.2 Did local public institutions and service provision change?	Selected villages	TSP for banks; village auxiliaries to supplement agricultural extension	3	35,000 people	4	2	2	3
	6.3 Did national/sectoral policies affecting the rural poor change?	National microfinance policy developed	Regulatory framework	4	62 villages	4	2	3	3
	6.4 Did the regulatory framework affecting the rural poor change?	Country-wide	Regulatory framework	2	Rural poor	2	2	2	2

APPENDIX IV

The Project Organogram



APPENDIX V

ITINERARY, PERSONS MET AND REFERENCES

List of Participants in Final Evaluation Workshop, Sunbeach Hotel, Banjul (27 January 2005)

(Alphabetical Order)

Name	Title	Institution
GOVERNMENT AND PROJECT STAFF		
Alasan Bah	ADO	RFCIP
Omar Baldeh	RFO	RFCIP
Ebrima Camara	Deputy Perm. Sec. P&P	DOSA
Musa Dampha	Director	Dept. of Agric. Services, DOSA
Momodou Mbye Jabang	Program Leader	NARI
B. Jallow	Director	DOSFEA
Basiru Jobe	Project Coordinator	RFCIP
Lang Kinteh	T M&E Officer	DAS
Fatou Kuyateh	Permanent Secretary	DOSA
Kekoi Kuyateh	Director	Dept. of Planning, DOSA
Fatoumata Manjang	Admin. Asst.	RFC
Fatou Mbye	DA	RFCIP
F. Ndeye	Liaison Officer	DLS
S. Fallou Njie	Ag. National Coordinator	SPACO
Marie Sambou-Njie	FC-LRD	RFCIP
S. Brai Senghor	Director, Micro-Finance Unit	Central Bank of The Gambia
Alieu Senghore	Agric. Engineer	NARI
Dr. Sulayman Sonko	FC-CRD/S	RFCIP
Jabel Sowe	Director, Livestock Service	DLS
Baba Suwarah		Central Bank of The Gambia
Falalo Touray	FC-CRD/N	RFCIP
Fatou Deen-Touray	Deputy Director, Micro- Finance Unit	Central Bank of The Gambia
DONORS & OTHER INTERNATIONAL ORGANIZATIONS		
Nyada Yoba Baldeh	Liaison Officer	World Bank, The Gambia
Fabrizio Felloni	Evaluation Officer	IFAD, OE
Gilles Mersadier	Consultant, FIDAFRIQUE Network Coordinator	IFAD, PA
Roger Norman	Consultant, Mission Leader	IFAD, OE
Leopold Sarr	Country Programme Manager,	IFAD, PA
NON GOVERNMENTAL ORGANIZATIONS AND OTHERS		
Tijan Bangura	Executive Director	GAMFINET
Seedy Bensouda	Secretary General	AFET
Prof Sulayman Fye	Dean, Faculty of Economics & Management Science	University of The Gambia
Manlafi Gassama	President	AFET
Momodou Jaijou	Animator	FFHC
Babanding Jaiteh	Ag. Secretary General	FFHC
Momodou Jarboh	General Manager	GAMSAVINGs
Katty Jatta	Credit Officer	GAWFA
Musa Jeng	National Director	FORUT
Sanyang MK Jobarteh	Director	Microfinance Promotion Centre
Sainey Keita	Lecturer	University of The Gambia
Pierre Mendy	General Manager	NACCUG
Patrick Mendy	Finance & Audit Assistant	NACCUG
B. Sanyang		AFET
Alagie Sawaneh	Training Officer	MFPC
Christine Tacchi	Volunteer, microfinance adviser	AFET
Omar Touray		MICRO-FIMS

List of Sites Visited During the Preliminary Survey

SELECTED SITES	DISTRICT AND RESPONSIBLE NGO	*TYPE*
Berending	Kombo South, NASACA	*VISACA*
Darsilameh (EDF)	Kombo Central, NASACA	*VISACA*
Faraba banta	Kombo East, NASACA	*VISACA*
Kabekel	Kombo Central, NASACA	*VISACA*
Tujereng	Kombo South, NASACA	*VISACA*
Sanyang	Kombo South, NASACA	*VISACA*
SELECTED SITES	DISTRICT	*TYPE*
Burong	Kiang West, FFHC	*VISACA*
Jappine	Jarra Central	*VISACA*
Madina Sancha	Kiang East, FFHC	*VISACA*
Njaba Kunda	Central Badibu, FORUT	*VISACA*
Tambana	Jokadu, FORUT	*VISACA*
SELECTED SITES	DISTRICT	*TYPE*
Karantaba Wharf	Sami, AFET	*VISACA*
Kataba Omar	Niani, AFET	*VISACA*
Kerewan*	Lower Badibu, FORUT	*VISACA*
Madina Sami	Sami, AFET	*VISACA*
Touba Kuta	Niani, AFET	*VISACA*
SELECTED SITES	DISTRICT	*TYPE*
Ahlulie	Fulladu West, VPC	*VISACA*
Jarumeh Koto	Sami, AFET	*VISACA*
Kaur Janneh Kunda	Lower Saloum, AFET	*VISACA*
Panchang (Wharf)	Upper Saloum, AFET	*VISACA*
Sambang Mandinka	Niamina West, VPC	*VISACA*
SELECTED SITES	DISTRICT	*TYPE*
Bantanto	Niamina East, VPC	*VISACA*
Darsilameh	Fulladu West, VPC	*VISACA*
Mamud fana	Niamina East, VPC	*VISACA*
Sankulay Kunda	Fulladu West, VPC	*VISACA*
SELECTED SITES	DISTRICT	*TYPE*
Diabugu Batapa	Sandu, AFET	*VISACA*
Kudang	Niamina East, VPC	*VISACA*
Sutukonding	Wuli, AFET	*VISACA*
SELECTED SITES	DISTRICT	*TYPE*
Bati Janha	Nianija	*AGRICULTURAL*
Buiba	Jarra Central	*AGRICULTURAL.*
Dumbuto	Kiang West	*AGRICULTURAL.*
Jailan	Nianija	*AGRICULTURAL*
Jalambereh	Jarra Central	*AGRICULTURAL*
Karantaba	Jarra West	*AGRICULTURAL*
Kantong Kunda	Kiang West	*AGRICULTURAL*
Nema	Kiang Central	*AGRICULTURAL*
Nioro Jattaba	Kiang West	*AGRICULTURAL*
Nyanga Bakary		*AGRICULTURAL*

SELECTED SITES	DISTRICT	*TYPE*
Ballangharr		*AGRICULTURAL*
Chamen	Nianija	*AGRICULTURAL*
Chendo	Lower saloum	*AGRICULTURAL.*
Dramman	Fulladu West	*AGRICULTURAL*
Kass Wollof	Upper saloum	*AGRICULTURAL*
Kass Wollof	Nianija	*AGRICULTURAL.*
Kass Wollof	Niani	*AGRICULTURAL*
Panchang	Upper saloum	*AGRICULTURAL*
Pappa	Niamina West	*AGRICULTURAL*
Sare Yewtu	Fuladu West	*AGRICULTURAL*
SELECTED SITES	DISTRICT	*TYPE*
Babou Jobe	Niamina	*AGRICULTURAL*
Cha Kunda	Fulladu West	*AGRICULTURAL*
Katamina	Niamina West	*AGRICULTURAL*
Kerr Katim	Niamina East	*AGRICULTURAL*
Makka & Njie	Niamina East	*AGRICULTURAL*
Murtabeh	Fulladu West	*AGRICULTURAL.*
Pateh Sam	Niamina East	*AGRICULTURAL*
Sare Maddy	Fulladu West	*AGRICULTURAL.*
Teneng Fara	Niamina East	*AGRICULTURAL*
SELECTED SITES	DISTRICT	*TYPE*
Bansang	Fulladu West	*AGRICULTURAL*
Brikamaba	Fuladu West	*AGRICULTURAL*
Kerewan Samba	Fulladu West	*AGRICULTURAL*
Mawndeh Kunda	Niamina East	*AGRICULTURAL.*
Sare Yerro	Fulladu West	*AGRICULTURAL*
Saruja	Fuladu West	*AGRICULTURAL*
Tabanani	Fulladu West	*AGRICULTURAL*
Taifa	Fulladu West	*AGRICULTURAL*
Yorro Beri	Fulladu West	*AGRICULTURAL.*

Places and Institutions Visited by the Mission

I. SITES

SITE	DIVISION	DISTRICT	TYPE OF INTERVENTION
Babou Jobe	Central River Division	Naimina Dankunku	Cereal Bank
Brikama Ba	Central River Division	Lower Fulladu West	Vegetable Garden, Market Stall
Brikamanding	Central River Division	Upper Fulladu West	Vegetable Garden
Dobong Kunda	Central River Division	Upper Fulladu West	Vegetable Garden
Jappine	Lower River Division	Jarra Central	VISACA
Jareng	Central River Division, South	Niamina East	VISACA
Jenoi	Lower River Division	Jarra West	Coordinating Office, LRD
Kataba	Central River Division, North	Niani	VISACA
Kerewan:	North Bank Division	Lower Badibu	VISACA
Kunting:	Central River Division, North	Lower Saloum	VISACA
Madina Sancha:	Lower River Division	Kiang East	VISACA, *Kafo*, Intensive Feed Garden, Cereal Bank
Mamud Fana:	Central River Division, South	Niamina East	VISACA
Nema:	Lower River Division	Kiang Central	VISACA, *Kafo*, Cereal Bank, Rural Poultry
Pakaliba	Lower River Division	Jarra East	Upland Conservation
Pateh Sam	Central River Division, South	Niamina East	Upland Conservation
Sami Madina	Central River Division, North	Sami	VISACA, Vegetable Garden
Sanyang	Western Division	Kombo South	VISACA
Sapu	Central River Division	Lower Fulladu West	Coordinating Office, CRD/South
Sibito	Lower River Division	Kiang East	*Kafo*
Sukurr Kunda	Central River Division	Lower Fulladu West	Vegetable Garden, Rural Poultry
Tujereng	Western Division	Kombo South	VISACA

II. INSTITUTIONS

Agricultural Communication Unit
Association of Farmers, Educators and Trainers
Central Bank of The Gambia
Department for Agricultural Services
Department for Livestock Services
Department of Planning (DOP/DOSA)
Department of State for Agriculture
Department of State for Finance and Economic Affairs
European Development Fund/National Association of Savings and Credit Groups
FAO Gambia Office
Freedom from Hunger Campaign
FORUT
Gambia Women's Finance Association
GAMSAVINGS
Indigenous Business Advisory Services
International Trypanotolerance Centre
MICRO FIMS
Management Development Institute
Microfinance Promotion Centre
National Association of Cooperative Credit Unions of The Gambia
National Agricultural Research Institute
Social Development Fund
Strategy for Poverty Alleviation Office
UNDP Gambia Office
World Bank Liaison Office

List of Persons Met by the Mission
(Alphabetical Order)

Title	Name	Function	*Organization*
	GOVERNMENT AND PROJECT STAFF		
Mr.	Omar BALDEH	Rural Finance Officer	*RFCIP*
Mr.	Alasam M. BAH	Agricultural Development Officer	*RFCIP*
Mr.	Monodou Lamin CEESAY	Chief Economist,	*DOSFEA*
Mr.	Paul CORTEH	Principal Loan Officer	*DOSFEA*
Mr.	M DAMPHA	Director	*DAS*
Mr.	ML DARBOE		*NARI*
Dr.	Eunice FORSTER		*DLS*
Ms	Fatou GAYE	Liaison Officer for Rural Finance	*DLS*
Mr.	M. JABANG		*NARI*
Ms	Teneng Mba JAITEH	Acting Permanent Secretary	*DOSFEA*
Mr.	Ousman JAMMEH	Permanent Secretary	*DOSA*
Dr.	E JAW		*DLS*
Mr.	Ousman JOAJIN	Unit Head, Horticultural Development	*DAS*
Mr.	Basiru JOBE	Project Coordinator	*RFCIP*
Mr.	Lang K. KINTEH	Training, Monitoring and Evaluation,	*DAS*
Ms.	Fatou KUYATEH	Permanent Secretary	*DOSA*
Mr.	Sering Falu NJIE	Acting National Coordinator	*SPACO*
Dr.	A SECKA		*NARI*
Mr.	Ebrima A. SECKA	Principal Agricultural Officer & Head Agricultural Pest Management Unit	*DAS*
Mr.	M SECKA		*DOSFEA*
Mr.	S. Bai SENGHOR	Director, Microfinance Department	*CBG*
Mr.	A SENGHORE		*NARI*
Mr.	A SOWE		*ACU*
Mr.	J SOWE	Director	*DLS*
Mr.	Musa SUSO		*NARI*
Mr.	Fatou D. TOURAY	Deputy Head, Micro-finance Dept	*CBG*
Mrs.	M SAMBOU	Field Coordinator, LRD	*RFCIP*
Dr.	S SONKO	Field Coordinator, CRD/S	*RFCIP*
	DONORS & OTHER INTERNATIONAL ORGANIZATIONS		
Dr.	Kwaku AGYEMANG	Director General	*ITC*
Mr.	Ernest AUBEE	National Coordinator, FASE	*UNDP/ILO*
Mr.	Nyaba Yoba BALDEH	Liaison Officer	*World Bank*
Mr.	Alassane DJITE	Fund Manager	*SDF*
Dr.	Abdou FALL	Programme Leader, LISIP	*ITC*
Mr.	E HOEVEN		*ITC*
Mr.	S JARJU		*SWMU*
Mr.	Sariyang JOBARTEH	Executive Director	*MFPC*
Mr.	O. OLAITAN		*MDI*
Mr.	Manga SANYANG	Manager	*IBAS*
Mr.	Seikore SANYANG	National Executive Adviser	*UNDP*
Mr	Alhaji SAWANEH		*MFPC*
Dr.	Omar TOURAY	Coordinator	*EC Support Unit*

	NON GOVERNMENTAL ORGANIZATIONS AND OTHERS		
Mr.	Abdou K.AIDARA	Coordinator	*FORUT*
Mr.	Tijan BANGURA	Director	*GAMFINET*
Mr.	Edrissa CEESAY	Central Statistics Department	
Mr.	Sillah CONATEH		*MDI*
Mr.	Babanding DIAITE	Acting Secretary General	*FFHC*
Mr	FADERA	Accountant	*Gambia Rural Development Agency*
Prof.	Sulayman M B FYE	Dean, Department of Economics and Management	*University of The Gambia*
Mr.	Malaki GASAMA	National President	*AFET*
Mr.	Babawding J. JAITEH		*Freedom from Hunger Campaign*
Mr.	Momodou M. JARBOH	General Manager	*GAMSAVINGS*
Ms.	Katy JATTA	Savings and Credit Manager	*GAWFA*
Mr.	Musa JENG		*FORUT*
Mr.	Pierre MENDY	General Manager	*NACCUG*
Ms.	Christine TACCHI	Volunteer, microfinance adviser	AFET

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