

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



CHAD

PORTFOLIO REVIEW

**COUNTRY OPERATIONS DEPARTMENT
CENTRAL AND WEST REGIONS
JUNE 2006**

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This report was prepared following a mission to N'Djamena from 22 October to 3 November 2005 by Messrs I. Koussoubé, Division Manager ex.OCCC.2, H. Kouassi, Country Economist, ex.OCCC.2 ; M. C. Guédégbé, Education Analyst, ex.OCS.D.3 ; J.P. Kalala, Agro-Economist, ex.OCAR.3 and ; A D. Kouassi, Disbursement Officer, FFCCO.3

CURRENCY EQUIVALENTS

(March 2006)

UA 1	=	US\$1.43503
UA 1	=	CFAF 792.685
UA 1	=	EURO 1.20844
US\$ 1	=	CFAF 655.957

Fiscal Year

1 January - 31 December

ABBREVIATIONS AND ACRONYMS

ABEDA	Arab Bank for Economic Development in Africa
ADF	African Development Fund
AFD	French Development Agency
BD	Bidding Documents
BID	Islamic Development Bank
CA	Contracting Authority
CFD	French Development Fund
COJO	Bid Opening and Evaluation Board
COTONTCHAD	Chad Cotton Authority
DCSPPD	Department of Cooperation and Development Projects and Programmes Monitoring
EEC	European Economic Community
CFA.F	Franc of the African Financial Community
GDP	Gross Domestic Product
IDA	International Development Association
inhbt/km ²	Inhabitants per square kilometre
NGO	Non-Governmental Organisation
OCMP	Public Procurement Control Board
ONDR	National Rural Development Agency
PIP	Multi-Annual Investment Programme
PIU	Project Implementation Unit
SAP	Structural Adjustment Programme
SGG	General Government Secretariat
SODELAC	Lake Development Corporation
SPA	Special Programme for Africa
SPM	Procurement Department
TAF	Technical Assistance Fund
UA	Unit of Account
UNDP	United Nations Development Programme

STRATEGY NOTE – PORTFOLIO IMPROVEMENT PROGRAMME

In view of the alarming state of the portfolio, the Senior Management Committee requested the preparation of a strategy note on the portfolio improvement programme, in lieu of the usual executive summary. This note was distributed to the Boards together with this report. (ADB/BD/IF/2006/168 - ADF/BD/IF/2006/146)

I. INTRODUCTION

1.1 Objectives, Structure and Content of Report

This report is intended to inform the Boards of Directors of progress made, since 2002, in the implementation of Bank operations in Chad and formulate recommendations aimed at improving the quality of the portfolio as well as reaching the projected objectives of such operations. The portfolio review is also an instrument of dialogue with the country for improving the effectiveness of Bank operations, in line with the results-based CSP 2005-2009, adopted by the Bank's Boards of Directors on 5 October 2005. This review comes three years after that of 2002, subject of document ADB/BD/WP/2002/57-ADF/BD/WP/2002/62. It was prepared using (i) the 2002 portfolio review report; (ii) the outcome of the supervision, dialogue and audit missions as well as the summary records of the quarterly meetings of project managers undertaken since then; (iii) the outcome of the portfolio review mission undertaken from 22 October to 3 November 2005, and amended on 31 March 2006; (iv) the conclusions of the Bank's annual portfolio performance review of 2001; (v) the OPEV report reviewing the 2000-2004 country portfolio review reports; (vi) the report on the performance-based enhanced allocation framework under ADF X; and (vii) various documents on the ongoing institutional reform. The report covers issues of "quality assurance of projects at entry", which have become important in recent years. In addition to this introduction, the report is in six parts, comprising (i) a review of projects under implementation; (ii) an assessment of project management and implementation capacity; (iii) aid coordination; (iv) status of loan and arrears repayment; (v) proactive management of the portfolio; and (vi) the main conclusions and recommendations.

1.2 Context of Review

1.2.1 Since 2002, the portfolio has been executed in a difficult context for both the country and the Bank. With regard to the country, its economic and socio-economic situation appears to have worsened since 2002. Despite its recent status as an oil-producing country, Chad remains a fragile state and continues to be one of the poorest in sub-Saharan Africa. It is beset with economic, structural and social constraints that impede its development. The Government has endeavoured to mitigate this by implementing a National Poverty Reduction Strategy (NPRS), which was adopted in 2003. Although the overall macro-economic situation has improved, averaging a real growth rate of 10% from 2001 to 2005 and driven by oil production activities (80% of exports), the country's financial situation has remained challenging, notably in 2004 and 2005. The situation worsened in 2005 with a decline in oil revenue and the low mobilisation of external resources due to disagreements between the Government and donors over the amendment of the law governing the utilisation of oil revenue. This led to a substantial accumulation of both domestic and external arrears. The country has, on several occasions, come under Bank sanctions for arrears, thus hampering the funding of projects. At the social level, the increase in per capita income resulting from the oil boom benefited only certain urban populations and very few of the rural population, who make up 75% of the total population. The socio-political, humanitarian and security situation remains difficult with the resurgence of political and military conflicts, the Darfur conflict and the multiple labour strikes, which reflect a strong social demand for oil revenue. The recurrent conflict situation has seriously eroded the Administration's economic management capacities. Chad's Governance Profile for 2004 highlighted inadequacies in accountability and transparency in public finance management, participation and the fight against corruption as well as deficiencies in the legal and judicial system. This generally difficult context,

characteristic of fragile States, is a major contributing factor to the portfolio situation. This explains, to some extent, the inertia in the management of the economy, in general, and of the portfolio, in particular.

1.2.2 For the Bank, organisational constraints have affected the institution's capacity to effectively manage its portfolio in Chad and other similar countries. These constraints, mentioned in several internal documents requested by the Bank's top management, include mainly: the organisational structure of the Operations Complex and the limited focus on countries, the insufficient number of staff assigned to operations, the low project/operations ratio, the emphasis on loan activities rather on quality at entry, project implementation and supervision, the inadequate support staff in relation to operations professionals and country economists, and decentralisation deficiencies. This situation has affected the portfolio trend.

1.3 Scope and Composition of Portfolio

Overview of Portfolio

1.3.1 Table 1 gives an overview of the portfolio from 1974, when operations commenced, to 31 March 2006. During this period, the Bank Group financed 56 operations totalling net commitments of UA 336.36 million, in the form of loans and grants, as against UA 322.96 million in 2002. This trend is due to a marked increase in operations in the agricultural and rural development sectors (3) and the multi-sector (1). The agricultural and rural development sector has been the lead beneficiary because of its importance in the national economy, followed by the social and multi-sectors, which are of equal importance. These three priority sectors have absorbed about 77.65% of the resources. Despite their strategic importance, the transport, public utilities and finance sectors have received little funding and most of the projects in these sectors were completed years ago. These commitments comprised 33 investment projects, 13 studies, 4 structural adjustment programmes and 6 institutional support projects. The overall disbursement rate has been 72.83%. Out of the 56 operations, 10 are ongoing, 6 have not yet started, 8 have been cancelled and one has been suspended while 31 have been completed.

Sectors	Number of Operations	Net Commitments (UA Million)	% Net commit. by sector	Amounts Disbursed (UA Million)	% Disbursed.
Agriculture & rural dev.	25	157.39	42.24	91.36	8.05
Social	11	59.58	15.99	46.00	77.21
Transport	4	42.44	11.39	42.44	00.00
Water and sanitation	5	13.8	3.70	13.8	100.00
Energy	1	0.94	0.25	0.94	100.00
Communications	2	16.41	4.40	16.41	100.00
Finance	1	1.59	0.43	1.59	100.00
Multi-sector	7	80.48	21.60	58.81	73.07
TOTAL	56	372.63	100.00	271.35	72.82

Table 2: Summary of Ongoing Operations by Sector and Sources of Financing as at 31/03/06
(Amounts in UA million)

Sectors	Number of Operations	Net Commitments			Amounts Disbursed			Disbursement Rate		
		ADF	AF/Grant	TOTAL	ADF	TAF/Grant	TOTAL	ADF	TAF/Grant	TOTAL
Agric. & Rural dev.	5	71,79	3,57	75,36	32,25	2,21	34,46	44,92%	61,90%	45,73%
Social	4	15,73	5,00	20,73	6,77	1,24	8,01	43,04%	24,86%	38,65%
Multi-sector	1	0,00	2,32	2,32	0,00	0,69	0,69		29,74%	29,74%
TOTAL	10	87,52	10,89	98,41	39,02	4,14	43,16	44,58%	38,04%	43,86%

Overview of Ongoing Operations

1.3.2 The ongoing and approved operations are in the priority sectors of agriculture and rural development, health, education and training, the environment and good governance, as defined in the PRSP. Capacity building in economic management also constitutes a priority for the Government.

Review of Portfolio

1.3.3 Table 2 gives an overview of the active portfolio as at 31/03/06. Since the last review in 2002, covering 9 operations, the Bank's portfolio has witnessed the completion of 4 operations, which were reviewed in 2002, and the entry of 7 new operations for the period 2002-2005. The operations completed are: Mamdi Project 1993-2004; Fishing and Fish Farming Study 1999-2004; Education Project IV 1991-2001; Primary Healthcare Strengthening Project 1993-2001 ; and SAP III 2002-2003. With regard to new projects, it should be pointed out that three had not become effective at the time of the last review, namely: Biltine Project 2001-2009, Education Project V 2001-2007 and Health Project II 2001-2006. Added to these three projects are the Pastoral Livestock System Support Project (PASEP) in 2002, Economic Management Support Project (PAGE) in 2003, Education Sector Support Project (PASE) in 2004 and the Multinational Emergency Poliomyelitis Eradication Project, which was fully disbursed in 2005. In 2003, the Bank financed to the tune of UA 0.4 million the Bisney section of the Massaguet-Ngoura Road Project 2001-2004 before it was suspended following a disagreement with the Government over the mode of recruitment of the contracting firm for the works. The loan balance (UA 11.94 million) has been cancelled. As at 31/03/06, the portfolio comprised a total of 10 ongoing operations, representing a net commitment of UA 98.41 million.

1.3.4 The portfolio reviewed comprised the following:

- *5 projects in the agriculture and rural development sector, namely : (i) the Cotton and Food Crop Production Project in the Sudan Zone (PCVZS) 1993-2006; (ii) the Surface Run-off Water Development Project in Batha, Guéra, Ouaddaï and Biltine (PVRES)1998-2006; (iii) the Prefecture du Lac Rural Development Project (PDRLP) 1999-2006; (iv) the Biltine Department Rural Development Project (PDRDB) 2001-2009; and (v) the Pastoral Livestock System Support Project (PASEP) 2002-2009.*
- *4 projects in the social sector, namely: (i) the Poverty Reduction and Actions in favour of Women Project PREPA-FEM 1997-2006; (ii) the Project to Strengthen Technical and Vocational Education (Education V) 2001-2007;*

(iii) the Project to Strengthen Health and to Support the Control of HIV/AIDS and Epidemic Diseases (Health II) 2001-2006; and (iv) the 2004-2009 Education Sector Support Project (PASE).

- *Multi-Sector project*, namely: the Economic Management Support Project (PAGE) 2003-2006.

1.3.5 In addition to these 10 projects, the Bank's portfolio in Chad comprises 4 other approved operations, including: (i) the Natural Resource Management Support Project (PGRN) 2005-2011 for which the agreement was signed on 19 May 2005 for an amount of UA 6 270 000, with UA 4 270 000 being a loan and UA 2 million a grant; (ii) the Governance Reform Support Programme (PARG I) 2005-2007 consisting of balance of payment support and institutional support, worth UA 20 500 000, and for which the memoranda of understanding were signed on 23 November 2005; (iii) the Fisheries Development Project (PRODEPECHE) 2005-2011, which was signed by both parties on 23 November 2005, for an amount of UA 10 million; and (iv) the PPF-PNEAR, approved in 2005, for an amount of UA 0.390 million. If financing for these four operations is added to the ongoing portfolio, the Bank's commitment in Chad, as at 31 March 2006, stood at UA 136.50 million.

Composition of Portfolio by Source of Financing, by Sector and Financing Instrument

1.3.6 ADF is the only source of financing, in view of the degree of poverty and indebtedness of the country. The agriculture and rural development sector has absorbed 76.57% of resources, as against 56.7% in 2002. It is followed by the social sector with 21.06% of commitments, as against 27.19% in 2002. These two sectors take up about 97.64% of ADF resources. Coverage of the multi-sector is marginal. Project loans continue to be the key financing instrument, with 88.9% of commitments, as against 11.1% for technical assistance or institutional support grant.

Disbursement Trend and Average Age of Operations

1.3.7 The disbursement rate of ongoing projects, as at 31/03/06, was 43.66% as against 26.6% in 2002, with a different portfolio composition. The disbursement rate in the agriculture and rural development sector was 45.73%, with a project of 13 years (PCVZS 1993-2006), financed under ADF VI, and two other projects – the PVERS 1998-2006, considered aged at 8 years old, and the PDRPL 1999-2006, likely to become aged at 7 years old – and disbursed at a rate of 77.31%, 59.71% and 44.52%, respectively. In the social sector, the disbursement rate was 38.65%, with a project of over 9 years (PREPAFEM 1997-2006), considered aged and dating back to ADF VII. The average age of active portfolio projects had thus increased since the last review in 2002 from 4.7 years to 6.3 years. The ageing of the portfolio is an indication of the need for close supervision of these projects to avoid their cancellation and of the failure to attain their development objectives. The entry of the four (4) new operations (PGRN, PARG I, Fisheries Project and PPF PANEAR), approved in 2005, should help reduce the average age of the portfolio.

Geographical Distribution of Projects

1.3.8 There is a fairly good geographical distribution of the agricultural projects, which take account of climatic conditions, population density and the presence of other donors. The Sahel Zone, in the centre (200 to 700 mm of rainfall) and the Sudan Zone to the south (700 to 1200 mm of rainfall and high population density) are the major sites for the agro-pastoral projects financed by the Bank. The PASEP spans the central belt of the country, mainly Kanem, Chargui Barguimi, Batha, Ouaidai, Biltine, Guera and Salamat. The PCVZS cotton project covers the southern part of the country, including Logone Oriental, Tangile and Moyen Chari. Operations have also been undertaken in Biltine, Guera and Batha as well as the Lake Chad Region, with the PDRPL and PVERS. Regions requiring better coverage by Bank operations in the agricultural sector are Moyen Chari, Mayo Kebbi and Salamat. At the social level, the Education Project V, Health Project and PASE cover the entire country, with the exception of Borkou-Ennedi-Tibesti Region, a desert area¹. The people of Chargui Barguimi are the beneficiaries of the REPAFEM Project while the PAGE is nationwide.

II. REVIEW OF ONGOING PROJECTS

2.1 Review of Each Ongoing Operation

A. Agriculture and Rural Development Sector

2.1.1 The total amount of ADF financing (loans and grants) for the 5 projects mentioned above stood at UA 75.36 million, as at 31/03/06. The disbursement rate was 45.73%.

Cotton and Cash Crop Production Project in the Sudan Zone (PCVZS)

Basic Administrative and Financial Data

Loan number: F/TCH/AGR/24

<u>Loan amount:</u> UA18.95 million	<u>Source:</u> ADF	<u>Disbursement:</u> UA 14.65 million
<u>Date of approval:</u> 2/09/93	<u>Date of signature:</u> 21/03/95	<u>Date of entry into force:</u> 11/07/96
<u>Deadline for last disbursement:</u> 31/12/2001		<u>Executing Agency:</u> Project Implementation Unit <u>Contractors:</u> ONDR, ITRAD, DSA, SOGEC int'l.
<u>Date of last supervision mission:</u> November 2005		
<u>Number of supervision missions since 1997:</u> 11		
<u>Date last audit report submitted:</u> 10 May 2005 (audits 2001 and 2002)		
<u>Number of audits since 1997:</u> 6		
<u>Objectives and Components:</u>		
The primary project objectives are to contribute to boosting food security and improving the standard of living of people in the Sudan Zone. Accordingly, it aims at increasing cotton and cash crop production and incomes.		
The project comprises the following six components: (i) Production Development; (ii) Research, Training and Extension Activities; (iii) Training; (iv) Marketing; (v) Management Assistance to Cotontchad; and (vi) Project Management Unit.		

¹ The B.E.T. Region benefited from the Education III Project

Compliance with Conditions Precedent/Undertakings

2.1.2 Compliance with conditions precedent to entry into force: The loan agreement entered into force 35 months after project approval. The conditions precedent to first disbursement were met 10 months late. The performance is considered unsatisfactory.

2.1.3 Compliance with general conditions: Quarterly activity reports are submitted regularly to the Bank. There have been considerable delays in the conduct of audits. The external audits for 2001 and 2002 were only carried out in 2005. Audits for 2003 and 2004 as well as that of the component managed by Cotontchad have not been carried out. Contracts for the 2004 and 2005 audits have been submitted for signature and will be conducted simultaneously. Performance is considered unsatisfactory.

2.1.4 Compliance with Other Conditions: The project, after 12 years, does not have any administrative, financial and accounting procedures manual. A contract for this document has only recently been submitted for signature by the parties. Performance is considered unsatisfactory.

Performance of Goods, Services and Works Procurement

2.1.5 Procurement of Goods: Since the lifting of the suspension of disbursements in May 2002 for irregularities in the procurement of inputs by Cotontchad and in the utilisation of the revolving fund, efforts have been made to abide by Bank rules of procedure. There is still some difficulty with knowledge of Bank rules and compliance with deadlines for the processing of procurement documents. Performance is considered unsatisfactory.

2.1.6 Procurement of Consultancy Services: Although efforts have been made since 2002 to comply with the Bank's rules of procedure, following the lifting of the suspension of ADF funding, problems persist in fully understanding Bank rules of procedure and complying with deadlines for the processing of procurement documents. Performance is considered unsatisfactory.

Financial Performance

2.1.7 Availability of Foreign Exchange: The ADF loan of UA 18.95 million and the AFD loan of UA 3.66 million were intended to finance the entire foreign exchange cost. There has been no particular problem with foreign exchange availability since 2002, although the initial disbursement timetable was not complied with due to project-specific problems. Performance is considered satisfactory.

2.1.8 Availability of Local Currency: Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. Since 2002, local currency disbursements from ADF have been used to finance part of such costs. The disbursement rate for the Government's contribution, which is mainly in local currency, has improved from 10.8% in 2002 to 57.88%, but remains low for this project of 13 years. Performance with respect to the borrower is considered unsatisfactory.

2.1.9 Disbursement Flows: Since 2002, the disbursement method used has been direct payment based on contracts prepared for goods and services procurement and the replenishment of a special project account for financing operating costs (revolving fund). Delays are observed

in the processing by the Bank of disbursement and payment requests. As at 31 March 2006, the disbursement rate had improved from 61.3% in 2002 to 77.31%. It remains low in view of the age of the project. Counterpart funds from the Government have been difficult to mobilise. To permit continuation of project activities, the Bank has authorised an extension of the deadline for last disbursement up to the end of December 2006. Performance is considered unsatisfactory.

2.1.10 Cost Management/Recovery: There are no cost overruns. With regard to the component managed by Cotontchad, arrears on cotton input loans accumulated over 6 years, amount to CFAF 3.12 billion. This could jeopardize the sustainability of the line of credit intended to purchase inputs for which an initial CFAF 7.16 billion was earmarked. A plan for settling the input loan arrears of village associations has been prepared. In view of the yield of about 183 000 tons obtained during the 2004/2005 farming season, the amount of arrears should logically reduce by half to about 1.5 billion. Implementation of the project has enabled the reconstitution and operation of the revolving fund for cotton farming. Performance, since 2002, is considered unsatisfactory.

Activities and Outputs

2.1.11 Adherence to Implementation Schedule: A new general implementation schedule was prepared after the mid-term review of the project in 2003, but the pace remains inadequate. Although the 2001 and 2002 external audits have been conducted, those for 2003, 2004 and 2005 are yet to be carried out. Audit of the component managed by Cotontchad only started in February. Credit distribution activities are yet to resume. Similarly, as at the end of March 2006, funds initially earmarked for silk culture had not yet been reallocated. The micro-finance expert had also not yet been recruited. The planned computer equipment and vehicles were not yet fully supplied. Performance since the mid-term review is considered unsatisfactory.

2.1.12 Performance of Consultants or Technical Assistants: Technical assistance was provided by BDPA, CIRAD-CA, and DAGRIS. Seven experts and consultants were recruited for the project. Contracts executed in accordance with the terms of reference have mostly been completed with the exception of that of DAGRIS, after the AFD withdrew from the financing of technical assistance. Overall performance is considered satisfactory.

2.1.13 Performance of Contractors: Since 2002, firms awarded contracts have, on the whole, executed the contracts in compliance with the terms, particularly with regard to the procurement of vehicles, computer equipment and supplies, and office equipment for the project and for two rural radio stations in Moundou and Sarh. Overall performance is considered satisfactory.

2.1.14 Performance of Project Management: Since 2002, progress has been observed in the implementation of the project, but the performance of the Project Management remains generally inadequate in view of the problems raised in the carrying out of audits, management of the Cotontchad component, cost recovery and adherence to the project implementation schedule. Quarterly activity reports are regularly sent to the Bank. The overall performance is considered unsatisfactory.

Impact on Development

2.1.15 In line with the PRSP, the objective of the project is to contribute to boosting food security and improving the standard of living of the people in the Sudan Zone. Accordingly, it aims at increasing cotton and food crop production and incomes. It has five specific objectives: (i) production development; (ii) research, training and extension activities; (iii) training; (iv) marketing; and (v) support to the management of Cotontchad.

2.1.16 Likelihood of Attaining Project Objectives: The project has implemented several activities that are contributing to attaining its development objectives. *Production development and marketing* have been achieved. The utilisation of the cotton inputs revolving fund, disbursed by the Bank in 1998, enabled the cultivation of about 1 440 755 ha of cotton and provided an economic gain of CFAF 21 billion (or an average of 2.6 billion yearly), corresponding to about 10% of the cotton production value or 5% of the yearly income of the farmers, estimated at CFA.F 120 000 in 1996. The introduction of improved seeds (mainly groundnuts) has provided a regional economic gain of about CFAF 100 million/year. In the area of *training and extension activities*, 6 000 producers and development agents have been trained in various skills including 230 blacksmiths to maintain farming equipment. Two regional rural radio stations (Moundou and Sarh) have been provided with modern equipment for the distance training of producers in the following areas: extension, protection of the environment and HIV/AIDS control. As part of the funding of rural areas, the Government has signed a memorandum of understanding with the Rural Credit Development Fund (CDCR), for which ADF has released an initial disbursement of CFAF 772 million. Credit distribution has not yet started, but the CDCR has created and is supervising 55 community savings and credit cooperatives (COOPEC) and their apex organisations (URCOOPEC-ZS). The outputs of the old project are perceptible. However, the objectives of the project can only be fully attained if implementation of certain key components such as the resumption of credit activities, the allocation of the funds initially earmarked for silk culture and the settlement of Cotontchad's input credit arrears is accelerated by the end of 2006. At the current stage of its implementation, it is estimated that there is a 75% to 100% chance of attaining the project's objectives.

2.1.17 Likelihood of Realisation and Sustainability of Benefits beyond the Investment Stage: Several tangible long-term activities of the project have been implemented over the 13-year period. An example is the revolving fund for the procurement of inputs, for which the rate of recovery should improve with the arrears settlement plan put in place by Cotontchad with the support of the village associations. To this end, the COOPEC credit mechanism is likely to facilitate the mobilisation of savings among the population, credit distribution and recovery. The woodlot is managed by the private sector. The seed programme is managed by ITRAD, a permanent government structure. Promoting accountability among the various project stakeholders and beneficiaries will ensure the sustainability of the gains made. The benefits of the project are likely to be maintained beyond the investment stage, especially as agriculture is one of the priority sectors. At the current stage of implementation of the project, it is likely that the benefits of the project will be realised and sustained beyond the investment stage, given that agriculture is a priority sector.

2.1.18 Likely Contribution of the Project to Building Institutional Capacity: The project has conducted several training sessions for a total of 878 COOPEC facilitators, i.e. 104% of the projected number; 80 rural trainers, i.e. 57%; 230 blacksmiths, i.e. 92%; 4,532 fruit tree farmers,

i.e. 45%; 81 village association representatives, i.e. 40%; and 120 women in the use of improved stoves, i.e. 60%. In addition to these training activities, the project has enabled the setting up of two rural radio stations at Moundou and Sarh, which have provided distance training to the rural population through the broadcast of extension and HIV/AIDS control programmes. It has also contributed to the setting up of the Market Information System (MIS), which covers 18 markets, where weekly surveys are conducted on the prices of 32 essential commodities. The project is actively contributing to building institutional capacity.

Overall Performance Assessment

2.1.19 In view of the above, the overall performance of the project is considered unsatisfactory. It is rated 1.35.

Indicators	Conditions/ Undertaking	Procurement of goods and works	Financial Performance	Activities and Outputs	Impact on Development	Overall Evaluation
Evaluation	1	1	1.25	1.5	2	1.35

2.1.20 The future trend could be satisfactory if the implementation of the specific action plans listed in Annex VI is effectively accelerated.

Lake Prefecture Development Project (PDRPL)

Basic administrative and financial data

Loan number: F/DN/DEV-RUR/99/30

Grant number: F/TCH/DEV-RUR/99/30

<u>Loan amount:</u> UA 17.3 million	<u>Source:</u> ADF	<u>Loan Disbursement:</u> UA 7.70 million
<u>Grant amount:</u> UA 3.06 million	<u>Source:</u> TAF	<u>Grant Disbursement:</u> UA 2.22 million
<u>Date of Approval:</u> 22/03/99	<u>Date of Signature:</u> 25/05/99	<u>Date of Entry into Force:</u> 04/09/2000
<u>Deadline for Last Disbursement:</u> 31/12/2006		<u>Executing Agency:</u> SODELAC
<u>Date of Last Supervision Mission:</u> November 2005		
<u>Number of Supervision Missions</u> since 1997: 8		
<u>Date Last Audit Report Submitted:</u> 26 /10/2005 (audit 2004)		
<u>Objectives and Components:</u>		
The objective of the project is to boost the country's food security through an n increase in food crop and animal production and a general improvement of the living conditions of people living in the Lake Prefectures.		
The project comprises the following four components: (i) development of the polders; (ii) agricultural development; (iii) livestock development; (iv) and project management.		

Compliance with Conditions Precedent/Undertakings

2.1.21 Compliance with Conditions Precedent to Entry into Force: The loan agreement entered into force 6 months after project approval and the conditions precedent to first disbursement were met after 13 months. Performance is considered unsatisfactory.

2.1.22 Compliance with General Conditions: Audits for 2002, 2003 and 2004 have been conducted. That of 2005 has not yet been launched, but bids for both the 2005 and 2006 audits are being examined. Project progress reports have been transmitted regularly. Performance is considered satisfactory.

2.1.23 Compliance with other Conditions: The other conditions tied to the ADF loan were met within the prescribed time. Performance is considered satisfactory.

Performance of Goods and Works Procurement

2.1.24 Procurement of Consultancy Services: Since 2002, efforts have been made to comply with the Bank's rules of procedure. There are still some problems with knowledge of Bank rules of procedure and compliance with deadlines for the processing of procurement documents. Performance is considered unsatisfactory.

2.1.25 Procurement of Goods and Works: Corruption allegations were made against the PDRPL in the award of the contract for the rehabilitation of the polders and feeder roads. Several investigations were conducted, but no tangible evidence was found to corroborate those allegations. Although efforts have been made to comply with the Bank's rules of procedure, there are still problems with adequate knowledge of these rules and with adherence to deadlines for the processing of procurement documents. Performance, on the whole, is considered unsatisfactory.

Financial Performance

2.1.26 Availability of Foreign Exchange: The ADF loan of UA 18.95 million is intended to finance the entire foreign exchange cost. There has been no special problem with foreign exchange availability since 2002 although the initial disbursement timetable was not adhered to due to project-specific problems. Performance is considered satisfactory.

2.1.27 Availability of Local Currency: The ADF financial assistance is intended to fund part of the local currency costs. Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. Since 2002, local currency disbursements from ADF have been used to finance part of such costs. The disbursement rate of the Government's local currency contribution has improved from 0.0% in 2002 to 17.08%, but remains low for this project of 6 years. The borrower's performance is, on the whole, considered unsatisfactory.

2.1.28 Disbursement Flows: Since 2002, the method of disbursement used has been direct payment based on contracts prepared for the procurement of goods and services and the replenishment of a special project account for financing operating costs (revolving fund). Delays are observed in the processing by the Bank of disbursement and payment requests. By the end of March 2006, the disbursement rate had improved from 0.4% in 2002 to 58.52%. To permit the continuation of project activities, the Bank has authorised an extension of the deadline for last disbursement up to the end of December 2006. Performance is considered unsatisfactory.

2.1.29 Cost Management/Recovery: Despite the loss on exchange from the appreciation of the euro to the US dollar, there has been no budget overrun. Performance is considered satisfactory.

Activities and Outputs

2.1.30 Adherence to Implementation Schedule: After the mid-term review of the project in May 2004, a general implementation schedule was drawn up and the deadline for the last disbursement of the loan was extended to 31/12/2006. Since this mid-term review, the project

has been implemented satisfactorily due to the renewed drive of the national staff, the AGRER technical assistance team and the Carlo Loti consulting firm, which is responsible for works supervision. Performance is considered satisfactory.

2.1.31 Performance of Consultants or Technical Assistants: The AGRER consulting firm was recruited to support the project. It worked in conformity with its terms of reference and has been a huge support to the project in terms of administrative and financial management, procurement of goods and services as well as agricultural development. Short-term consultants have also been recruited. Performance is considered satisfactory.

2.1.32 Performance of Contractors: The contractors have, on the whole, fulfilled their contracts. These include works for the rehabilitation of 13 polders, the rehabilitation of 120 km of feeder roads, the drilling of 105 boreholes, the building of 87 depots, 4 health centres, 19 schools and 10 pastoral wells. Performance is considered satisfactory.

2.1.33 Performance of Project Management. The Project Management has experienced difficulties linked with its collaboration with the supervisory organ. Since the clarification provided by the Bank during the mid-term review in May 2004, the PIU has been carrying out its activities satisfactorily. It has been submitting regular quarterly status reports. Most contracts have been awarded, generally, in conformity with the Bank's rules of procedure for the procurement of goods and services. An internal audit team of the Bank undertook a mission to Chad in June 2005. It was satisfied with the application of the project manual of administrative, accounting and financial procedures. The accounting system, which uses the TOMPRO software, is adequate. The fixed assets ledger is being properly kept. Upon the recommendation of the internal audit team, the project has proceeded with the reorganisation of the management systems of the Bol and N'Djamena funds. Performance is considered satisfactory.

Impact on Development

2.1.34 The objective of the project is to boost food security through (i) an increase in food crop and animal production and (ii) a general improvement of the standard of living of the people of the Lake Prefecture through the rehabilitation of the polders as well as agricultural and livestock development.

2.1.35 Likelihood of Attaining Project Objectives: Several activities that contribute to attaining the two development objectives had been implemented, as at 31 March 2006. With regard to *production*, 21 polders have been completed. This will enable the cultivation of 3,000 ha, by controlled flooding, leading to a significant increase in agricultural production. Concerning basic infrastructure, 14 out of 19 schools have been completed. All the pastoral wells have been built. The feeder road component is virtually completed and has contributed to opening up the region and to the evacuation of produce. The reactivation of the Matafo Technical Support Centre (CAT) has led to the production of quality seeds and the conduct of extension activities on appropriate farming methods. Lastly, rural extension, training and information sessions have contributed to building the capacity of the operators and technical support staff. This will help to improve the standard of living of the people and livestock. Delays are, however, observed in the drilling of boreholes and building of pastoral facilities. In view of the above and of the fact that the deadline for last disbursement has been extended up to the end of 2006, there is a 75% to 100% chance that the project objectives will be achieved by project end.

2.1.36 Likelihood of Realisation and sustainability of benefits beyond investment stage: The entire basic infrastructure built is being managed by the beneficiary communities. The

polders will be developed and jointly managed by the local population and SODELAC. The CTA is autonomous in the management of its activities. In the same vein, the Centre for the Preservation of the Kouri Race will be attached to the Farcha Veterinary and Animal Production Laboratory of the Ministry of Animal Production. It is therefore likely that the benefits of the projects will be realised and sustained beyond the investment stage.

2.1.37 Likely Contribution of Project to Building Institutional Capacity: The project has carried out numerous training activities. Several PIU officers have been trained locally and abroad. Training sessions have also been organised for 371 village grouping officials. The project has launched an initiative for the creation and revitalisation of associative organisations. It is actively contributing to institutional capacity building.

Overall Performance Assessment

2.1.38 In view of the above, the overall performance of the project is considered satisfactory. It is rated 1.63.

Indicators	Conditions/ Undertaking	Procurement of goods and works	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
Assessment	1.67	1	1.5	2	2	1.63

2.1.39 The future trend could be satisfactory if implementation of the specific action plans listed in Annex VI is effectively accelerated.

Surface Run-off Water Development Project in 4 Prefectures (Batha, Guera, Biltine and Ouaddai)

Basic administrative and financial data

Loan Number: F/TCH/VAL/EU-RUI/98/29

Grant Number: F/ TCH /DN-ET/VAL/EU-RUI/98/29

<u>Loan Amount:</u> UA 11.90 million	<u>Source:</u> ADF	<u>Loan Disbursement:</u> ADF: UA 7.10 million
<u>Grant Amount:</u> UA 0.51 million	<u>Source:</u> TAF	<u>Disbursement Rate:</u> 59.71%
		<u>Disbursement:</u> TAF : UA 0.276 million
		<u>Disbursement Rate:</u> 55.03%
<u>Date of Approval:</u> 29/04/98	<u>Date of Signature:</u> 29/05/98	<u>Date of Entry into Force:</u> 15/9/99
<u>Deadline for Last Disbursement:</u> 31/12/2006		Executing Agency: Directorate of Rural Engineering and Agricultural Water Management (DGRHA) – Ministry of Agriculture.
<u>Date of Last Supervision Mission:</u> 30 June 2005		
<u>Number of Supervision Missions since 1997 :</u> 09		
<u>Date Last Audit Report Submitted:</u> March 2005.		
<u>Number of Audits since 1999:</u> 4		
<u>Objectives and Components:</u> the project aims to boost the country's food security. It involves collecting and controlling surface runoff water in the 4 prefectures for flood-water recession and market garden farming and for livestock watering. The project comprises the following 4 components: (i) civil works; (ii) agro-pastoral development; (iii) support measures; (iv) project management		

Compliance with Conditions Precedent/Undertakings

2.1.40 Compliance with Conditions Precedent to Entry into Force: The project was approved on 29 April 1998 and the loan agreement was rapidly signed on 29 May 1998, i.e. exactly one month after approval. However, it only entered into force 16 months later, i.e. on 15 September 1999. Performance is considered unsatisfactory.

2.1.41 Compliance with General Conditions: Since 2002, the quarterly project status reports have not been submitted regularly. There are significant delays in the conduct of audits. The external audit of the project accounts for the 2002 and 2003 fiscal years was carried out only recently. The 2004 audit has not been conducted while that of 2005 has not been launched. The contract of the consulting firm for the two audits is being signed. Performance is considered unsatisfactory.

2.1.42 Compliance with Other Conditions: The other conditions have been met and the project team was fully formed within the prescribed time. Performance is considered satisfactory.

Performance of Goods and Works Procurement.

2.1.43 Procurement of Consultancy Services. In 2002, delays were observed in the procurement of consultancy services, and subsequently activities were concentrated solely on the civil works component and the credit aspect of the rural development component, in 2005. Although efforts have been made to comply with the Bank's rules of procedure, problems persist with limited knowledge of these rules and with adherence to deadlines for the processing of procurement documents. Performance is considered unsatisfactory.

2.1.44 Procurement of Goods and Works: Since 2002, delays have been observed in the procurement of goods and works. Although efforts have been made to comply with the Bank's rules of procedure, problems persist with limited knowledge of these rules and with compliance with deadlines for the processing of procurement documents. Performance is considered unsatisfactory.

Financial Performance

2.1.45 Availability of Foreign Exchange: The project is being financed to the tune of UA 14.23 million from ADF (UA 8.9 million), TAF (UA 0.51 million), Chad Government (UA 1.4 million) and beneficiary contribution (UA 0.4 million). This cost is estimated at 66% in foreign exchange and 34% in local currency. All foreign exchange payments are being covered from ADF/TAF. Since October 2001, 28 requests for foreign exchange payments have been met. The last foreign exchange payment was made to the CIMA International consulting firm and dates back to 11 October 2005. Performance is considered satisfactory.

2.1.46 Availability of Local Currency: Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. The proportion of the local currency cost of this project is estimated at 34% (UA 4.82 million). Again, ADF contribution constitutes the largest, making up 62%. As is the case with the other agricultural projects, mobilisation of counterpart funds for this project has been difficult, representing barely 29%. Performance with respect to the borrower is considered unsatisfactory.

2.1.47 Disbursement Flows: The main disbursement flows have covered the payment of revolving funds and direct payments based on contracts drawn up for the procurement of goods and services and transfers. As at 31 March 2006, the average disbursement rate for ADF/TAF funds was 59.71%, i.e. UA 7.10 million out of the proposed amount of UA 12.4 million, while that of the counterpart funds was 29.26%. The delay in setting up technical assistance in the award of the works contract have mainly accounted for this situation. Delays have also been observed in the processing by the Bank of disbursement and payment requests. To permit continuation of project activities, the Bank has authorised an extension of the deadline for last disbursement up to the end of December 2006. Performance is considered unsatisfactory.

2.1.48 Cost Management/Recovery. The project is 8 years old. There is a problem of cost overruns with the micro-dams component. Bidding for the last two micro-dams was unsuccessful because of those overruns. This is also the case with the well construction contract, for which the number of wells have been reduced by 50%, and that of the construction of feeder roads, which have been reduced from the initially planned 143 km to only 53 km. Budget overrun problems have therefore led to the readjustment of some project activities. Performance is considered unsatisfactory.

2.1.49 Performance of Co-financiers. There are no co-financiers for this project.

Activities and Outputs

2.1.50 Adherence to Implementation Schedule: Significant delays have been observed in the putting in place of technical assistance. The technical assistant who was supposed to assist the PIU in preparing studies and bidding documents was not deployed in the field until June 2001, i.e. 21 months after loan effectiveness. Because of the delay in the execution of the dams and feeder road works, the projected completion date of 31/12/2005 could not be adhered to. To permit the continuation of project activities, the Bank has authorised an extension of the deadline for last disbursement up to the end of December 2006. Performance is considered unsatisfactory.

2.1.51 Performance of Consultants or Technical Assistants: The recruitment of the consultants and the technical assistant has rendered the PIU fully operational. The technical assistant has been at post since June 2001 and has worked a total of 30 staff-months out of the 48 planned while with regards to works inspection, the consultant has already worked for 18 months out of the 24 planned. Four audits have been conducted out of the 6 planned (1999-2000, 2001, 2002 and 2003). The technical assistant has helped in the preparation of 24 bidding documents, which have been approved by the Bank, as well as in the supervision of the topographic survey for the construction of the micro-dams. Since the replacement of the first technical assistant in June 2002, the performance of the technical assistant has been considered satisfactory.

2.1.52 Performance of Contractors. Several contracts have been signed with contractors for the procurement of goods and the carrying out of civil works, in particular the construction of micro-dams, equipped boreholes and feeder roads. On the whole, the contractors have adhered to the deadlines prescribed for the delivery of goods (computers, office equipment and supplies) and services (maintenance of equipment, etc.). There has been a delay in the implementation of works, particularly for the micro-dams. The contracts for 4 micro-dams for which notification of award was posted on 10 November 2003 have still not been finalised. The constraints

encountered include: the suspension of works during the rainy season, the inability of officials of the contracting firms to properly coordinate site activities, late ordering of gabions and geotextiles, lack of adequate earthmoving equipment, and failure to closely monitor field works on the part of officials of the contracting companies. The performance of the contractors is considered unsatisfactory.

2.1.53 Performance of Project Management: The PIU is managing the project in keeping with the projections of the appraisal report. Its key responsibilities are being properly carried out: partnership agreements with NGO's have been signed, and periodic financial statements and activity reports are regularly submitted to the Bank. It is also noteworthy that the PIU did not wait for the arrival of the technical assistant to prepare the first bidding documents. A weak point on the part of the PIU, however, is its failure to have the 2004 audit conducted. The consulting firm for the 2005 audit has still not been selected. The performance of the PIU is considered unsatisfactory due to the delayed audits.

Impact on development

2.1.54 The objective of this project is to collect surface runoff water in the 4 targeted prefectures for flood-water recession and market garden farming and for livestock watering. In line with this, the following outcomes are expected: (i) civil works involving the construction of 9 micro-dams and 10 equipped drinking water boreholes, the filling of 156 market gardening and pastoral wells and the construction of 143 km of feeder road; (ii) topographical surveys; (iii) agro-pastoral development (the development of 586 ha of land, a community organisation and sensitisation mechanism, an extension and research/development mechanism, a credit scheme and the strengthening of farmers' organisations); and (iv) support measures.

2.1.55 Likelihood of Attaining Project Objectives: The project is 8 years old. There is a significant delay in the implementation of major construction works for collecting surface water: out of 9 micro-dams only 3 have been completed. Overall, the implementation rate of indicators for the "civil works" component is about 60%, taking into account the construction of 100% of equipped drinking water boreholes, 100% of topographical surveys, 100% of geophysical studies and 15% of feeder roads. With regard to the 'agro-pastoral development' component, the overall implementation rate of the results indicators contained in the appraisal report is estimated at 45%, with the weakest point being the failure to establish the credit scheme. The results obtained for the "support measures" component are estimated at 50%; while 80% of the indicators for the project management component have been achieved. A total of 60% of the project objectives have thus been achieved. The deadline for last disbursement has been extended up to the end December 2006. With the current status of implementation of the project, there is a 60 to 75% probability of attaining the project objectives defined in the logical framework.

2.1.56 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: With only 60 to 75% of the objectives achieved, it is unlikely that the benefits of the project will be fully realised and sustained over time. Performance is considered unsatisfactory.

2.1.57 Likely Contribution of Project to Building Institutional Capacity: With the completion of the various training, sensitisation and technical assistance activities, the project has definitely contributed to developing new skills and know-how within the communities and the companies involved in the execution of various contracts as well as among the professionals of the agencies involved in its implementation. It is likely, therefore, that the project will eventually contribute to building the institutional capacity of the beneficiaries and the PIU even if the projected objectives are not fully attained.

Overall Performance Assessment

2.1.58 In view of the above, the overall performance of the project is considered unsatisfactory. It is rated 1.28.

Indicators	Conditions/Undertakings	Procurement of goods and works	Financial Performance	Activities and Outputs	Impact on development	Overall Assessment
Assessment	1.33	1	1.25	1.5	1.33	1.28

2.1.59 The future trend could be satisfactory if implementation of the specific action plans listed in Annex VI is effectively accelerated.

Pastoral Livestock System Support Project (PASEP)

Basic Administrative and Financial Data:

Grant Number: 2100155001893

ADF Loan Number: 21001150007034

OPEC Loan Number: OAN N° 956

<u>ADF Loan:</u> UA 14.64 million <u>TAF Grant:</u> UA 0.93 million <u>OPEC Loan:</u> CFAF 4.59 billion <u>ABEDA loan:</u> CFAF 5.69 <u>Government+beneficiaries:</u> CFAF2.02 billion	<u>Source:</u> ADF/TAF <u>Source:</u> OPEC <u>Source:</u> ABEDA <u>Source:</u> Gvt+Beneficiaries	<u>Disbursement:</u> ADF: UA1.78 million <u>Disbursement:</u> OPEC: UA 0.12 million <u>Disbursement:</u> ABEDA: 0 <u>Disbursement</u> GVT: UA 0.30 million
<u>Date of Approval of ADF Loan:</u> 17/12/02 <u>Date of Approval of OPEC Loan:</u> 10/12/03: <u>Date of Approval of ABEDA Loan:</u> 15 /10/03	<u>Date of Signature ADF/TAF:</u> 8/05/03 <u>Date of Signature OPEC:</u> 3/12/03 <u>Date of Signature ABEDA:</u> 6/11/03	<u>Date of Entry into Force ADF/TAF:</u> 17/09/03 <u>Date of Entry into Force OPEC :</u> 15/09/04 <u>Date of Entry into Force ABEDA:</u> 6/12/04
<u>Deadline for Last Disbursement:</u> 31/12/09 <u>Date of Last Supervision Mission:</u> November 2005 <u>Number of supervision Missions:</u> 6 including 2 by ABEDA <u>Date Last Audit Report submitted:</u> The recruitment process is ongoing <u>Number of Audits since:</u> the recruitment process is ongoing	<u>Executing Agency:</u> Project Implementation Unit	
<u>Objectives and Components:</u> The specific objective is to increase animal production with a view to boosting sustainably the incomes of beneficiaries Component A: ‘ Support to the professionalisation of operators», which aims at strengthening and assisting stockbreeders associations, cattle traders and butchers through professionalisation and the emergence of local and national branches; Component B: ‘ Support to production, processing and marketing’, which aims to support the training of the operators, support the competitiveness of meat products by modernising production infrastructure (pastoral facilities and perimeters), marketing (cattle markets and alleys), and processing (slaughtering areas, butchers’ stalls); Component C: ‘ Building the capacity of service providers’ rehabilitation of some extension facilities and certification of food products of animal origin Component D: ‘ Project management’		

Compliance with Conditions Precedent/Undertakings

2.1.60 Compliance with Conditions Precedent to Entry into Force: The project was approved on 12 December 2002 and the loan agreement was signed on 8 May 2003, i.e. 4 months after approval. Entry into force was on 17 September 2003, which is 4 months after the signing of the loan agreement. Performance is considered satisfactory.

2.1.61 Compliance with General Conditions: Since 2002, the activity reports of the PIU have been submitted to the Bank regularly. Significant delays have been observed in the conduct of audits. The audits for 2003 and 2004 were carried out only recently and the reports are being finalised before submission to the Bank. Works for 2005, which should have been completed, were scheduled to start in June 2006. The planned audit of the PPF has still not been carried out. Performance is considered unsatisfactory.

2.1.62 Compliance with other Conditions: The other conditions have been met and the full project team recruited within the prescribed time. Performance is considered satisfactory.

Performance of Goods and Services Procurement

2.1.63 Procurement of Consultancy Services: It is observed that the processing of documents, after the opening of bids by the Bid Opening and Evaluation Committee set up for the evaluation of bids, and the organ in charge of public procurement, often takes longer than stipulated in the provisions of the Public Procurement Code. Limited knowledge of Bank rules of procedure also accounts for such delays. Performance is considered unsatisfactory.

2.1.64 Procurement of Goods: Overall, there are significant delays on virtually all goods procurements due in part to poor knowledge of Bank rules of procedure and difficulties in adhering to the deadlines for the processing of procurement documents. Performance is considered unsatisfactory.

Financial Performance

2.1.65 Availability of Foreign Exchange: The total cost of the project is estimated at UA 24.14 million of which UA 16.36 million is in foreign exchange. The ADF loan constitutes 60.64% of the total project cost, i.e. UA 14.64 million. It covers 64.48% of the foreign exchange costs (UA 10.55 million). The Government received a PPF, granted from ADF resources, to prepare the project. In conformity with Section 3.7 of the 'PPF Operational Guidelines' adopted by the ADF Board on 14/02/2000 (ADF/BD/WP/99/87/Rev.3), a provision of UA 400.000 is earmarked in the project for repayment of the PPF. The ADF grant represents 3.8% of the project cost, i.e. UA 0.93 million, and is intended to finance technical assistance, consultancy services as well as repayment of the PPF. All foreign exchange requests made by the project have been met. Performance is considered satisfactory.

2.1.66 Availability of Local Currency: The local currency cost of the project is UA 7.78 million of which 52.57% is covered by ADF. Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. The ADF contribution has been made available, but as is the case for the other agricultural projects, mobilisation of counterpart funds for this project has been difficult, making up barely 14% of funds disbursed. Performance with respect to the borrower is considered unsatisfactory.

2.1.67 Disbursement Flows: The main disbursement flows have related to the payment of revolving funds and direct payments based on contracts drawn up for the procurement of goods and services and transfers. The project age is 4.5 years. There are no budget overruns. Delays are observed in the processing by the Bank of disbursement and payment requests. As at 31 March 2006, the overall disbursement rate for the ADF/TAF funds was 12.16%, and 5.67% for the counterpart fund. Performance is considered unsatisfactory.

2.1.68 Cost Management/Recovery: In view of the low disbursement rate, the project has not yet experienced any cost overruns. Assessment of the performance of this component is not applicable.

2.1.69 Performance of Co-Financiers: The performance rating for the other donors is also low (OPEC Fund: 6.35% disbursement rate). Performance is therefore considered unsatisfactory.

Activities and Outputs

2.1.70 Adherence to implementation schedule: Compared to the other agricultural projects, PASEP fulfilled the conditions for loan effectiveness fairly quickly, that is to say 4 months after signing of the loan. The use of the PPF to prepare the project could be said to account for the rapid mobilisation of the PIU team. However, delays were subsequently recorded as a result of the cumbersome nature of procurement procedures in the country and the PIU's poor knowledge of the Bank's rules of procedure. Thus, the technical assistant and the consultants are yet to start working. Performance is considered unsatisfactory.

2.1.71 Performance of Consultants or Technical Assistants: The recruitment of consultants and the technical assistant is still ongoing. Assessment of the performance of this component is not applicable.

2.1.72 Performance of Contractors: For the same reasons, it is difficult to assess the performance of the contractors considering that the major contracts have not yet been awarded. It is worth indicating that the rehabilitation works on the PIU premises have been completed and building of training rooms at the National School of Animal Science (ENATE) is far advanced; the administration block is ready for delivery. The documents for the other scheduled works have not even been launched as this is tied to the recruitment of the consultant civil engineers. The Bank recently approved the award of the contract to the proposed consulting firm. Performance is considered satisfactory.

2.1.73 Performance of Project Management: The project has not been managed in conformity with the terms and conditions. The main activities of this project of 4.5 years have not yet started. No audit has been conducted. Overall, all the documents for the procurement of goods have been significantly delayed in relation to the prescribed schedule partly as a result of the Project Management's limited knowledge of Bank rules of procedure. Performance is considered unsatisfactory.

Impact on Development

2.1.74 The objectives of the project are to (i) promote the professionalisation of stock breeders and operators in the sub-sectors, (ii) support production, processing and marketing and (iii) build the capacity of service providers.

2.1.75 Likelihood of Attaining Project Objectives: The project is 4.5 years old. The deadline for last disbursement is 31/12/2009. The main activities of the project (procurement of computer and audiovisual equipment, Veterinary and Animal Production Research Laboratory equipment, technical assistance and consultancy services in communication, civil engineering, organisational development, extension services, accounting and financial management, market information system and HIDEOA) are behind schedule and will probably be launched in 2006. The ADF loan disbursement rate is 12.16% and mainly covers the revolving fund. Only 5.67% of the counterpart funds have been mobilised and 6.35% of the OPEC fund has been disbursed. The legislation on Livestock Fund has not yet been adopted. If the pace of implementation of the project is not accelerated in 2006, it would be difficult to achieve its objectives. Given the current status of the project, it is estimated that by the end of the project in 2009, there is a 50 to 75% chance of its objectives being achieved.

2.1.76 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: Given that at this stage of the project, it is estimated that there is only a 50 to 75% chance of achieving its objectives by the time it ends, it is unlikely that the benefits of the projects will be realised and sustained over time.

2.1.77 Likely Contribution of Project to Building Institutional Capacity: The setting up of the PIU was necessary for proper monitoring of the project. One of the major achievements of the project is the training of the PIU professionals. Given the current status of implementation of the project, it is anticipated that it will be difficult for the project to contribute to building the institutional capacity of the bodies involved in the project, as envisaged.

Overall Performance Assessment

2.1.78 In view of the above, the overall performance of the project is considered unsatisfactory. It is rated 1.2.

Indicators	Conditions/com- mitments	Procurement of goods and works	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
Assessment	1.67	1	1	1.33	1	1.2

2.1.79 The future trend could be satisfactory if implementation of the specific action plans listed in Annex VI is effectively accelerated.

Biltine Department Rural Development Project (PDRPB)

Basic Administrative and Financial Data:

Loan number: 2100150006668

<u>Loan:</u> UA 9.0 million UA 0.6 million UA 1.38 million UA 0.96 million	<u>Sources:</u> ADF WFP GOV Beneficiaries	<u>Disbursements:</u> ADF: UA 1.02 million (11.3%) WFP: 0.52% GOV: 5.22%
<u>Date of Approval:</u> 19/09/2001	<u>Date of Signature:</u> 20/12/2001	<u>Date of Entry into Force:</u> 22/05/2003
<u>Deadline for Last Disbursement:</u> June 2009		<u>Executing Agency:</u> PIU
<u>Date of Last Supervision Mission:</u> from 12 to 28/10/2004		
<u>Number of Supervision Missions:</u> four (4)		
<u>Date of Last Audit Report Submitted:</u> 13 to 24/06/2005 (ADB internal audit) Number of audits since 2002: 0		
<u>Objectives and Components:</u> Improvement of rural household incomes and strengthening of basic services The project has four component: Watersheds improvement; Agricultural development and extension activities; Basic socio-community infrastructure; Project coordination and management		

Compliance with Conditions Precedent/Undertakings

2.1.80 Compliance with Conditions Precedent to Entry into Force: The project was approved on 19 September 2001 and the loan agreement was signed 3 months later, i.e. on 20 December 2001. However, the loan did not enter into force until 22 May 2003, i.e. 16 months after the signing of the loan agreement, due to the delay in the ratification of the loan agreement by the National Assembly and in the issuing of the legal opinion of the Supreme Court. On the whole, the Undertakings made under the loan agreement and the conditions precedent to first disbursement were met 20 months after the project was approved. Performance is considered unsatisfactory.

2.1.81 Compliance with General Conditions: After two years of implementation of this project, quarterly reports are being sent regularly to the Bank. Considerable delays have been observed in the conduct of audits. Auditing of project accounts for 2003, 2004 and 2005 started recently. The sole final report is scheduled for the end of June 2006. The project has never undergone a yearly external audit. Performance is considered unsatisfactory.

2.1.82 Compliance with other Conditions: The delay recorded in the entry into force of the project led to the departure of several professionals who had already been recruited. However, the setting up of the project team was finalised. Performance is considered unsatisfactory.

Performance of Goods and Services Procurement

2.1.83 Procurement of Goods and Works: Since 2003, problems have been observed in the preparation of bidding documents, consideration of bid evaluation reports and knowledge of Bank rules of procedure. These difficulties were reflected in the significant delays in the start-up of construction works. On the whole, performance is considered unsatisfactory.

2.1.84 Procurement of Services: Since 2003, as is the case for the procurement of goods, problems have been observed in the preparation of bidding documents, review of bid evaluation reports and knowledge of Bank rules of procedure. These difficulties were reflected in the significant delays in the procurement of consultancy services. On whole, performance is considered unsatisfactory.

Financial Performance

2.1.85 Availability of Foreign Exchange: The total project cost is UA 12.02 million, 52.44% of which is in foreign exchange. The ADF loan represents 74.88% of this amount, i.e. UA 9 million, and the Government's contribution UA 2.36 million (19.6% of the total cost), of which 2.89% is in foreign exchange and 38.06% in local currency. Since the project started in 2003, the Government has invested CFAF 60 million (procurement of a vehicle and six motor cycles). The borrower's contribution to the project is therefore poor. Performance is considered unsatisfactory.

2.1.86 Availability of Local Currency: Close to half of the project cost is in local currency (47.56%) to enable the procurement of goods and services locally and also in order to finance certain operating costs. Amounts paid by the Government to the project are still very low. Since the start of the project, the Government has paid CFAF 10 million into the account of the project for its functioning. Performance is considered unsatisfactory.

2.1.87 Disbursement Flows: The project entered into force on 22 May 2003. The disbursement rate of ADF funds for the project has been very low. Out of the UA 9 million earmarked, only UA 1.02 million had been disbursed as at the end of December 2005, representing a disbursement rate of 11.3%. The situation is no better with regard to the utilisation of counterpart funds for which the disbursement rate was 5.22%. The reason for the low ADF funds disbursement rate is because the major works have not started due to the delay in recruiting the consulting firm responsible for the engineering studies and supervision of the said works. Delays have also been observed in the processing by the Bank of disbursement and payment requests. The project's financial performance is considered unsatisfactory.

2.1.88 Performance of Co-financiers: WFP has provided the project with 1.8 tonnes of food, i.e. CFAF 300,000 out of the UA 660 million earmarked, representing a disbursement rate of 0.52%. Performance is considered unsatisfactory.

Activities and Outputs

2.1.89 Adherence to Implementation Schedule: There has been a slippage in the implementation schedule of activities as a result of the problems mentioned above. Performance is considered unsatisfactory.

2.1.90 Performance of Consultants or Technical Assistants. The technical assistant has been at post since January 2005 and has: (i) conducted studies for 4 watersheds, of which 2 have been endorsed; (ii) introduced the project professional staff to the use of the following software: Autocad, Word, Piste 4, Talren and Excel; and (iii) trained pilot farmers in improved seed multiplication and plant production methods. Performance is considered satisfactory.

2.1.91 Performance of Contractors (operators). There are three institutions involved: ITRAD, DPFLCD and SAI-ARCAD. ITRAD was responsible for the production of pre-basic and improved seeds through pilot farmers. During the first year, it (i) produced 1.4 tons of pre-basic seeds sown for multiplication on 68.7 ha of land, and (ii) trained pilot farmers in improved seed production methods. Performance is considered satisfactory. DPFLCD was responsible for producing agro-forestry and fruit plants. Out of the estimated 280,000 plants targeted for each year, it only produced 38,800 plants for the first year, i.e. 13.85%, due to poor knowledge of the cultivation method by farmers. Performance is considered unsatisfactory. The SAI-ARCAD consulting firm, which is responsible for the engineering studies and the construction works for the project office, has to date performed satisfactorily in putting together the preliminary design, detailed design, bidding documents and preparation of the contract. Bids have been invited for the building of the schools and health centres and the bid evaluation reports have been sent to OCMP for its opinion. Studies for the four protected watersheds have been conducted, two of which have been endorsed. On the whole, performance is considered satisfactory.

2.1.92 Performance of Project Management: The project is 3.5 years old. It has not been managed in keeping with the projections. Virtually all documents for the procurement of goods have fallen well behind schedule due in part to the Project Management's limited knowledge of the Bank's rules of procedure. The procurement of several goods, works and consultancy services are still pending. The disbursement rate is low. No project audit has been conducted to date. Performance is considered unsatisfactory.

Impact on Development

2.1.93 The specific objectives of the project are: (i) the improvement of rural household incomes and the strengthening of basic services through the development of the watersheds, (ii) agricultural development and rural extension services, and (iii) the building of basic socio-community facilities.

2.1.94 Likelihood of attaining project objectives: The project is 3.5 years old and the deadline for last disbursement is set at the end of June 2009. The development of the watersheds has not yet started, but the detailed engineering studies for the Boumdane and Aoura watersheds have been completed, leading to the demarcation of five (5) watersheds, the building of nine (9) dry-stone bunds and 1727 half moons. The topographical surveys for the Aoura and Djirna command areas have also been conducted. The critical points of the Biltine-Iriba-Tiné feeder road have been raised. With regard to agricultural development and extension activities, some initiatives have started, particularly the execution of the agreements with ITRAD and the Forestry Department. The contract for the credit component signed with ILO on 18/08/05, for an amount of CFAF 570 263 000, has not yet been implemented. The building of the basic socio-community facilities has delayed to the extent that the equipment for the schools and health centres has not yet been procured. The PIU embarked on the procurement of the goods, works and consultancy services required to achieve the objectives of the project only in 2005. The disbursement rate for the ADF loan is 9.87% and only 0.74% of the counterpart funds has been mobilised. Implementation of the project needs to be accelerated if its planned objectives are to be achieved. Given the current status of implementation of the project, it is estimated that there is a 50 to 75% probability of achieving its objectives by the time it ends in 2009.

2.1.95 Likelihood of realisation and sustainability of benefits beyond project investment stage: The 50 to 75% probability of achieving the objectives of the project limits the likelihood of the realisation and sustainability of its benefits.

2.1.96 Likely contribution of project to building institutional capacity: The setting up of the PIU was necessary for proper monitoring of the project. Given the current status of implementation of the project, it is estimated that it will be difficult for the project to contribute to building the institutional capacity of the structures involved in its implementation.

Overall Performance Assessment

2.1.97 The overall performance of the PDRPB is considered unsatisfactory. It is rated at 1.1.

Indicators	Conditions/ Undertakings	Procurement of goods and works	Financial Performance	Activities and Outputs	Impact on development	Overall Assessment
Assessment	1.00	1.00	1.00	1.50	1.00	1.10

2.1.98 The future trend could be satisfactory if implementation of the specific action plans listed in Annex VI is effectively accelerated.

B. Social Sector

2.1.99 As at 31/03/06, the total amount of ADF financing (loan and grant) for the 4 projects listed below was UA 20.73 million. The disbursement rate was 38.70%. All projects in the sector are intended to contribute to the attainment of the Millennium Development Goals (MDG).

Education V Project – Strengthening of Technical Education and Vocational Training

Basic Administrative and Financial Data

Loan number: 2100150000945 Grant number: 2100155000331 Loan amount: UA 5.431 million Grant amount: UA 1.300 million Government: UA 0.754 million	Sources : ADF TAF Government	Disbursement: Loan: UA 2 164 938.12 (39.86%) Grant: UA 727 248.14 (55.94%) Government: CFAF 10 000 000 (1.33%)
Date of approval: 01/03/2001	Date of signature : 29/05/01	Date of entry into force: 21/02/02
Deadline for last disbursement: 31/12/2007 Date of last supervision mission: 23/10/2005 Number of supervision missions since implementation date: 07 Date of submission of last audit report: September 2005 (Fiscal Year 2004) Number of audits since implementation date: 3		Executing Agency: Education Project Implementation and Monitoring Unit (EPMU)/ADB, Ministry of Education
<u>Objectives and Components:</u> The sector goal is to promote sustainable economic and social development through the strengthening of human resource capacity building. The project aims to: (i) promote increased access to better teaching and apprenticeship facilities and conditions in Technical Education and Vocational Education (TEVT) and (ii) strengthen TEVT planning and management capacities in relation to employment. The project is being implemented through the following 5 components: (i) strengthening of secondary technical and vocational education, (ii) support to the Vocational Training and Retraining Centre (CFPP), (iii) support to agricultural training, (iv) support to the steering mechanism of the National Education-Training-Employment (EFE) Programme, and (v) project management.		

Compliance with Conditions Precedent/Undertakings

2.1.100 Compliance with Conditions Precedent to Entry into Force: The conditions for entry into force and first disbursement were met one year after approval. This lengthy delay in loan effectiveness is due to the procedure requiring ratification of the loan agreement by the National Assembly and the Supreme Court. Performance is considered unsatisfactory.

2.1.101 Compliance with General Conditions: Since 2002, the quarterly reports have been prepared and submitted to the Bank on a regular basis, and in conformity with the prescribed format. The reports are generally of good quality and provide a realistic account of the progress of the project. The project's accounts are also regularly audited and the reports sent to the Bank. The last report, covering Fiscal Year 2004 has been sent to the Bank. The one for 2005 is being prepared and is to be sent to the Bank in July 2006. Efforts have been made to rectify certain weaknesses highlighted by the Bank audit in 2004. Performance, on the whole, is satisfactory compared to the other projects.

2.1.102 Compliance with Other Conditions: Concerning the 'other conditions', 4 out of 6 have been met, with the remaining two being tied to the opening of the institutions under construction or to be rehabilitated. Performance is satisfactory.

Performance of Goods, Works and Services Procurement

2.1.103 Procurement of Consultancy Services: The contract award process for the procurement of consultancy services for various activities (engineering studies and works supervision, studies and institutional support), involving about 12 contracts, was conducted in compliance with the Bank's rules of procedure. A complaint was investigated and the aggrieved party withdrew the complaint following clear explanations provided on the evaluation of the bids received for the said study. Generally, performance is satisfactory.

2.1.104 Procurement of Goods and Works: The process of awarding contracts for the procurement of goods (furniture, equipment and vehicles) and of construction and rehabilitation works was conducted in compliance with the procurement modalities stipulated in the loan agreement and the Bank's rules of procedure. The bidding documents and specifications for the works and goods were well prepared. However, it is worth pointing out that due to the depreciation of the UA between the time of project appraisal and that of the award of the contracts and also because of the modification of the size of the workshops, there were significant overruns in relation to the funds available, for 3 construction contracts. Consequently, it became necessary to cancel one workshop per apprenticeship centre, without jeopardizing the initial objectives of the project. This caused a delay in executing the contract. Nonetheless, works have started on all the sites and are proceeding smoothly. Performance is satisfactory.

Financial Performance

2.1.105 Availability of Foreign Exchange: The total project cost is UA 7.485 million of which UA 4.651 (62.14%) is in foreign exchange. The cost is being financed from ADF, with a loan of UA 5.431 million, i.e. 72.56%, and a grant of UA 1.300 million, i.e. 17.37%, and by the Government, to the tune of UA 0.754 million, i.e. 10.07%. ADF is financing the entire foreign exchange cost. Several direct payment requests were sent to the Bank, but were not met because they were incomplete. The overall ADF disbursement rate was 42.79%. No foreign exchange contribution has been made by the beneficiary. The performance of the lender is unsatisfactory.

2.1.106 Availability of Local Currency: Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. The local currency cost represents 37.86% of the total project cost and is covered from ADF and by the Government. The Bank's contribution to the revolving fund is based on the payment requests submitted by the Government, and it has ensured the availability of local currency. However, there have been delays in the release of counterpart funds; thus, only 1.33% of the projected amount has actually been disbursed. Performance on the part of the borrower is unsatisfactory.

2.1.107 Disbursement Flows: Since 2002, the disbursement method used has been direct payments based on contracts prepared for the procurement of goods and services and transfers to a special project account for the financing of operating expenses (revolving fund). There was a slippage on the initial expenditure schedule. Disbursements on the loan amount to UA 2 164 938.12 (39.86%) and, on the grant, UA 727 248.14 (55.94%), representing an overall disbursement rate of 42.79% for the ADF contribution. The level of commitment is, however, higher (60% for the loan and 78.5% for the grant). The relatively low disbursement rate of the loan is tied to two major activities (civil works and equipment: 60% of the loan amount) for which there were delays in the procurement process. Counterpart contribution represents 1.33%. Several direct payment requests were sent to the Bank, but were not honoured because the supporting documents were incomplete. On the whole, performance is unsatisfactory.

2.1.108 Cost Management/Recovery: There are cost overruns on the Civil Works Component due in part to the depreciation of the UA (about 22%) and in part to modifications to the construction plan, particularly with respect to the size of the workshops. This resulted in an overrun of CFAF 800 million. The amount of works has been reduced to conform more to the projections of the appraisal, without compromising the project objectives as regards the initial condition for apprenticeship centres. Performance is unsatisfactory.

2.1.109 Performance of co-financiers: There are no co-financiers.

Activities and Outputs

2.1.110 Adherence to Implementation Schedule: The project was approved in 2001 and entered into force in 2002. Its implementation was delayed. After more than 4 years of implementation, the disbursement rate is below 50%. Performance is unsatisfactory.

2.1.111 Performance of Consultants and Technical Assistants: Apart from the SFAC consultant whose services in the preparation of the Procedures Manual was unsatisfactory, performance has generally been satisfactory for activities undertaken to date, both for the short-term consultants (10 thematic studies, engineering studies and construction and rehabilitation works supervision) as well as the long-term technical assistance provided by the CIDE company, in the person of the technical adviser/educationalist at the EPMU. The consultancy services provided have been in compliance with the terms of reference. Performance is satisfactory.

2.1.112 Performance of Contractors: Works start-up delayed because of problems with cost overruns that required subsequent discussions with the contractors to reduce quantities without affecting the objectives of the project. However, they are now in progress at 10 apprenticeship

centre sites and at other sites. The construction and rehabilitation works at the 10 apprenticeship centres and other vocational training facilities concerned are proceeding in compliance with the specifications contained in the contracts. On the whole, the performance of the contractors is satisfactory.

2.1.113 Performance of Project Management: The Education Projects Monitoring Unit (EPMU)/ADB, the executing agency, is currently supervising the implementation of 2 projects (Education V and PASE). It is operational and has the requisite human and logistical resources. The quarterly project activity reports are regularly prepared and sent to the Bank. However, a delay was observed in the preparation of the audit reports that should have been sent to the Bank within 6 months after the end of the fiscal year, as required by the Bank, as well as a slow application of audit recommendations. Efforts have generally been made and are ongoing at the EPMU, under the supervision of the Education Projects Director at the Ministry of Education, to improve project management. The accounting system is operational and is facilitating the preparation of financial statements. The performance of the Project Management is satisfactory.

Impact on Development

2.1.114 The project aims to (i) promote increased access to better teaching and apprenticeship facilities and conditions in Technical Education and Vocational Education (TEVT) and (ii) strengthen TEVT planning and management capacities in relation to employment.

2.1.115 Likelihood of Attaining Project Objectives: The training activities already carried out (professionals at the central and decentralised levels, technical education and vocational training, TEVT, teachers), the material and logistical resources already acquired and the technical assistance provided within the various TEVT structures are already contributing to improving TEVT. Concerning works for the construction and rehabilitation of technical education and vocational training institutions, packages 1 (ECRB) and 2 (GETB) are to be completed and delivered by September 2006. The implementation rate for package 3 (ROCHER) is only 30%. With regard to training, 10 local and external training programmes out of the 15 planned have already been carried out as well as 10 thematic studies. The central institutions involved in the development of technical education and vocational training have been equipped with vehicles as well as office and computer equipment. The training reference materials are to be prepared and the specialised manuals and equipment procured in 2006. Similarly, the last training of trainers sessions are to be completed in 2006. It is estimated that there is a 75% to 100% probability of achieving the objectives of the project by 2007, provided the Government counterpart funds are made available.

2.1.116 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: Education is one of priority sectors. The budget of the sector is financed from oil revenue and HIPC resources. This should enable the Government to finance the recurrent expenditure and to maintain the benefits of the project beyond the investment stage. By project closure at the end of 2007, better teaching and apprenticeship conditions would have been created for technical education and vocational training. This will contribute to the training of the good quality human resources that the country needs. It is highly likely that the benefits of the project will be realised and sustained beyond the investment stage.

2.1.117 Likely Contribution of Project to Building Institutional Capacity: The activities of the project have contributed to strengthening the technical and vocational training system, at the central and decentralised levels, through the provision of equipment and vehicles as well as the training of professionals both locally and externally. One of the components is also devoted to strengthening the steering mechanism of the Education-Training-Employment programme, which is the reference framework for planning and monitoring national policies on human resources development. The project has also contributed to strengthening dialogue and collaboration between the various Ministries in charge of technical education and vocational training by instituting liaison mechanisms through the sectoral ‘component leaders’ and the EPMU and by providing support to the official consultation structure, notably the ‘Consultation and Coordination Unit’ (CCC). The project is contributing to institutional capacity building.

Overall Performance Assessment

2.1.118 The overall performance is satisfactory and is rated 1.68.

Indicators	Conditions/C ommitments	Procurement of Goods and Works	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
Assessment	1.67	2	1	1.75	2	1.68

2.1.119 The future trend could be rated 2 if the specific action plans listed in Annex VI are effectively accelerated.

Education Sector Support Project (PASE)

Basic Administrative and Financial Data

Loan number: 2100155002166 <u>Net grant amount</u> : UA 2.40 million <u>Net loan amount</u> : UA 3.29 million <u>Amount by Gov</u> : UA 0.32 million	Sources : ADF (grant) OPEC (loan) Government	Disbursements: <u>ADF</u> : UA 12.664 (0.53%) OPEC: 0 GOV: 0
<u>Date of Approval</u> : 31/03/04	<u>Date of Signature</u> : ADF: 26/05/04 OPEC: 08/09/05	<u>Date of Entry into Force</u> : 26/05/04 Conditions 1 st disbursement: 14/02/05
<u>Deadline for Last Disbursement</u> : 31/12/2009 <u>Date of Last Supervision Mission</u> : 23/10/2005 <u>Number of Supervision Missions since 2005</u> : 3 <u>Date of Submission of Last Audit Report</u> : 0 <u>Number of Audits Since 2005</u> : 0	Executing Agency: Education Project Implementation Unit (EPMU)/ADB, Ministry of Education	
<u>Objectives and Components</u> : The objective of the Project is to contribute to the attainment of the Education For All (EFA) objectives and the Millennium Development Goals (MDGs) for the sector. To achieve these objectives, the project will be implemented through three (3) components: (i) improvement of school infrastructure and environment, (ii) building the capacity of the National Education teaching staff, and (iii) project management.		

Compliance with Conditions Precedent/Undertakings

2.1.120 Compliance with Conditions Precedent to Entry into Force: With regard to the grant, the conditions for entry into force were met at the time of signing of the memorandum of understanding. Those relating to first disbursement were met 11 months after approval of the grant, i.e. on 14/02/05. The OPEC loan has not yet been ratified. Performance is unsatisfactory.

2.1.121 Compliance with General Conditions: The first disbursement was in 2005. A consulting firm is in the process of being recruited to conduct the 2005 audit. The EMPU has already submitted 2 quarterly activity reports that are in conformity with the prescribed format and provide a realistic account of the status of the project. Performance is satisfactory.

2.1.122 Compliance with other Conditions: Concerning the ‘ other conditions’ , 2 out of 4 have been fulfilled and the other two are in progress. Performance is unsatisfactory.

Performance of Goods, Works and Services Procurement

2.1.123 Procurement of Consultancy Services: The project is being co-financed with an OPEC loan. The ADF grant is mainly financing service activities (training and technical assistance for studies and training). The process of recruiting the first consultants has just taken off and involves consultancy services for two studies (ISSSED and General Inspectorate); it is at the stage of bid evaluation. The process is taking place in compliance with the Bank’s rules of procedure. Problems were observed in the preparation of the bidding documents, which partly explains the delay in the implementation of the project, particularly with regard to the procurement of services financed from ADF. Performance is unsatisfactory.

2.1.124 Procurement of Goods and Works: The goods being procured are those to be procured from the grant (supplementary equipment for the EPMU, equipment for the General Inspectorate, SE/CONEFE and laboratory and computer equipment for the Girls’ High School). The corresponding contract is in the process of being signed. Most of the goods and works are to be procured from the OPEC loan. The list of primary schools to be built is being finalized prior to preparation of the local competitive bidding documents. Problems are observed in the preparation of the bidding documents, which partly explains the delay in the implementation of the project, particularly with regards to the procurement of goods financed from ADF. Performance is unsatisfactory.

Financial Performance

2.1.125 Implementation of the project is at its initial stages. The first disbursement (and the only one to date) was on 04/05/2005. The overall disbursement rate, as at 31/03/2006, amounted to 0.53% for the setting up of the special account. It has not changed since 2005. Significant disbursements are scheduled from the end of the second year when specific training activities are programmed to start, alongside the infrastructure and equipment to be financed from the OPEC funds. The project is being co-financed from the OPEC Fund whose contribution is to cover the procurement of works and goods. OPEC has approved the loan for the project and an agreement was signed between the Bank and OPEC, in November 2005, for the Bank to administer the loan. Financial performance is unsatisfactory.

Activities and Outputs of Project

2.1.126 Adherence to Implementation Schedule: Implementation of preliminary activities (preparation of list of school sites to be built) has been delayed. Performance is unsatisfactory.

2.1.127 Performance of Consultants and Technical Assistants: Not applicable

2.1.128 Performance of Contractors: Not applicable

2.1.129 Performance of Project Management: Project implementation is managed by the EPMU and the relevant staff required at the present stage (Engineer, Training Specialist and Project Officer) have been recruited and are at post. Two quarterly activity reports covering the first two quarters of activity (April-June and July-September 2005) have been produced. Performance is however considered unsatisfactory due to the significant delay in project implementation resulting in part from the delays in the procurement of the ADF-financed services.

Impact on Development

2.1.130 The objective of the project is to contribute to the attainment of the sector's Millennium Development Goals (MDGs), through the improvement of school infrastructure and environment (component 1) and building the capacity of the National Education teaching staff (component 2).

2.1.131 Likelihood of Attaining Project Objectives: At the current stage of the project, none of its components is being implemented. For component 1, the sites for the building of classrooms are not yet known. The list of sites is being prepared in collaboration with the IDA Project as part of the joint PARSET Programme support. The process for the procurement of consultancy services and essential capital goods for the project has just been launched, and the pace of project implementation could therefore pick up in 2006 and 2007 in order to attain the objectives of the project within the prescribed time. Given the current status of implementation of the project, it is estimated that there is a 50 to 75% likelihood of achieving its objectives by the end of 2009.

2.1.132 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: Given the current status of implementation of the project, it is unlikely that its benefits will be realised and sustained by the end of 2009.

2.1.133 Likely Contribution of Project to Building Institutional Capacity: In view of the current status of implementation of the project, it is unlikely that it will contribute to building the capacities of the beneficiary institutions.

Overall Performance Assessment

2.1.134 Current Overall Assessment: The overall assessment is 1.07. This is a problem project.

Indicators	Conditions/ commitments	Procurement of goods and services	Financial Performance	Activities and Outputs	Impact on development	Overall Assessment
Assessment	1.33	1	1	1	1	1.07

2.1.135 Overall Assessment of Future Trend. Intervention is required by the Bank and the co-financier to speed up implementation of the project, which has more than two years to improve its future trend.

Health System Strengthening and HIV/AIDS and Epidemic Diseases Control Support Project

Basic Administrative and Financial Data

ADF loan number: 21 00 150006686 ADF grant number: ADF loan: UA 5.00 million ADF grant: UA 1.00 million OPEC loan: UA 6.42 million GOV: UA 0.610 million	Sources : ADF; OPEC; GVT	Disbursement of ADF resources: O Loan: UA 595 216.10 (11.90%) Grant: UA 212 454.39 (21.24%) O OPEC: 0 Government 178.313 (29.30%)
Date of Approval: 20/11/2001	Date of Signature: 20/12/2001	Date of Entry into Force: 21/11/2002
Deadline for Last Disbursement: 31/12/2006 Date of Last Supervision Mission: 25/11 to 03/12/2005 Number of Supervision Missions since 2004: 05 Date of submission of last audit report: 0 Number of audits since 2004: 0	Executing Agency: Project Implementation Unit, Ministry of Health	
<u>Objectives and components:</u> The objective of the project is to improve the health status of the population, in general, and in the project area of intervention, in particular. Specifically, the project aims at expanding the health coverage and controlling the epidemiological situation of HIV/AIDS and epidemic diseases. To achieve these objectives, the project comprises the following three components: (i) Strengthening of the health system; (ii) Strengthening the control of HIV/AIDS and Epidemic Diseases; and (iii) Project Management.		

Compliance with Conditions Precedent/Undertakings

2.1.136 Compliance with Conditions Precedent to Entry into Force: The loan became effective a year after approval and the project did not start until January 2004, with the first disbursement. This slippage is due to the borrower's delay in setting up the Project Implementation Unit. Performance is unsatisfactory.

2.1.137 Compliance with General Conditions: The quarterly reports have been regularly prepared and submitted to the Bank since project start-up. They conform to the prescribed format and content. However, the project has not yet been audited. The auditing of accounts for fiscal years 2004 and 2005 has not been conducted. The audit consulting firm was recruited recently. Apart from this, 2 inspections of the project have been conducted by the General Inspectorate of the Ministry of Public Health and the Committee for the Control and Supervision of Oil Revenue. Performance is unsatisfactory.

2.1.138 Compliance with other Conditions: Concerning the other conditions, three out of five have been fulfilled, with the remaining two being tied to the building of the hospitals and health centres. Performance is unsatisfactory.

Performance of Goods, Services and Works Procurement

2.1.139 Procurement of Consultancy Services: Weaknesses are observed in the services procurement process. The recruitment of the consultant responsible for studies and supervision of the civil works and installation of medical and biomedical equipment was carried out well behind schedule, with the opening of the bids on 12 May 2004 and approval of the contract on 25 May 2005. This delay is due to the slow process of bid evaluation. With regard to the audit, the delay is due to the distant geographical location of the consulting firm, which is based in Burkina Faso, and the change in the name of the Ministry in charge of Finance, which led to the contract being returned to the PIU for rectification of the signature page. The firm assigned to set up the accounting system has been recruited and has installed the system. Performance is unsatisfactory.

2.1.140 Procurement of Goods and Works: The procurement of goods (protective gear, sanitation equipment and products, motorcycles and supplies) for the Environmental Health Division (MSP) and the sentinel sites (PNLS) was carried out in compliance with the Bank's rules of procedure. With regard to works, the bidding documents are being prepared. Performance is satisfactory.

Financial Performance

2.1.141 Availability of Foreign Exchange: ADF disbursements amount to UA 0.80 million, i.e. 13.47% of the total ADF contribution. The funds released for both the loan and the grant have covered the foreign exchange requirements, in keeping with the financial schedule of the project. Since the entire foreign exchange cost is being covered from the ADF and the OPEC Fund, there has been no contribution in foreign exchange by the borrower. Performance is unsatisfactory.

2.1.142 Availability of Local Currency: Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. Disbursements by the Bank have been used to cover the local currency requirements, as projected. The Government's breach of some deadlines had repercussions on the day-to-day running of the project. The Government's contribution for 2005, amounting to CFAF 100 million, has been released in full to the project. The balance of CFAF 60 million for 2004 was used to procure vehicles for conducting the sanitation activities in February 2006. Performance is generally satisfactory.

2.1.143 Disbursement Flows: Since 2002, the disbursement method used has been direct payment based on contracts prepared for the procurement of goods and services and transfers to the special project account for the financing of operating expenses (revolving fund). The project is 4.5 years old. The average disbursement rate of ADF funds was 16.57% as at the end March 2006; it has not changed since the end of December 2005. As regards the counterpart funds, they are now being paid from oil revenue and have been disbursed up to 35.5%. The OPEC Fund has not made any disbursement. The disbursement levels remain low in relation to the initial disbursement schedule of the project. The ADF funding risks being cancelled. Performance is unsatisfactory.

2.1.144 Cost Management/Recovery: There are no funding problems at the current stage of implementation. However, based on the projections, the effects of the depreciation of the UA will be felt during the procurement of the specialised equipment construction works. Performance at the current stage is satisfactory.

2.1.145 Performance of Co-financiers: The project is being co-financed from the OPEC Fund. No disbursement has been made from this Fund. The OPEC loan is actually intended to finance works which have not yet started because the list of construction sites has not been drawn up. Performance is unsatisfactory.

Activities and Outputs of Project

2.1.146 Adherence to Implementation Schedule: Implementation of the project is well behind schedule. More than 4 years after approval, the implementation level is very low. Performance is unsatisfactory.

2.1.147 Performance of Consultants and Technical Assistants: the services provided by the consultants and technical assistants have been in conformity with the terms of reference. The firm assigned to install the accounting system has finished installing the software and training the accountant, but it has not yet finalised the manual of procedures and administrative management and accounting. The SCET-TUNISIE consulting firm, which was recruited for the supervision of the civil works and installation of medical and biomedical equipment, has prepared: (i) a preliminary design, which has been approved by the PIU upon the opinion given by the relevant authorities; and (ii) a draft allotment. The PIU assigned the geotechnical study to a specialised laboratory whose ground and foundations reconnaissance report was transmitted to SCET-TUNISIE for the building of the hospitals and health centres at Biltine and Batha-Est as well as the Blood Transfusion Units (BTU) of Abeché, Mongo, Guera, Iriba, Pala, Kelo and Kyabé. The bidding documents are being prepared on the basis of this information. Training institutions abroad have conducted various planned training programmes. Consequently, 4 paediatricians have been trained in AIDS paediatrics. These paediatricians have in turn trained nurses and midwives. Three professionals are undergoing training in Togo and a medical doctor is undertaking a public health course in Benin. Furthermore, 10 senior technicians have trained in safe blood transfusion at the National Blood Transfusion Centre in Tunis, while another technician has trained in quality assurance. Performance is on the whole considered satisfactory.

2.1.148 Performance of Contractors: The construction works have not yet started.

2.1.149 Performance of Project Management: The PIU is responsible for managing the project, under the supervision of the Ministry of Health. The high turnover of staff assigned affects the general effectiveness of the PIU. The accounting system in place enables the preparation of financial statements. Following the resignation of the project accountant, a cashier/secretary has been recruited upon the recommendation of the Bank internal audit mission. However, the project has not yet been subjected to auditing of its accounts. The level of activity remains low despite the age of the project. Performance is unsatisfactory.

Impact on Development

2.1.150 The specific objective of the project is to expand the health coverage and control the epidemiological situation of HIV/AIDS and epidemic diseases, through (i) strengthening of the health system and (ii) strengthening of HIV/AIDS and epidemic diseases control, and thus contribute to achieving the relevant MDGs.

2.1.151 Likelihood of attaining project objectives: with respect to HIV/AIDS and epidemic diseases control, 10 sentinel sites have been equipped with vehicles. Furthermore, 4 paediatricians have been trained in AIDS paediatrics, and they have in turn trained nurses and midwives. Three professionals are undergoing training in Togo and a medical doctor is pursuing a public health course in Benin. Furthermore, 10 senior technicians have trained in safe blood transfusion at the National Blood Transfusion Centre in Tunis, while another technician has also trained in quality assurance in Tunis. Five other professionals have been trained in epidemiology. Some activities have, however, not been implemented including: civil works for the construction of 34 health facilities; procurement of drugs for the control of epidemics and of AIDS control reagents from the CPA; functioning of the PNLs regional coordination offices; and supplementary training of laboratory technicians in safe blood transfusion. The 16.57% disbursement rate of the project is below the minimum threshold for a project aged 4.5 years. There is a risk of the ADF funding being cancelled. The project is scheduled to close at the end of December 2006. Given these conditions, it is possible that the project objectives outlined in the logical framework matrix will not be achieved. In light of this situation, the probability of attaining the objectives of the project is estimated at 0.50 and 75% by the end of 2006.

2.1.152 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: Several people have been trained under this project. The objectives in terms of the impact on development can only be achieved if the problems experienced by the project are solved. Given the current status of its implementation, it is unlikely that the benefits of the project will be realised and sustained as projected, by the end of 2006.

2.1.153 Likely Contribution of Project to Building Institutional Capacity: The equipment provided to the administrative structures at the central and decentralised levels as well as the training of personnel at various levels should build the capacities of the health system. Nonetheless, in view of the current status of implementation of the project, it is unlikely that these objectives will be achieved as projected by the end of 2006.

Overall Performance Assessment

2.1.154 The overall performance is considered unsatisfactory and is rated at 1.25.

Indicators	Conditions/U ndertakings	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Assessment
Assessment	1	1.50	1.40	1.33	1	1.25

2.1.155 The future trend could be satisfactory if implementation of the specific action plans listed in Annex VI is effectively accelerated.

Poverty Reduction and Actions in Favour of Women

Basic administrative and financial data

<u>Loan No.: 2100150000959</u> <u>Grant No.: 2100155000343</u> Loan: UA 5.300 million Grant: UA 0.300 million Government: UA 700.000	<u>Sources</u> : ADF, Government	<u>Disbursements</u> P Loan: UA 4 018 261.37 (75.82%) Grant: UA 291 524.83 (97.17%) Government: UA 182.000 (30.40%)
<u>Date of approval</u> : 04/09/97	<u>Date of signature</u> : 09/10/97	<u>Date of entry into force</u> : 4/02/99
<u>Deadline for last disbursement</u> : 31/12/2006 <u>Date of last supervision mission</u> : 28 Nov. -08 Dec. 2004 <u>Number of supervision missions since 1999</u> : 10 <u>Date of submission of last audit report</u> : Sep 2004 (fiscal year 2002) <u>Number of audits since 1997</u> : 4	<u>Executing Agency</u> : Project Implementation Unit. Ministry of Social Welfare and Family	
<u>Objectives and Components</u> : The project aims at improving the living conditions of vulnerable groups, especially women in urban and rural areas of the Chari-Baguirmi Prefecture, by assuring them of better access to productive resources and building the capacity of civil society organisations and project partners for poverty reduction and gender mainstreaming. The project comprises the following four components: (i) establishment of a social development fund; (ii) building the capacity of the Ministry of Social Welfare and Family to enable it design and follow up poverty reduction and gender mainstreaming activities; (iii) building the capacity of project partners to intervene at local level; and (iv) establishment of the project implementation unit.		

Compliance with Conditions Precedent/Undertakings

2.1.156 Compliance with Conditions Precedent to Entry into Force: The conditions precedent to entry into force of the loan and grant were fulfilled about 16 months after the signing of the agreements. This lengthy delay is due to administrative bottlenecks and the long procedure involved in the ratification of laws in Chad (ratification successively by Government, National Assembly and Supreme Court). Performance is considered unsatisfactory.

2.1.157 Compliance with General Conditions: The project has been submitting regular quarterly progress reports to the Bank. The report covering 1 July to 30 September 2005 was sent to the Bank in October 2005. The quality of the reports is acceptable. However, there are significant delays in the auditing of accounts. Accounts for fiscal years 2003 and 2004 are being audited. Selection of a consulting firm to audit the 2004 and 2005 accounts is in progress. Performance is considered unsatisfactory.

2.1.158 Compliance with Other Conditions: The other conditions involved providing: (i) a detailed project implementation plan by component and category of expenditure, three years after the establishment of the PIU; and (ii) a manual of procedures for managing the Social Development Fund. These conditions have been fulfilled to the satisfaction of the Bank, but behind schedule. Performance is considered unsatisfactory.

Procurement Performance

2.1.159 Procurement of Consultancy Services: The project uses the standard bidding documents of the Bank and procurement proposals that have been sent to the Bank have been in conformity with the appraisal report. However, the technical quality of the documents has sometimes been unsatisfactory. Consultancy documents and bid evaluation reports examined by the Bank have often been sent back for supplementary information. Performance is considered unsatisfactory.

2.1.160 Procurement of Goods and Works: The project used the standard bidding documents of the Bank and procurement proposals that have been sent to the Bank have been in conformity with the appraisal report. A few procurement documents have been sent back by the Bank for supplementary information, but the quality of documents submitted to the Bank and those of the bid evaluation report have been generally satisfactory. Procurements made have been justified and the Borrower has complied with Bank rules and guidelines. Performance is considered satisfactory.

Financial Performance

2.1.161 Availability of Foreign Exchange: The total project cost stands at UA 6.3 million, of which UA 5.3 million is financed by an ADF loan, UA 0.3 million a TAF grant and UA 0.7 million the Government's contribution. The part of the cost in foreign exchange amounts to UA 3.782 million, which is covered in full by the Bank Group. The average disbursement rate for ADF is 96.22%. Performance with respect to the lender is satisfactory.

2.1.162 Availability of Local Currency: Local currency disbursements are needed for the procurement of some locally produced goods and services and to finance certain operating costs. The local currency cost amounts to UA 2.518 million and it is covered by the Bank and the Government. The ADF and TAF contributions to the revolving fund are provided upon every request for the replenishment of the special account. However, disbursements of counterpart funds have been irregular (the disbursement rate was 30.4%, as at 30/09/2005). Counterpart funds for 2004 and 2005 have not been released. The performance of the borrower is unsatisfactory.

2.1.163 Disbursement Flows: Since 2002, the project has been using the method of advances and direct payments for suppliers, contractors and consultants. The project is 9 years old. Disbursement flows have improved significantly, and amount to 95.27% of the ADF loan and 97.17% of the grant. Mobilisation of government counterpart funds is poor (30.40%). Performance is satisfactory.

2.1.164 Cost Management/Recovery: Overall, implementation of the project is within the prescribed limit and there have been no unauthorised cost overruns. The project has revised the list of goods and services and this has helped increase the amount of resources allocated to the financing of micro-infrastructure and to reduce the micro-credit component, which has proven unsatisfactory. The recovery of micro-credit is still very low. Performance is considered satisfactory, on the whole.

2.1.165 Performance of co-financiers: There are no co-financiers

Activities and Works

2.1.166 Adherence to Implementation Schedule: The project is 9 years old. Its activities were implemented well behind schedule. There are both internal (submission of incomplete documents, departure of some PIU officials, etc.) and external (rainy season which renders certain areas inaccessible, delays in the evaluation of procurement documents by COJO and in the signing of contracts, unavailability of counterpart funds, etc.) reasons for this situation. Performance is considered unsatisfactory even though efforts have been made in recent years to adhere to the various deadlines of the project.

2.1.167 Performance of Consultants or Technical Assistants: The consultants proposed to provide technical assistance and the supervision of the micro-infrastructure works as well as the conduct of studies (institutional audit of Ministry, identification of partner NGO's, identification of profitable economic opportunities, etc.) were recruited and have carried out their assigned tasks. The terms of reference were generally complied with and performance is considered satisfactory.

2.1.168 Performance of contractors: The contractors hired for the project have fulfilled their mission and have generally adhered to the agreed schedule. The works undertaken are of good technical quality. Performance is considered satisfactory.

2.1.169 Performance of Project Management: A high staff turnover of staff was observed. On the whole, the PIU staff have complied with their terms of reference. The quality of quarterly reports has been acceptable and the recommendations of audit and supervision missions have been implemented, albeit with considerable delay. A relatively high number of documents are still being sent back by the Bank for supplementary information. Performance is unsatisfactory.

Development Objectives

2.1.170 The project aims at improving the incomes and living conditions of vulnerable groups, especially women in the rural areas of Chari-Baguirmi Prefecture, by assuring them of better access to productive resources (Component 1), building capacity for poverty reduction (Component 2) and gender mainstreaming (Component 3).

2.1.171 Likelihood of Attaining Project Objectives: In order to improve women's access to productive resources and to achieve gender mainstreaming, close to CFAF 500 million was allocated to financial intermediaries for the financing of micro-projects and the construction of 118 community micro-infrastructure. The credit funds available were allocated to the subsidy component for the construction of additional community micro-infrastructure. To facilitate access to water, 37 boreholes have been sunk out of 43. The building of wells and irrigated plots continues. Several micro-projects have therefore been set up and helped to generate income for women. With regard to building the intervention capacity for poverty reduction, the progress made with the supervisory Ministry stalled in recent months due to lack of counterpart funds. Training sessions have nonetheless been organised for about 1,000 beneficiaries of community works, and they are ongoing. Given the current status of implementation and average disbursement rate of 97% for a project nearing completion, it is estimated that the likelihood of achieving the key objectives of the project is between 75 to 100%, by the end of 2006.

2.1.172 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: The beneficiary population of the micro-infrastructure have been sensitised and trained to maintain them. Given the current status of implementation of the project, it is likely that the benefits of the project will be realised and sustained as projected, by the end of 2006.

2.1.173 Likely Contribution of Project to Building Institutional Capacity: The project provides for the capacity building of institutional partners, in particular the Ministry of Social Welfare and Family and the NGOs. Several training sessions have already been organised and others are scheduled. The PIU staff have been trained. Given the current status of implementation of the project, it is likely that it will contribute to building the capacities of the beneficiary institutions as projected, by the end of 2006.

Overall Performance Assessment

2.1.174 The overall performance of the project is considered satisfactory and is rated 1.60:

Indicators	Conditions/ Undertakings	Procurement of goods and services	Financial Performance	Activities and Works	Impact on Development	Overall Assessment
Assessment	1	1.50	1.75	1.75	2	1.60

2.1.175 The future trend could be satisfactory if the specific action plans listed in Annex VI are effectively accelerated. The project is nearing completion.

C Multi-sector

Economic Management Support Project (PAGE)

Basic Economic and Financial Data

Grant Number: 2100155001955

Grant: UA 2.32 million Government: UA 0.23 million	<u>Sources:</u> ADF, Government	<u>Disbursement:</u> ADF: UA 690 385.85 (29.76%) Government: 16%
<u>Date of Approval:</u> 23/07/2003	<u>Date of Signature:</u> 23/09/2003	<u>Date of Entry into Force:</u> 17/03/2004
<u>Date of Last Disbursement:</u> 31/12/2005 extended to 31/12/2006 <u>Number of Supervision Missions in 2005:</u> 2 <u>Date of Last Supervision Mission:</u> 22/10/2005 to 3/11/2005 <u>Number of Supervision missions since Date of Implementation:</u> 2 <u>Date of Submission of Last Audit Report:</u> N/A <u>Number of Audits since Date of Implementation:</u> 0 Audits 2004 (6 months) and 2005 (12 months) scheduled for early 2006		Executing Agency: PIU at the Ministry of the Economy, Planning and Cooperation
<u>Objectives and Components:</u> The sector goal of the PAGE is to improve economic management with a view to optimising poverty reduction efforts. This objective is to be achieved through the implementation of 3 components: (i) improving the programming, financing and monitoring of development programmes and projects; (ii) improving public debt management; and (iii) strengthening the central system of production and dissemination of socio-economic statistics		

Compliance with Conditions Precedent/Undertakings

2.1.176 Compliance with Conditions Precedent to Entry into force: The grant became effective upon the signing of the memorandum of understanding in July 2003. The conditions precedent to disbursement were fulfilled gradually up to March 2004 instead of October 2003, as scheduled initially, representing a delay of 6 months. Performance is considered unsatisfactory.

2.1.177 Compliance with General Conditions: Since the start up of activities from March 2004 up to 31/12/05, quarterly reports on the status of implementation of the project that conform to the prescribed format have been regularly submitted to the Bank. For now, they focus on the activities and product indicators. A results monitoring framework targeted in the logical framework matrix is being prepared. Due to the low volume of project activities, it was agreed that the 2004 audit will not be carried out. In line with the recommendations of the AUDT consulting firm, an audit firm was selected to conduct the 2004 (6 months) and 2005 (12 months) audits. They are being conducted and the report will be submitted to the Bank in July. Performance is considered satisfactory.

2.1.178 Compliance with other Conditions: The other condition, consisting of showing proof, prior to project start-up, of the selection of a national coordinator and project accountant through competition and whose CVs will have been deemed acceptable to the Fund, has also been fulfilled. The accounting system has been set up, but well behind schedule. Performance is considered unsatisfactory.

Performance of Goods and Services Procurement

2.1.179 Procurement of Consultancy Services: Although delays were observed, the procurement of consultancy services financed from ADF has been done in compliance with the Bank's rules of procedure on the use of consultants, based on the appropriate Bank standard bidding documents. The procurement methods used have undergone some modifications in order to facilitate project implementation, but they are still in conformity with the Bank's rules of procedure. The Bank gave a no-objection opinion on these modifications. On the whole, performance with regards to the preparation of the bidding documents has been satisfactory. The terms of reference for consultants contained in the appraisal report were taken into account in the preparation of the invitations to bid. The technical and financial bid analysis reports and the conclusions of the Bid Committee are, on the whole, satisfactory. The list of services is currently being revised. Performance is considered satisfactory.

2.1.180 Procurement of Goods: Although delays were again observed, the procurement of goods financed from ADF has been done in compliance with the Bank's rules of procedure for the procurement of goods, based on the appropriate Bank standard bidding documents. The method of procurement of the accounting software was modified, but it was still in compliance with the Bank's rules of procedure. The Bank gave its no-objection opinion for this modification. Overall, performance in the preparation of the bidding documents and technical specifications for goods is satisfactory. The technical and financial bid analysis reports and the conclusions of the Bid Committee are, on the whole, satisfactory. The list of services is currently being revised. Performance is considered satisfactory.

Financial Performance

2.1.181 Availability of Foreign Exchange: The project cost amount is UA 2.32 million. It is estimated at 70.20% in foreign exchange and 29.80% in local currency. The Government is expected to finance the outstanding project cost to the tune of UA 0.23 million, representing 9.02% of the total cost of which 8.3% in foreign exchange (procurement of 4 vehicles) and 10.53% in local currency. As at 31/03/06, the borrower's contribution in foreign exchange (counterpart funds) had not been paid. Performance on the part of the borrower is considered unsatisfactory.

2.1.182 Availability of Local Currency: Local currency disbursements are necessary for the procurement of some locally produced goods and services and to finance certain operating expenses. The ADF local currency disbursements have enabled the financing of these expenses even though the initial disbursement schedule has not been adhered to. The borrower has contributed 16%. Its performance is considered unsatisfactory.

2.1.183 Disbursement Flows: The disbursement method used has been direct payments based on contracts prepared for the procurement of goods and services and transfers to the special project account for the financing of operating expenses (revolving fund). These payment methods have been utilised efficiently on the basis of contracts and disbursement requests presented. The project is 2 years old. It is worth pointing out, however, that as at 31 March 2006, the disbursement rate was 29% whereas the deadline for the last ADF disbursement is set for the end of December 2006. There are significant slippages on the disbursement schedule due to the late start-up of the project and procurement delays. Performance is considered unsatisfactory.

2.1.184 Cost Management/Recovery: Despite the loss of exchange from the appreciation of the Euro to the UA, there have been no budget overruns. Savings have been made from the least-cost gained on some contracts and from the decision to call for individual applications (instead of a consulting firm) in the selection of the INSEED consultants, and this will be reallocated as a priority to training and the procurement of consultancy services. The accounting system has been installed. Performance is considered satisfactory.

2.1.185 Performance of Co-Financiers: The project makes no provision for co-financiers.

Activities and Outputs

2.1.186 Adherence to Implementation Schedule: Significant delays were observed in the setting up of the PIU. This affected the launching of bids, delivery of goods and the start up of services. The latter did not start until June 2005 instead of January-June 2004, representing a one-year slippage on the planned schedule. Key activities of the project (technical assistance and training) have started only partially. Correspondence between the Bank and the Government relating to the revision of the list of goods and services (not yet finalised) has led to a slippage on compliance with the new implementation schedule drawn up in November 2005. Performance is unsatisfactory.

2.1.187 Performance of Consultants and Technical Assistants: The consultants and technical assistants recruited under the project, notably at the DCSPPD, are working in compliance with their Terms of Reference, which were amended slightly to meet requirements. They include: (i) two long-term experts (economist and computer specialist) provided by SCET TUNISIE, since

26 September 2005, to help the Department improve the execution of its responsibilities and (ii) the COMPUTER CENTER company, which has installed the project management software and trained the management staff (12 people) in its use. As agreed, the Economist recruited to the DCSPPD is preparing a short-term intervention programme for the training of professionals at the Debt Department. The training plans for the two departments (DCSPPD and the Debt Department) have been completed in conformity with the TOR. Performance is considered satisfactory.

2.1.188 Performance of Contractors: Contractors have complied with the prescribed deadlines for the delivery of goods (computer equipment, office automation and supplies) and services (equipment maintenance, etc.). There have been no reservations as to quality. All suppliers agreed to provide performance guarantees, in compliance with the terms of the contracts, and accepted payment in full upon complete delivery of all equipment. For all equipment delivered, after-sales services are to be provided if necessary. The performance of the contractors is considered satisfactory.

2.1.189 Performance of Project Management. The setting up of the PIU was necessary for managing the project. Correspondence between the Bank and the Government relating to the revision of the list of goods and services (not yet finalised) resulted in a slippage on compliance with the new implementation schedule drawn up in November 2005. The Steering Committee of the project has been holding periodic meetings, but with very brief minutes. Nonetheless, most of the recommendations of the October/November 2005 supervision mission were implemented. The project implementation reports are submitted on schedule. Efforts remain to be made in the following areas: programming of disbursement requests, regular submission of financial statements to the Bank, preparation of a results monitoring framework in conformity with the project's logical framework matrix and the formulation of a performance assessment system of the PIU staff. Performance is considered satisfactory.

Impact on Development

2.1.190 The sectoral goal of the PAGE is to improve economic management with a view to optimising poverty reduction. This objective is to be achieved through improving the management of development programmes and projects, improving public debt management and strengthening the central system of production and dissemination of socio-economic statistics and studies.

2.1.191 Likelihood of Attaining Project Objectives: Concerning the management of development programmes and projects, since 26 September 2005, the project has provided the DCSPPD with two technical assistants (Economist and Computer specialist), for 24 months. The Economist has contributed to the formulation of the 2006 Public Investment Programme (PIP). A project management and monitoring software has been installed and the staff of the DCSPPD (12 staff members including 1 woman) have been trained to use it. The capacity of the DCSPPD in terms of computer and office equipment as well as office furniture has been strengthened. The operating budget of this Department has also been sustained. This support contributed to the preparation of the 2006 PIP. With regard to the strengthening of the central system of production and dissemination of socio-economic statistics and studies, the support to the operating budget of INSEED as well as the computer and office equipment provided enabled it to produce and disseminate situational statistics (price indices and external trade statistics). The technical assistance has had to be readjusted

to suit the new needs of the institute. Due to the delays in finalising the revised list of goods and services, technical assistance is not yet available. Concerning public debt management, again due to delays in finalising the revision of the goods and services list, the programme for training and the installation of the debt management software has not yet started. The capacity of the Debt Department in terms of computer and office equipment as well as office furniture has been strengthened. Although the new list of goods and services is slated to be approved by the end of June 2006, there is likelihood that the objectives of the project will not be achieved. The disbursement rate is 29.76% while the end of the project is scheduled for end of December 2006. Given the current status of implementation of the project, it is estimated that the probability of achieving its objectives is between 50 and 75%, by the end of 2006.

2.1.192 Likelihood of Realisation and Sustainability of Benefits beyond Project Investment Stage: In view of the current status of implementation of the project, it is unlikely that by the end of 2006, the benefits of the project will be realised and sustained, as projected.

2.1.193 Likely Contribution of Project to Building Institutional Capacity: Capacity has been built at the DCSPPD, INSEED and the Debt Department. However, given the current status of implementation of the project, it is unlikely that by 2006, the project would have contributed to building the capacity of the beneficiary institutions, as projected.

Overall Performance Assessment

2.1.194 Current Overall Assessment: In view of the above, the overall performance of the project is considered unsatisfactory with a rating of 1.42.

Indicators	Conditions/Undertakings	Procurement of Goods and Services	Financial Performance	Activities and Outputs	Impact on Development	Overall Assessment
Assessment	1.33	2.00	1.25	1.50	1	1.42

2.1.195 Overall assessment of future trend: The future trend could be satisfactory if the specific action plans listed in Annex VI are effectively accelerated.

2.2 Aged, Problem and Potentially Problematic Projects

Aged Projects

2.2.1 The advanced age of projects is often an indication of the existence of a problem. Since 2002, the average age of projects of the active portfolio has increased from 4.7 years to 6.3 years. The entry of 3 new operations (PGRN, PARG and Fisheries Project), approved in 2005, should help to rejuvenate the portfolio. According to Bank rules, depending on the approval date and the portfolio review date, an investment project or a programme financed by the Bank Group that is aged 8 or more years, or a technical assistance operation financed by TAF, that is 5 or more years old, can be considered aged. Furthermore, in light of the relatively low disbursement rate of some projects in relation to their age, it is estimated that such projects are likely to become aged. On the basis of these criteria, the table below highlights the aged and potentially aged projects. It should be pointed out that both the aged projects (PCVZS, PVERS and PREPAFEM) and the potentially aged project (PDRPL) have had their deadline for last disbursement extended.

Table 3
Aged and Potentially Aged Projects as at 31/03/06

	Projects	Aged Projects in March 2006	Disbursement Rate %	Comments
Agriculture Sector				
1.	Cotton and Food Crop Production Project in the Sudan Zone (PCVZS) 1993-2006	13 years	77.31	Aged project
2.	The Surface Run-off Water Development Project in Batha, Guéra, Ouaddaï and Biltine (PVRES) 1998-2006	8 years	59.71	Aged project
3.	Prefecture du Lac Rural Development Project (PDRLP) 1999-2006	7 years	44.52	Potentially aged project
Social Sector				
4.	Poverty Reduction and Actions in favour of Women Project PREPA-FEM 1997-2006	9 years	75.82	Aged project

2.2.2 The portfolio therefore has 2 aged projects in the agriculture sector, 1 aged project in the social sector and 1 potentially aged project in the agriculture sector. The ageing trend of the portfolio is an indication of the need for close supervision of these projects in order to prevent the deterioration of their quality and the failure to attain their development objectives.

Problem, Potentially Problematic and High Risk Projects

2.2.3 **Problem Projects:** Problem projects are defined by the Bank as projects rated below 1.5 for status/implementation performance or likelihood of attaining development objectives (DO). These two indicators are presented in Annex 2. The latter shows that all the projects are problem projects, in view of their status, with the exception of the PDRPL, Education Project V and PREPA-FEM, which have status ratings of 1.65, 1.54 and 1.54 respectively. It can be estimated that, as at 31/03/06, 70% of the Bank's portfolio in Chad are problem projects. In the agriculture sector, 4/5 of the projects are problematic, representing UA 54.49 million in high risk commitments², as at 31/03/06. In the social sector, 2/4 of the projects are problematic, i.e. UA 5.0 million in high risk commitments. In the multi-sector, the only existing project, the PAGE, which is financed with a grant, is problematic. Rating investment projects for the rate of return (E4) should help to better assess the DO indicators. It is observed that with the exception of the PCVZS, all the projects had convergent 'status' and DO indicators, i.e. they were concurrently higher or lower than 1.50. The exception of the PCVZS, which has a 'status indicator of 1.27 and a DO of 2.0, lies in its advanced age (13 years) and an output level that implies a 75 to 100% probability of attaining its development objectives.

2.2.4 **Potentially Problematic Projects (PPP):** The Annual Portfolio Performance Review (APPR) of 2002 and 2003 defined a PPP as a project with satisfactory performance in terms of 'status' and DO (higher than 1.5), but showing traits that it is likely to encounter problems in future. The risk indicator criteria introduced in 2002-2003 served as a guide to interpret the situation of the projects that are not problematic, in particular the PREPA-FEM 1997-2006, PDRPL 1998-2006 and Education V 2001-2006. As shown in the table below, the PDRLP 1998-2006 and Education V 2001-2006 are likely to encounter problems in future. They therefore require closer monitoring and the taking of adequate measures.

² High risk commitments are the total initial values of loans for operations at risk.

Table 4
Potentially Problematic Projects as at 31/03/06

Criteria	PDRLP	EDUC V
1. Less than 10% of the loan is disbursed for a specific operation two years after entry into force of the loan, or less than 50% of the loan is disbursed five years after its entry into force;	Only 44.52% of the loan has been disbursed more than five years after its entry into force.	Only 39.86% of the loan has been disbursed four years after its entry into force
2. Projects are not completed after eight years (5 years for Technical Assistance Funds/grants) from the approval date;		
3. Capacity building operations financed by TAF/grant have received less than 50% of funds disbursed three years after the approval date;		The disbursement of the grant was 39.20% , 5 years after approval
4. An operation financed by a loan or a grant is not declared effective 12 months after signature		

2.2.5 **High-risk Projects:** In view of the situation of problem (70% of the portfolio) and potentially problematic (20% of the portfolio) projects, it is observed that as at 31/03/2006, the portfolio in Chad comprised about 90% high risk projects. The entire portfolio therefore needs to be monitored closely and adequate measures taken to improve it.

2.3 Assessment of The Frequency and Quality of Supervision Missions

Frequency of Supervision

2.3.1 **Agriculture and Rural Development Sector:** For this sector, the supervision average of 1.5 missions per project per year has not always been adhered to since 2001. For example, the PDRDB and PCVZS received their last supervision missions in October and November 2004, respectively, while the other projects (PDRPL, PASEP, and PVERS) received just one supervision mission each in 2005. The annual supervision distribution is not balanced. To the credit of the Bank, it is worth noting that the supervision average of 1.5 missions per project was exceeded for some projects that had particularly experienced difficulties in recent years (PCVZS and PDRPL) or a relatively slow start-up (PDRDB and PVRES). On the whole, performance is considered satisfactory.

2.3.2 **Social Sector:** For this sector, the supervision average of at least 1.5 field missions per project per year has been adhered to since 2002. In 2005, all the four projects concerned received two supervision missions. Performance is considered satisfactory.

2.3.3 **Multi-Sector:** The PIU of the PAGE project was established in June 2004 and the first procurement of goods and services was done in April 2005. The project was not supervised in 2004 owing to its late start-up, but it was however supervised twice in 2005. The supervision average of 1.5 field missions per year was exceeded in 2005. On the whole, performance is considered satisfactory

Quality of Supervisions

2.3.4 **Time devoted to Missions:** The duration of supervision missions is technically speaking 2 weeks. The time devoted to the task of supervision of a given project in Chad is difficult to determine as, sometimes for budgetary reasons, the missions are often combined

with other activities or several projects are supervised simultaneously by the same expert. As in 2002, all these factors continue to limit the amount of time required to supervise projects and thus impact negatively on the quality of supervision. Performance is considered unsatisfactory.

2.3.5 Skills Mix: In spite of the multidisciplinary nature of projects of the portfolio in Chad, supervision tasks are often carried out by a single task manager (Economist or Sector Expert), who cannot visualise all key problems and make the relevant recommendations. The problem is at two levels: (i) inadequate skills mix within the same Department; and (ii) inadequate support from some Departments. The other Departments (FFCO, AUDT, PPRU and POPR – micro-finance aspects) have their own work schedules that do not coincide with the supervision missions. Performance is considered unsatisfactory.

2.3.6 Physical Supervision: Physical supervision is a constant concern in the fielding of missions in Chad. The problems of security in the country make it difficult to ensure systematic physical supervision of sector projects scattered in the different regions of this vast country. The landlocked nature of the country increases the time for access to project sites. When these physical supervisions are conducted, the time allotted is often insufficient. The Bank Unit in Chad compensates for this inadequacy by fielding physical supervision missions to the project sites. Performance is considered unsatisfactory.

2.3.7 Relevance of Recommendations and Monitoring of Implementation: The relevance of recommendations is to some extent negatively affected by the abovementioned problems. There is also a problem with the relevance of the current format of supervision reports³. The reports rarely contain quantified indicators on the implementation rate of previous recommendations. Performance is considered unsatisfactory.

2.4 Cross-Cutting Issues

2.4.1 The ongoing projects have an impact on governance, gender equality, regional integration and HIV/AIDS and infectious diseases.

2.4.2 Governance and Economic Integration: The PAGE contributes to (i) improving governance, particularly accountability and transparency in public finance management through the support it gives to managing the Public Investment Programme and the public debt, and (ii) economic integration through its support to the Debt Department and INSEED, which are members of the CEMAC Multilateral Monitoring Committee. In addition, the focus of the project on external trade statistics makes it possible to assess more effectively the trend of trade between Chad and other CEMAC member countries and to take measures to stimulate it.

2.4.3 Gender Equality: In the social sector, the Health II and Education V projects focus on the training of female health personnel and the vocational training of girls. The micro-credit activities and micro-projects of the REPAFEM project have benefited women in the urban and rural areas. In the agriculture and rural development sector, the ongoing PCVZS, PDRPL and PVERS have activities (formal education, vocational education, extension activities, micro-credit, etc.) that benefit girls and women in the project area. The PAGE project lays special emphasis on the training of female staff.

³ The Annual Portfolio Performance Review (APPR) 2001 of the Bank recommended a review of the current format of supervision reports on the grounds that it is not sufficiently results-based and does not adequately highlight the risk factors in project management. The format is currently being revised.

2.4.4 **HIV/AIDS and Communicable Diseases:** The Health II project, which still has a low implementation rate, is already contributing to strengthening the health system through the training of health personnel, the building of health facilities and HIV/AIDS and communicable diseases control.

2.4.5 **Environment.** With regard to the environment, all the projects have been subject to environmental impact assessment and related issues have been dealt with by classification, during project preparation. The PGRN 2005-2011 and the Fisheries Development Project 2005-2011, which is yet to be implemented, will have a positive impact on the environment through the emphasis placed on the rationalisation of fisheries resources and the protection and development of natural resources. No specific uncontrolled negative environmental impacts have been reported during implementation.

2.5 Overall Assessment of Portfolio Performance

2.5.1 **Overall and Criteria-based Assessment:** In 2002, the 8 ongoing operations were given an overall rating of 1.79. The general situation deteriorated in 2006 with an unsatisfactory overall rating of 1.37. It is necessary to qualify the 2002 performance by indicating that 4 operations were nearing completion. In 2002, the performance of the criteria “status”, “procurement of goods and services” and “financial performance” was the lowest of the five criteria for all projects combined. In 2005, weaknesses were observed for all the assessment criteria and averages were lower than in 2002. It is worth noting that since the last review, the country has experienced a difficult financial situation and has, on several occasions, come under Bank sanctions for arrears. This has hampered the funding of projects.

2.5.2 **Assessment by Sector:** In 2002, the average rating was 1.67 for the agriculture and rural development sector and 1.9 for the social sector. In 2005, the average overall performance of the social sector (1.42) was higher than that of the agriculture sector (1.31). The ratings for these two sectors were unsatisfactory and lower than in 2002. This situation is partly due to the complex nature of the projects in the agricultural sector. Performance in the multi-sector is also unsatisfactory (1.42).

2.5.3 **Quality Assurance of Projects at Entry:** Quality assurance of projects at entry is required for proper project implementation and achievement of set objectives. As shown in the table below, performance of the quality assurance of projects at entry has been mixed. The weak points remain the fiduciary and institutional aspects, implementation arrangements, risk assessment and consideration of the project by the Bank.

Table 5
Assessment of Performance of Project Quality Assurance at Entry

Quality Dimensions	Performance assessment			Comments
	Unsatisfactory	Mixed	Satisfactory	
1. Approach, objectives and design		X		Progress has been made (harmonisation with CSP and PRSP) but weaknesses remain, mainly: low rate of prior sectoral and economic studies, ambiguous and unrealistic objectives and failure to learn from similar experiences
2. Technical, economic and financial aspects		X		Progress has been made but weaknesses remain, mainly: complex conditionalities and inadequate analysis with regard to recurrent expenditure
3. Poverty, gender and social aspects			x	This aspect is satisfactorily covered in the projects, especially the ones in the agriculture sector. A gender expert has been recruited at OCAR and OCSD. A micro-finance expert has been recruited in the latter department.
4. Environmental aspects			x	This aspect is considered in all the projects.
5. Fiduciary aspects - Financial management - Procurement	X			Weaknesses remain as regards the procurement aspects. Systematic assessment of the procurement environment in the country is not carried out. Efforts have however been made to train procurement officers in the Bank's rules of procedure.
6. Institutional and political aspects	X			Most of the projects are managed by the PIUs, which disappear upon completion of the projects. This does not make for experience to be accumulated. A permanent project managed set-up, subdivided into sectors, would be ideal
7. Implementation arrangements	X			Performances are unsatisfactory. Implementation schedules are rarely complied with, coordinators are not at post before Board approval of projects, reliable accounting systems are rarely in place before the start of activities and resources for assessing results are poor or even completely absent.
8. Risk assessment	X			Risk assessments and their related mitigation measures are often not relevant.
9. Input and processing of projects by Bank	X			Some progress has been observed, but weaknesses remain: poor compliance with the project processing cycle (identification, preparation and appraisal)

2.6 Disbursements

2.6.1 The Bank's net commitments, as at 31/03/06, amounted to UA 98.41 million, with a relatively low disbursement rate of 40.18%. A situation analysis by sector shows significant variations.

2.6.2 Agricultural Sector: Net ADF commitments in the agricultural sector amount to UA 73.36 million, of which UA 34.46 million had been disbursed as at 31 March 2006, representing an average disbursement rate of 45.73%. During the same period, the disbursement rate for the counterpart funds for the 5 projects was 24.14%. These disbursement rates are low and disturbing for a portfolio with an average age of 6.3 years. This situation is mainly due to delays in procurement and execution of major construction works.

Table 6
Disbursement Rate of ADF Financing by Project as at 31/03/06

Project	Net Commitments	Disbursement	Rate of Disbursement
1) PCVZS	18 950 000.00	14 649 748.59	77.31%
2) PDRPL (Loan)	17 300 000.00	7 702 538.85	44.52%
PDRPL (Grant)	3 060 000.00	2 219 000.0	72.53%
3) PVERS (Loan)	11 900 000.00	7 105 522.02	59.71%
PVERS (Grant)	510 000.00	275 634.72	54.04%
4) PDRB	9 000 000.00	1 016 585.97	11.30%
5) PASEP	14 640 000.00	1 779 914.06	12.16%
TOTAL	75 360 000.00	34 460 000	45.73%

2.6.3 Social Sector: Net ADF commitments in the social sector stands at UA 20.73 million, of which UA 7.15 million had been disbursed by 31 March 2006, representing an average disbursement rate of 38.70%. For the same period, the disbursement rate for the counterpart funds for the 4 projects was 15.33%. These disbursement rates are low and disturbing for a portfolio with an average age of 4.25 years. The main reason for this is delay in the carrying out of construction works and the procurement of equipment which constitute the bulk of project costs. Such hold-ups are often due to the lengthy delays in the preparation of bidding documents, often caused by change of initial construction sites and the duration of the contract award process for infrastructural works as well as non-compliance with procedures by bid evaluation committees, often leading to rejection by the Bank. A rigorous identification of construction sites at the time of appraisal and compliance with the Bank's rules of procedure in the examination of bids and the award of contracts will contribute to improve disbursements.

Table 7
Disbursement Rate of ADF Financing by Project as at 31/03/06

Project	Net Commitments	Disbursement	Rate of Disbursement
1. Edu V (loan)	5 431 000	2 164 938.12	39.86%
Edu V (grant))	1 300 000	727 248.14	55.94%
2. PASE (grant)	2 400 000	12.664.15	0.53%
3. PREPAFEM (loan)	5 300 000	4 018 261.37	75.82%
PREPAFEM (grant)	300 000	291 524.83	97.17%
4. Health II (loan)	5 000 000	595 216.10	11.90%
Health II (grant)	1 000 000	212 454.39	21.24%
TOTAL	20 731 000	8 022 307.10	38.70%

2.6.4 **Multi-sector**: As at 31/03/06, the disbursement rate was 29.7% while that of the counterpart funds was 16%. This low disbursement rate is mainly due to the delay in the finalisation of the new list of goods and services, which was to enable implementation of the remaining major activities.

2.6.5 Status of Future Projects: The Bank's portfolio in Chad comprises 5 other approved operations for which disbursements have not yet been made, namely: (i) PGRN2005-2011, financed to the tune of UA 6.25 million; (ii) PARG I 2005-2007, financed to the tune of UA 20.5 million; (iii) the fisheries development project (PRODEPECHE) 2005-2011, amounting to UA 10 million; and (iv) PPF-PNEAR, financed to the tune of UA 0.390 million. For the three approved projects and the PPF PNEAR PAEPE, there is need to accelerate their entry into force (PGRN and PPF PANEAR) and fulfil their conditions precedent to disbursement (PARG I and Fisheries Project). The PPF PANEAR risks cancellation.

III. ASSESSMENT OF MANAGEMENT/IMPLEMENTATION CAPACITY

The analyses in Sections 1 and 2 implicitly highlight the difficulties encountered by the Government, the project executing agencies and the Bank in portfolio management. The management and implementation capacity of these two entities will be assessed by reviewing the implementation status of the 2002 Action Plan to mitigate specific and generic problems. Assessment of generic problems will be through performance review of the projects at start-up, during implementation and monitoring, as well as of the management of project completion and output and impact assessment.

3.1 Performance of Government and Executing Agencies

3.1.1 Constraints: The projects and studies financed by the Bank in Chad are implemented by executing agencies under the supervision of various technical Ministries, and coordinated by the Ministry of Economic Planning and Cooperation. This task is performed within the Ministry by the Department of Cooperation and Development Projects and Programmes Monitoring (DCSPPD). The economic and socio-political context has remained difficult since 2002. In spite of the oil revenue, the country's difficult financial situation has deteriorated, leading to a huge accumulation of external and internal arrears. The country has, on several occasions, come under Bank sanctions for arrears, thus hampering the funding of projects. The recurrent conflict situation has seriously eroded the Administration's economic management capacity. The Chad Governance Profile 2004 highlighted inadequacies in accountability and transparency in public finance management, participation and the fight against corruption as well as deficiencies in the legal and judicial system. This generally difficult context, characteristic of fragile States, is a major contributing factor to the poor portfolio performance. This explains, to some extent, the inertia in the management of the economy, in general, and of the portfolio, in particular.

3.1.2 Status of Implementation of the Action Plan to Alleviate Specific Problems of Projects. In 2002, project implementation needed to be accelerated, in particular for projects that were old and nearing completion; furthermore, audits had to be conducted, and implementation of approved projects initiated. Implementation of the plan led to completion of four (4) old operations, namely: the Mamdi Project 1993-2004, the study on fisheries and fish farming sub-sector 1999-2004, Education Project IV 1991-2002, the Primary Health Care Strengthening Project 1993-2002, and SAP III 2002-2003. Projects with delays in start-up have been implemented, namely: the Biltine Project 2001-2009, Education Project V 2001-2007, and Health Project II 2001-2006. As noted previously, the implementation of Education Project V 2001-2007 is satisfactory, unlike the other two. Delays in auditing have not been absorbed. On the whole, performance is satisfactory.

3.1.3 **Assessment of Management of Project Start-up Phase.** Since 2002, management of the project start-up phase has seen no significant improvement. Loan implementation continues to suffer delays, owing to the lengthy preparation and approval times for loan agreement ratification decrees and for the National Assembly's legal opinion. The recommendation in 2002 to find a regulatory solution to the ratification of loan agreements within three months of loan signature was not implemented. The administration and implementing agencies continue to encounter difficulties in meeting some specific disbursement conditions, despite training organised by the Bank in 2001 and 2005. The performance level is unsatisfactory. The exclusive allocation of ADF grant resources to Chad should help curb any future project start-up delays. The overall performance is satisfactory.

3.1.4 **Assessment of Project Implementation and Monitoring.** Project supervision, audit and review missions provide recommendations and action plans to help improve the portfolio. Failure to adequately carry out such recommendations and action plans partly account for the persistent problems in project implementation. With respect to organisation and management, the Project Implementation Unit is responsible for project implementation, making it strategically important for the unit to have *skilled human resources with job stability*. The Government has been making considerable effort in this direction since 2002. Indeed, most of the officers were recruited on the basis of reasoned opinion from the Bank, and often following vacancy notices. At the request of the Government, in 2001 and 2005, the Bank organised training workshops on project procurement, audit, disbursement and accounting/financial management procedures. The workshops were organised for all project officers. A lingering constraint is the lack of skilled labour. The problem of staff instability, though, has become less chronic. Since 2002, only three coordinators have been replaced – two on objective grounds, while the third (REPAFEM Project) was removed without the Bank's consent. There is currently no *annual performance assessment system for Project Management staff*. The problem has been discussed and the Government is expected to make a proposal on it. With regard to *accounting*, reliable accounting systems are not systematically set up for all projects upon start-up. Recommendations made by AUDT to upgrade the accounting profession and higher audit institutions such as the General Finance Inspectorate and the Audit Bench of the Supreme Court are yet to be implemented. *Project audit* has fared no better, with continuing delays in the audit of project accounts. Out of 10 ongoing projects submitted for audit, four (PCVZS, PDRDB, PASEP, REPA-FEM) have not yet conducted audits of their 2003 accounts; let alone the 2004 audits, which have not been carried out by seven other projects (PCVZS, PVERS, PDRDB, PASEP, REPA-FEM, Santé II, PAGE). Three months from the deadline, none of the projects has conducted its 2005 audit. Progress has been made with project *activity reports*, which are being produced regularly. With respect to *project monitoring*, DCSPPD has been supervising project activities, mainly by organising quarterly meetings, which are attended by the Bank's Unit Coordinator. DCSPPD hardly ever undertakes field missions, due to the lack of means of transport. As stated in the November 2005 report by AUDT, DCSPPD has not yet instituted a manual of policies and procedures for project monitoring, and a performance chart for monitoring the implementation of recommendations and action plans, compliance with loan conditions, the conduct of audits and submission and analysis of status reports. This partly accounts for the increase in problem projects from 44 to 70%. Performance is unsatisfactory.

3.1.5 In terms of goods and services procurement, the Government took a positive step by enacting legislation to simplify procurement procedures. A new public procurement code that generally meets international standards and promotes efficiency and transparency was adopted in 2003. Among the measures taken by Government are Order-in-council 460/PR/PM/SGG/2004, which reduces the bid evaluation and contract award period; the

establishment of Administrative and Financial Affairs Directorates (DAAF), Bid Opening and Evaluation Boards (COJO) and Procurement Offices (COJOS secretariat) in various ministerial departments and Order-in-Council 463/PR/PM/SGG/2004 of 29 September 2004, which reduces the contract approval time; and the opening of a journal at the Public Procurement Directorate informing bidders and the Public Procurement Agency of public procurement procedures. The difficulties observed in the implementation of public procurement regulations in force (Order-in-Council 503/PR/PM/SGG/2003 of 5 December 2003) are mainly operational. While the Public Procurement Code (CMP) provides for a six-month lapse⁴ between the preparation time of the bidding documents and the approval time of the relevant contract, donor experience and initial statistics⁵ provided by the Committee for the Control and Supervision of Oil Revenue (CCSRP) have shown a doubling of this period, from 12 to 14 months. Consultations held with the Government, as part of the recent multi-donor review, indicate that the major causes⁶ are (i) a poor grasp of procurement procedures by COJOs and their bid evaluation sub-committees (SCTE), and (ii) the often uncontrollable delays in contract approval by the competent authorities. All contracts in excess of 50 million CFA francs (albeit a low amount) require presidential approval. The Government requested and obtained Bank financing for a programme (PARG I 2005-2007), whose components include the improvement of the management of public contracts. The programme is expected to help, among others, build private sector capacities in public procurement and improve the supplier database. Performance is unsatisfactory. (See technical note in Annex 2).

3.1.6 At the purely financial level, the management of the revolving funds contains records of ineligible expenditures, while non-compliance with contract terms often leads to rejection of *disbursement* documents. As observed by AUDT, project vehicles are often commandeered by the State while the projects bear huge costs for their maintenance. *Counterpart funds* are not always paid regularly to projects. The problem should be solved with the Government's recent decision to source these funds from oil revenue, at least for priority sector projects. The health sector has already started implementing this decision. At project completion, *funds for recurrent costs* to ensure sustainability of project impacts are rarely included in the national budget. Performance is unsatisfactory.

3.1.7 **Project Output and Impact Assessment.** Currently, project monitoring, even for those at an advanced stage of implementation, merely focuses on monitoring of the mean indicators (disbursement rate), activities and intermediate outputs or results (Bank-approved bidding documents and contracts, goods, services and works procured; support to the operating budget, etc.), all of which are intermediate goals. Monitoring of the outputs targeted in the project logical framework matrix is omitted. In most of the ongoing agricultural and social projects, it is not possible to determine the impact of Bank-financed projects in the mid-term. To the credit of the DCSPPD and the PIUs, it should be pointed out that in most of the project appraisal reports, there has been no budgetary line for the "project management and monitoring component" to finance the mid-term impact assessment of the Bank's interventions. An exception to this is the impact study for the Mamdi hydro-agricultural development project (completed), conducted in 2003. Performance is unsatisfactory.

⁴ See table in Annex 7 – *Reference Framework for Responsibilities and Timeframes for the Different Stages of the Procurement Process* – prepared mainly on the bases of data contained in the CMP, and in collaboration with the OCMP.

⁵ These statistics were prepared based on the dates the bidding documents are submitted to CCSRP and the dates the contracts are approved by the competent authority stipulated in the CMP.

⁶ Delays linked to the OCMP and CCSRP review are often marginal, given that they have to work within prescribed timeframes.

3.1.8 **Assessment of Project Completion Management.** The Government does not systematically prepare project completion reports with the purpose of drawing lessons for similar future projects. These reports are generally of poor quality. The flaws related to project outputs and impact assessment as per the objectives of the logical framework matrices negatively impact the quality of reports. Performance level is unsatisfactory.

3.2 Bank Performance

3.2.1 **Constraints:** Deficiencies prevailing since 2002 in the organisational structure of the Bank weighed heavily on its performance in Chad. These weaknesses, identified in several internal documents, are mainly: deficiencies in the organisational structure of the Operations Complex and the limited focus on countries, insufficient number of staff assigned to operations, low project/operations ratio, emphasis on loan activities rather than on quality at entry, project implementation and supervision, inadequate support staff in relation to operations professionals and country economists, and deficiencies in decentralisation.

3.2.2 **Assessment of Performance at Project Start-up:** The lengthy disbursement delays experienced by the Government are sometimes due to the complexity of the conditions precedent to disbursement, often masking the Bank's non-compliance with the project processing cycle and delays in giving its non-objection opinions. The inadequate staff assigned to operations partly accounts for this situation. Performance is considered unsatisfactory.

3.2.3 **Performance Assessment of Project Implementation and Monitoring.** To the Bank's credit, it is worth indicating that recognising the difficulties of the DCSPPD, it has, since August 2005, assisted this institution, through the ongoing PAGE project, to build its capacities. Shortly, this support should enable the Department to improve the coordination of external aid, the financial and physical monitoring of project implementation, the implementation of the Public Investment Programme (PIP) and the management of recurrent costs. Under PARG I 2005-2007, to be implemented in 2006, the Bank will provide support to improve the management of public contracts through: (i) deconcentration of public procurement; (ii) enhancing efficiency and transparency of public contracts; and (iii) tightening public procurement controls. The Bank organised a training seminar in January 2005 to acquaint project managers with goods and services procurement, and disbursement and audit procedures for Bank projects. As mentioned previously, the frequency of launching and supervision missions in the field has been considerably improved, and this has made it possible to assist projects at the start-up phase and alleviate difficulties during implementation. The Bank's weakness remains the continued delays in approving payments. This stems from administrative red-tape and the lack of human resources. Indeed, the heavy workload of task managers and other Bank staff (GECL, PPRU, FFCO) involved in project management continues to handicap the processing times for project documents received, which still fall short of international standards, despite the strides made. Disbursements continue to face difficulties such as: funds transfer from the Bank to the banks of beneficiaries; irregularities in the transmission of loan and grant accounting and financial monitoring documents such as ledgers and disbursement vouchers. The above problems undermine the quality of *supervisions*, thereby adversely affecting project implementation. Compounding the problem is the lack of procedures for assessing the quality of supervisions. The Bank's *internal* audit is not systematised and often does not cover the entire project portfolio, owing to inadequate human resources. The Bank's Unit in Chad holds quarterly project meetings but is not empowered to handle procurement and disbursement administration. Performance is unsatisfactory.

3.2.4 **Project Outputs and Impact Assessment Management.** Results-based management is a recent culture at the Bank. The formulation of most ongoing projects does not include budgetary lines to be used by the Project Implementation Units for mid-term impact assessments of the Bank's interventions. Existing logical framework matrices in the portfolio are not sufficiently results-based. These matrices were revised in 2005. Performance is unsatisfactory.

3.2.5 **Project Completion Management.** Project completion reports are not systematically written for lessons to be drawn from them. Some efforts were made in 2004 to counter such lapses. Performance is satisfactory, on the whole.

IV. AID COORDINATION

4.1 Assessment of Government Capacity

4.1.1 The national aid coordination set-up comprises the institutional framework, the coordination tools and aid coordination and mobilisation mechanisms. The *institutional framework* includes the Office of the President of the Republic, which defines and prepares general national economic policies; the Ministry of Foreign Affairs and African Integration (MAEIA), which signs cooperation framework agreements with the international community; the Ministry of Economic Planning and Cooperation (MEPC), which is in charge of permanent coordination; the technical Ministries, which are responsible for the specific aspects; and the Ministry of Finance, which manages the debt and drafts the budget act for the national budget. Permanent coordination is the responsibility of the MEPC through its Department of Cooperation and Development Projects and Programmes Monitoring (DCSPPD). The Ministry develops national policies and harmonises sectoral policies, carries out negotiations, mobilises external funds and coordinates Public Development Aid (PDA). The MEPC is the link between the Government of Chad and donors with regard to PDA coordination. The mechanism for coordinating sectoral public development aid, which resulted from the Geneva Round Table IV, is made up of four units: the project monitoring and coordination unit in the transport sector; the permanent unit at the Ministry of Agriculture (Rural Development Sector); the Education Projects Directorate; and the Cooperation Office of the Ministry of Health. Each sector has several donors, one of whom is the sector leader. The Bank, the World Bank, the EU and France are sector leaders for the education, health, transport and agriculture and rural development sectors respectively. The rural development, health and education sectors have a consultative framework. The *coordination tools* are the PRSP, general policy documents, sectoral policy documents, financial and technical programming instruments such as the Three-year Public Investment Programme (PTIP) and the national budget, and monitoring, evaluation and control instruments. The Rural Development Intervention Plan (PIDR) is the coordinating tool for operations in the rural development sector. The *PDA mobilisation and coordination mechanisms* comprise mainly the Round Tables organized by the Government and sponsored by UNDP, the last of which was held in 2002; the Special Programme for Africa; the joint commissions; intergovernmental negotiations and consultations; donor missions; annual and mid-term reviews of donor-funded projects and programmes.

4.1.2 The mechanism has enabled the Government to bring together the principal donors for its development programme mapped out in the PRSP. Even though insufficient, funds have been continuously mobilised since the last portfolio review in 2002 to finance this development

programme. The mechanism has some weaknesses that must be highlighted. At Government level, there is an overlapping of functions among the Ministries (MEPC, Ministry of Finance, MAEIA), and the sector coordination mechanism does not include all the priority Ministries mentioned in the PRSP. At the level of development partners are the multiple conditionalities, procedures and methods. These also contribute to the creation of ad hoc and parallel structures with better working conditions that put the permanent state structures at a disadvantage. Government capacities for aid coordination are unsatisfactory.

4.2 Assessment of Bank's Coordination With Other Donors

4.2.1 Participation in National and International Aid Coordination Missions.

Budgetary constraints and the Country Team's work load led to low participation in specific national and international aid coordination meetings, programme and project review missions and country fiduciary framework study missions. The Bank did not make much of an effort to effectively play its role as sector leader of the Education sector. These inadequacies were however made up for by the aid coordination conducted within the framework of the 2002-2004 and 2005-2009 Country Strategy Papers and the evaluation and implementation of Bank-funded projects and programmes.

4.2.2 Streamlining Procedures. To the Bank's credit, it participated in the process to streamline contract award procedures. Apart from a few reservations on the Chadian Procurement Code, the Bank, the World Bank and the country have almost completed streamlining the procedures.

4.2.3 The Role of the Country Programme Office (CPO). The CPO cannot participate effectively in aid coordination activities because of its lack of human resources and its limited mandate. Presently, it liaises between the Bank, the country and the other donors, and sends quarterly reports to the Bank on the country's economic situation, the state of relations between the country and other donors, and the status of projects and programmes.

4.2.4 Possible Measures for Enhancing Resource Mobilisation and Aid Coordination. Donor partnership for development is organized to conform to the priorities of the PRSP. As mentioned earlier, the Bank is aware of the difficulties the DCSPPD encounters in playing its role and thus supports capacity building for this institution through the ongoing 2003-2005 PAGE project. This support will soon enable the Department improve external aid coordination, financial and physical monitoring of project implementation and the implementation of the Public Investments Programme (PIP). The PAGE also supports the Debt Department which intervenes in aid coordination.

4.3 Assessment of Co-Financiers in Co-Financed Projects

4.3.1 The OPEC Fund is the principal co-financier in the social sector for the HIV/AIDS-health project and the PASE. In both cases, the Fund finances mainly infrastructure construction and rehabilitation. The Bank administers OPEC's contribution until disbursement when OPEC takes over. Construction work has not begun for either of these projects, which means that OPEC has not yet made any disbursements. The delay in the execution of preliminary activities affects the level of disbursement of the co-financier's funds and, consequently, its performance.

4.3.2 Co-financiers for the PCVZS, Biltine project and PASEP in the agricultural sector are the French Development Agency (AFD), the World Food Programme (WFP), the OPEC Fund and ABEDA respectively. The AFD was supposed to finance the “Support for Cotontchad” component of the PCVZS with an amount of UA 3.66 million. This loan was never disbursed. Technical assistance in the form of seven experts, amounting to UA 1.9 million was paid for by Cotontchad. The OPEC Fund covers 25.57% of the PASEP costs and participates in funding all categories of expenditure except those relating to staff. The OPEC Fund also faces the same problem of low disbursement rates, a natural result of delays in the contract award process.

V. STATUS OF LOANS AND ARREARS REPAYMENT

Since the last review in 2002, Chad has come under Bank sanctions on several occasions because of the lack of improvement in the country’s financial situation despite the oil revenue generated since October 2003. Chad has also had trouble with the World Bank. The statement of loans and arrears repayment, as at 31/03/06, indicates that the Bank had placed Chad under sanctions since 1st April for arrears of UA 1 977 924. These arrears were finally discharged in May 2006. Chad is now one of the countries to receive grants only under ADF X because of the inviability of its external public debt.

VI. PROACTIVE MANAGEMENT OF PORTFOLIO

6.1 Potential Future Problems and Solutions

6.1.1 Improvement of the portfolio in Chad requires, first of all, improvement of the socio-political and economic context of the country. The Chadian president, who has been in power since 1990, was recently re-elected for five years. With the support of some bilateral partners, the security situation in Chad has returned to normal. The Government should be encouraged to reinforce security and strengthen political consensus and participation. This would facilitate the physical supervision of sectoral projects. Improvement of the portfolio in Chad also requires implementation of the new organisational structure of the Bank and the supporting institutional reforms. The skills and capacities of the Operations Complex should be strengthened; likewise country focus. The portfolio management should also be improved by enhancing the review process as well as procurement and disbursement procedures, and by improving project supervision with the opening of field offices, including the Country Office in Chad in 2006⁷. These measures, should, in the short- and medium term have a positive impact on the portfolio in Chad. This impact will however be low in 2006. The portfolio situation calls for an improvement programme.

6.1.2 Other problems that may come up in future and affect project implementation are discussed in the summary of the portfolio improvement programme and are listed below:

- ❑ Likelihood of ADF funding ceasing due to the delays in carrying out audits;
- ❑ Likelihood of ADF funding ceasing for projects for which the deadline for last disbursement is the end of December 2006, although some important activities have not even started;

⁷ Office space has been found and a lease contract is being signed

- Likelihood of non-payment of counterpart funds;
- Persistent problems in the procurement of goods and services caused in part by the inefficient contract award system. This constitutes a major risk factor for the portfolio.

6.2 Summary of Portfolio Improvement Programme

Solution for specific problems

6.2.1 **Actions for Problem Projects:** Action plans will be prepared (see Annex VI) for all the 7 projects (PCVZS, 1993-2006; PVRES 1998-2006; PDRDB 2001-2009; PASEP 2002-2009; Health Project II 2001-2006; PASE 2004-2009; and PAGE 2003-2006) so as to improve their implementation and impact on development. The problems to be solved include the serious issue of accounts audits previously highlighted. A letter has been sent to the Government for the audits to be conducted, and for the reports to be sent to the Bank not later than 31 August 2006. A meeting will be held in September 2006 to review the results of the audits. Furthermore, ADF financing for some projects (PCVSZ, PVERS, PAGE and Health Project II) could stop at the end of December 2006 (deadline for last disbursement), whereas there are still important activities to be carried out. The expediency of extending the deadlines for the last disbursement for these projects will be considered after review of the results of the audits in September 2006. The solutions for generic problems and the overall urgent measures to be taken should have a positive impact on the status of these projects.

6.2.2 **Actions for Potentially Problematic Projects:** The potentially problematic projects, which account for 20% of the portfolio, are the Prefecture du Lac Rural Development Project (PDRLP) 1999-2006 and Education Project V 2001-2007. Action plans will be prepared (see Annex VI) and implemented. The audit reports for 2003 and 2004 have been sent to the Bank. The Bank is waiting for the 2005 report, for which the deadline is 30 June 2006. A letter has been sent to the Government for the audits to be conducted, and for the reports to be sent to the Bank not later than 31 August 2006. A meeting will be held in September 2006 to review the results of the audits. Furthermore, ADF financing for the PDRPL Project could stop at the end of December 2006 (deadline for last disbursement), whereas there are still important activities to be carried out. The expediency of extending the deadline for the last disbursement for this project will be considered after review of the results of the audits in September 2006. The solutions for generic problems and the overall urgent measures to be taken should have a positive impact on the status of these projects.

Solution for Generic Problems

6.2.3 **Improvement of Quality at Entry:** The quality assurance of projects at entry is required for proper project implementation and achievement of set objectives. Efforts should cover the nine aspects of improvement of quality at entry. Strengthening of the Operations Complex under the reform and the opening of the Country Office in Chad will be necessary to achieve this objective.

6.2.4 **Project Start-up/Fulfilment of Conditions:** In order to reduce the time for the start-up of operations, the Bank will ask the Government to find a statutory solution to the ratification of loan agreements, and to obtain legal opinions within a maximum period of 3 months

following the signing of loan agreements. Since grants become effective at the time they are signed, the eligibility of Chad henceforth for only ADF grants should help to reduce the time for the start-up of operations. The Bank will endeavour to comply with the project processing cycle, seek efficiency in the formulation of terms and conditions and adapt them to the country's capacities. The Bank will make launching missions for operations systematic, use the PPF, which has proven its effectiveness in facilitating project start-up and increase the human resources for operations.

6.2.5 Financial Management/Auditing: The projects have put in place acceptable accounting systems, though with delays in some cases. This has involved a requirement for the quarterly submission of financial accounts. For future projects, the systematic use of PPF will be encouraged. The auditing problem has been discussed in § 6.2.1. and 6.2.2. It is recommended that proven cases of embezzlement should lead to the cancellation of the projects in question. The outcome of the Bank's decisions will be communicated to the Government.

6.2.6 Disbursement: The average disbursement rate of 40.18% for projects with an average age of 6.3 years is low. The implementation of the specific action plans for problem projects and potentially problematic projects, the solutions to the other generic problems and the carrying out of the urgent measures (see page 46) should improve project implementation and consequently the disbursement rate. Efforts will be made to process disbursement documents with diligence; the solution for this problem lies in implementing the institutional reform and increasing staff strength in the operations. The targeted training activities that are to be determined (see page 46) will contribute to better knowledge of Bank rules of procedure.

6.2.7 Counterpart Funds: The differences between Chad and the World Bank were recently settled, and cooperation with the major partners has resumed. The country benefited from huge indirect oil revenue in the first half of 2006. The indirect revenue expected in 2007 will stand at more than CFAF 500 billion. The financing of counterpart funds from oil revenue for projects in priority sectors is the solution that had been envisaged, but which is difficult to implement systematically. The solution has been applied to the health sector. A letter will be sent to the Government in June 2006 to officially confirm this option for the agriculture and education sectors, which are of priority.

6.2.8 Procurement: The Bank will in 2007 organise a training course on procurement procedures after the special supervision mission in November 2006 (see page 46). The activities will also focus on the country's procurement system. These will include revision of the Procurement Code following the analytical review (CPAR) scheduled for 2006, and for the Government, implementation of the emergency measures adopted during the multi-donor mission in March 2006 to improve the efficiency of procurement by significantly reducing procurement time frames. The following activities will be carried out:

- i) Finalizing the establishment of a Public Procurement Institutional Framework, particularly by a decree on the creation, responsibilities, composition and functioning of Procurement Services (SPM), so as to allow for smooth functioning of the public procurement system;
- ii) Improving current texts that define the functioning of major structures of the institutional framework so as to guarantee stability of staff assigned to the said structures, and thereby ensure greater effectiveness of capacity building activities;

- iii) Preparing and disseminating the Public Procurement Handbook (MPMP) so as to propose a correct and proper interpretation of the provisions of the Code and its implementing texts, and specify the roles, responsibilities and intervention period of the different structures involved in the award and approval of public contracts. To that end, the MPMP will draw on the reference framework for responsibilities and time frames of the different procurement stages defined in collaboration with the Government;
- iv) Conducting a detailed study on the efficiency of the public contracts award process, in particular the key actors namely COJO, SCT, SPM, the Committee for the Control and Supervision of Oil Revenue (CCSRP), and the Approval Authorities, so as to identify overlaps and bottlenecks, and propose appropriate solutions to eliminate them;
- v) Optimising the use of SPM human and material resources, taking into account existing procurement skills in projects, so as to rationalize the use of staff and facilitate coordination of procurement activities in sector Ministries; and
- vi) Building capacities in OCMP, COJO and SPM through (a) technical assistance to OCMP to monitor and evaluate the performance of the system, and (b) the training of OCMP and SPM trainers and providing them with equipment, and (c) the training of COJO and CCSR officials, to enable them effectively play their respective roles in the public procurement chain.

6.2.9 The implementation of these measures is supported in part by the Bank through the Governance Reform Support Programme (PARG I 2005-2007). This operation, which includes a vast support programme for the modernization of public finance (PAMFIP) in Chad that was initiated by the World Bank and is under appraisal, comprises institutional support aimed at improving the management of public contracts. The multi-donor mission proposed to the Government a reference framework for responsibilities and time frames for the different stages of the procurement process within the context of projects financed by the national budget (see Annex VII of the report).

6.2.10 **Capacity Building:** The special supervision mission of October 2006 (see page 46) will help to define capacity building requirements. The Bank has since 2005 been supporting the Department of Cooperation and Development Projects and Programmes Monitoring (DCSPPD) through the PAGE Project. This support, which should accelerate after approval of the revised list of goods and services, should, in the second half of 2006, enable DCSPPD to improve coordination of external aid, financial and physical monitoring of project implementation, implementation of the Public Investment Programme (PIP), and management of recurrent costs. Under the PARG I 2005-2007, which will be implemented in 2006, the Bank intends to support improvement of procurement management through three actions: (i) decentralization of public purchases; (ii) enhanced efficiency and transparency of public contracts; and (iii) reinforced control of public procurement.

6.2.11 **Assessment of Impacts on Development and Completion Reports:** For ongoing projects, the Bank will use the special funds at its disposal to conduct impact assessments or request projects to revise lists of goods and services so as to obtain financing for this type of assessment. For new projects with results-based logical framework matrices, the Bank will ensure that appropriate measures are defined during project formulation for results evaluation, and that budgetary lines are provided for assessment of impacts at mid-term and at project completion. Such measures will contribute to improve mid-term review and completion reports.

Overall Emergency Measures

6.2.12 In addition to the aforementioned actions, other emergency measures will be implemented:

- i) A **special supervision mission** will go to Chad in October 2006. The objectives of this mission will be as follows: (i) conduct a detailed diagnosis of the status of the portfolio; (ii) define key actions to be taken to improve portfolio management, and (iii) **provide for an institutional framework and targeted key indicators for monitoring the portfolio with greater involvement of the supervisory Ministries**. In the agricultural sector, where the rate of problem projects is high, the rural development sector monitoring mechanism, created in April 2005, will be used and could be supported. This mission will have a pluri-disciplinary team, including a Training Expert for projects. The Bank will use the special funds at its disposal to finance the assistance requirements;
- ii) Based on this diagnosis, a **targeted training programme will be implemented in the first half of 2007**. A request will be sent to PDRE for the programming and budgeting;
- iii) After the opening of the country office and implementation of institutional reform, a **Bank-Government workshop** will be organised one year after the special supervision mission in **October 2007**. The workshop will, in light of the status of the portfolio, take decisions regarding actions to be undertaken, namely: restructuring of the portfolio and cancellation or closing of some operations.

6.2.13 The Bank will make optimum use of information technology for project monitoring. Accordingly, video-conferencing will be organised every four (4) months. The first will take place in September 2006 during review of the audit results

6.3 Lessons Learnt for Future Csps and Portfolio Management

Lessons to be learnt for CSPs

6.3.1 Important lessons to be learnt for CSPs from this portfolio review are:

- (i) Future CSPs in Chad should be results-based and have a framework for monitoring the results of Bank strategy, based on the projects and programmes underpinning this strategy. Appraisal reports for new projects

must include new logical framework matrices of results-based projects, a specific assessment system of these results and financing of mid-term impact studies. The CSPs must strengthen the statistical systems and the monitoring/evaluation frameworks for the results of national poverty-reduction strategies (NPRS) that are line with MDGs and consistent with CSPs;

- (ii) Particular attention should also be paid to the quality of projects that cover the pipeline and their impact on effective poverty reduction. The objective of “quality assurance at entry” is to be preferred over the objective of “increase in the number of projects of the annual loans programme”. Performance in quality assurance of projects at entry is low. Weak points in Chad are the institutional and fiduciary aspects, implementation arrangements, risk evaluation and consideration of projects by the Bank;
- (iii) The agricultural sector should not receive new interventions in the next ADF cycle considering the large number of projects (5 ongoing and two approved) covering a wide range of areas. Attention must be focused on the transport and public utilities sectors. It is also important to promote governance and enhance public procurement and oil revenue management. Future CSPs must, as a priority, focus on speeding up the implementation of ongoing projects in the agricultural and social sectors; and
- (iv) Improving portfolio management should be an item for discussion, and should also be one of the reference criteria for measuring the country’s performance in order to decide whether to allocate additional funds. Improved portfolio management should help in implementing the Rome and Paris Declarations based on the principles of ownership, association, harmonization and results-based management and mutual responsibility.

Lessons for Future Portfolio Reviews

6.3.2 Below are important lessons drawn from this portfolio review for future reviews:

- (i) Improve project quality at entry. Efforts should cover the nine aspects of quality improvement at entry;
- (ii) Ensure that audits are conducted within the deadlines prescribed by the Bank;
- (iii) Improve the frequency and quality of supervision missions;
- (iv) Highlight the status of implementation of the recommendations and action plans of the previous supervision;
- (v) Focus on the evaluation of project impact on development; and
- (vi) Comply with the three-year gap between portfolio reviews.

VII. CONCLUSIONS AND RECOMMENDATIONS

7.1 The Bank's portfolio in Chad, based on the diagnosis of the situation conducted at the end of March 2006, has deteriorated in comparison to 2002, the date of the last portfolio review. Hence the urgent need for a portfolio improvement programme. The difficult socio-political context and the weak economic management capacities common in fragile States, as well as organisational deficiencies in the Bank as regards project management, contributed to the deterioration of the portfolio. In view of the situation, this report indicates that the prerequisites for a sound portfolio are: (i) improvement of the country's socio-political context, and (ii) implementation of the new organisational structure of the Bank and the supporting institutional reforms, including the opening of a Country Office (scheduled for 2006) with autonomy and the required human and material resources. It also identifies, under the portfolio improvement programme, immediate actions for the specific situation of problem projects (70% of portfolio) and potentially problem projects (20% of portfolio). It proposes a series of emergency solutions for generic problems, and overall emergency measures, including the conduct of project audits by the end of 2006, a meeting on the results of the audits to take decisions consistent with the Bank's rules of procedure in September 2006, a special supervision mission in November 2006, a targeted training programme to be organised by PDRE at the beginning of 2007, and a Bank/Government workshop in October 2007, after the opening of the country office to decide on far-reaching actions to be taken, depending on the status of the portfolio (restructuring, closing, or cancellation).

7.2 General recommendations:

A) Government:

Implement the requisite actions mentioned in the matrix of generic problems, giving special consideration to the following measures:

- i) Complete audits for 2003, 2004 and 2005 projects by 30 August 2006, or risk termination of ADF funding. Make the necessary arrangements to carry out audits and send the reports to the Bank within six months, at the latest, of the end of the fiscal year;
- ii) Prepare a manual of policies and procedures for monitoring compliance with the conditions of loan agreements and project implementation, as well as a performance chart for monitoring the implementation of recommendations and action plans;
- iii) Make efforts to improve the efficiency and transparency of the contract award system;
- iv) Submit progress reports on time, focusing on the assessment of project impact on development in line with the project logical framework, and make provision for mid-term impact studies;

- v) Release regularly its contribution to funding Bank projects. Counterpart funds for projects in priority sectors should be paid from oil revenues;
- vi) Strengthen the accountancy profession and the higher audit institutions (General Inspectorate of Finance, Audit Bench) and put in place reliable accounting systems before project start-up;
- vii) Recruit the key personnel for projects by calling for applications, and conduct an annual performance assessment of the Project Management staff; and
- viii) Prepare and send to the Bank regular completion reports for projects whose activities have ended.

B) The Bank:

Implement the necessary actions outlined in the matrix of generic problems. Make special efforts to:

- (i) Improve the quality of projects at entry. Efforts should cover the nine aspects of improvement of quality at entry. The weak points are still the institutional aspects, implementation arrangements, risk assessment and project processing;
- (ii) Open the National Office in 2006, giving it some form of autonomy in portfolio management. The office organisation and the profile of its staff should make for efficient portfolio management;
- (iii) Reduce reaction times to correspondence and requests for disbursements from Government;
- (iv) Ensure regular and improved quality of project supervisions and audits;
- (v) Put in place a mechanism for the quarterly review (video conferencing) of operations with DCSPP, the Bank Unit and project coordinators to facilitate the effective implementation of the recommendations and action plans agreed on during supervision and audit missions;
- (vi) Increase the number of training seminars for project managers;
- (vii) Draft project completion reports in such a way as to draw lessons from them; and
- (viii) Provide, for new projects, results-based matrices, relevant mechanisms for the assessment of results and budgetary lines for mid-term impact evaluation.

7.3 Specific Recommendations:

- (i) Speed up the entry into force (PGRN and PFF PANEAR) of the three approved projects and the PFF PNEAR PAEPE, and fulfil the conditions precedent to disbursement of the Fisheries Project. The PFF PANEAR is at risk of cancellation.

7.4 The Boards are invited to take note of the conclusions of the general review of the portfolio in Chad and to adopt the above recommendations.

ANNEXES

Status of Bank Group Portfolio in Chad 31/03/2006**Ongoing and Approved Un-implemented Projects**

Order N°	Project Title	Approval Date	Date of signature	Date of Entry into Force	Amount of ADF Commitment (UA) ¹	Amount Disbursed as at 31/03/2006 (in ADF UA)	Percentage Disbursed (%)	Date of Closure
AGRICULTURAL SECTOR								
1	Cotton and Food Crop Production in the Sudan Zone (PCVZS)	02/09/1993	21/03/1995	11/07/1996	18 950 000	14 649 748.59	77.31	31/12/2006
2	Surface Run-off Water Development Project in the Batha, Guéra, Ouaddaï and Biltine Prefectures (PVERS)	29/04/1998	29/05/1998	15/09/1999	11 900 000 510 000	Loan: 7 105 522.02 Grant: 0	59.71	31/12/2006
3	Prefecture du Lac Rural Development Project (PDRPL)	17/03/1999	25/05/1999	04/09/2000	17 300 000 3 060 000 (Grant)	Loan: 7 702 538.85 Grant: 2 219 428.92	Loan: 44.52 Grant: 72.53	31/12/2006
4	Biltine Province Rural Development Project (PDRDB)	19/09/2001	20/12/2001	22/05/2003	9 000 000	1 016 585.97	11.30	31/12/2008
5	Pastoral Livestock System Support Project (PASEP)	12/12/2002	08/05/2003	17/09/2003	14 640 000 and Grant of 930 000	Loan: 1 779 914.06 Grant: 0	12.16	30/06/2009
6	Natural Resource Management Project (PGRN)	27/04/2005	19/05/2005	//	4 270 000 et 2 000 000	Loan: 0.00 Grant: 0.00		31/12/2011
7	Fisheries and Fish Farming Development Project (PRODEPECHE)	April 2005	23/11/2005	//	10 000 000,00	0.00		31/12/2012
	TOTAL AGRICULTURAL SECTOR				92 560 000	34 473 738.41	37.24 %	
SOCIAL SECTOR								
8	Poverty Reduction and Actions in favour of Women Project (REPA-FEM)	04/09/1997	09/10/1997	09/04/1999	5 300 000 and ADF grant of 300 000	Loan: 4 018 261.37 Grant: 291 524.83	Loan: 75.82 Grant: 97.17	31/12/2006
9	Technical Education and Vocational Training Project	01/03/2001	29/05/2001	21/02 /02	5 431 000 and grant of 1 300 000	Loan: 2 164 938.12 Grant: 727 248.14	Loan: 39.86 Grant: 5.94	31/12/2007

¹ One (1) Unit of Account (UA) is equivalent to the Special Drawing Right (SDR), i.e. US\$ 1.42414 or CFAF 792,685, applicable for March 2006.

Order N°	Project Title	Approval Date	Date of signature	Date of Entry into Force	Amount of ADF Commitment (UA) ¹	Amount Disbursed as at 31/03/2006 (in ADF UA)	Percentage Disbursed (%)	Date of Closure
	(Education V)							
10	Health System Strengthening and HIV/AIDS and Epidemic Diseases Control Support Project (Health II)	21/11/2001	20/12/2001	20/11 /2002	5 000 000 and ADF grant of 1 000 000	Loan: 595 216.10 Grant: 212 454.39	Loan: 11.90 Grant: 21.24	30/12/2006
11	Education Sector Support Project (PASE)	31/03/2004	26/05/2004	14/02/2005	2 400 000	12 664.15	0.53	30/06/2009
	TOTAL SOCIAL SECTOR				20 731 000	8 022 3 07.10	38.70%	
PUBLIC UTILITIES SECTOR								
12	PPF PNEAR and PAEPE	14/02/2004			390 000	0.00	0.00	
	TOTAL PUBLIC UTILITIES SECTOR				390 000	0.00	0.00	
MULTI-SECTOR								
13	Economic Management Support Project (PAGE)	22/07/2003	05/09/2003	05/09/2003	2 320 000	690 385.85	29.76	31/01/2007
14	Governance Reform Support Project (PARG I)	/06/2005	23/11/2005	23/11/2005	20 500 000	0.00	0.00	31/12/2007
	TOTAL MULTI-SECTOR				22 820 000	690 385.85	03.02	
	GRAND TOTAL				136 500 000	43 186 431.36	31.63%	

Indicator of Status and Likelihood of Achieving Development Objectives

	Terms of Commitment			Perf. Proc. GSW		Financial Perf.					Activities and Outputs				Status (a)	Development Objectives				DO (b)	
	A1	A2	A3	B1	B2	C1	C2	C3	C4	C5	D1	D2	D3	D4		E1	E2	E3	E4		
Agric. Sector																					
PCVZS	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.00		1.00	2.00	2.00	1.00	1.27	2.00	2.00	2.00		2.00	
PVERS	1.00	1.00	2.00	1.00	1.00	2.00	1.00	1.00	1.00		1.00	2.00	1.00	1.00	1.25	1.00	1.00	2.00		1.33	
PDRPL	1.00	2.00	2.00	1.00	1.00	2.00	1.00	1.00	2.00		2.00	2.00	2.00	2.00	1.65	2.00	2.00	2.00		2.00	
Biltine	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	2.00	2.00	1.00	1.19	1.00	1.00	1.00		1.00	
PASEP	2.00	1.00	2.00	1.00	1.00	1.00	1.00	1.00		1.00			2.00	1.00	1.25	1.00	1.00	1.00		1.00	
<i>Average Perf</i>	<i>1.20</i>	<i>1.20</i>	<i>1.60</i>	<i>1.00</i>	<i>1.00</i>	<i>1.60</i>	<i>1.00</i>	<i>1.00</i>	<i>1.25</i>		<i>1.20</i>	<i>2.00</i>	<i>1.80</i>	<i>1.20</i>	1.34	<i>1.40</i>	<i>1.40</i>	<i>1.60</i>		1.47	
Social Sector																					
REPAFEM	1.00	1.00	1.00	1.00	2.00	2.00	1.00	2.00	2.00		1.00	2.50	2.50	1.00	1.54	2.00	2.00	2.00		2.00	
EDUCATION V	1.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00		1.00	2.00	2.00	2.00	1.54	2.00	2.00	2.00		2.00	
PASE	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00			1.00			1.00	0.90	1.00	1.00	1.00		1.00	
HEALTH II	1.00	1.00	1.00	1.00	2.00	1.00	2.00	1.00	2.00	1.00	1.00	2.00		1.00	1.31	1.00	1.00	1.00		1.00	
<i>Average Perf.</i>	<i>1.00</i>	<i>1.50</i>	<i>1.25</i>	<i>1.25</i>	<i>1.75</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>	<i>1.67</i>		<i>1.00</i>	<i>2.17</i>	<i>1.50</i>	<i>1.25</i>	1.39	<i>1.50</i>	<i>1.50</i>	<i>1.50</i>		1.50	
Multi-sector																					
PAGE	1.00	2.00	1.00	2.00	2.00	1.00	1.00	1.00	2.00		1.00	2.00	2.00	1.00	1.31	1.00	1.00	1.00		1.00	
Avrg ovr'all perf.	<i>1.10</i>	<i>1.40</i>	<i>1.40</i>	<i>1.20</i>	<i>1.40</i>	<i>1.40</i>	<i>1.10</i>	<i>1.10</i>	<i>1.50</i>	<i>1.00</i>	<i>1.10</i>	<i>2.06</i>	<i>1.94</i>	<i>1.20</i>	1.35	<i>1.40</i>	<i>1.40</i>	<i>1.50</i>		1.43	

A1 : Loan conditions precedent
A2 : General conditions
A3 : Other conditions
B1 : Procurement: Consultant
B2 : Procurement: Goods, Services and Works
C1 : Foreign exchange availability
C2 : Local currency availability (counterpart funds)
C3 : Disbursement flows
C4 : Cost management/recovery
C5 : Performance of co-financiers

D1: Compliance with implementation schedule
D2: Performance of consultants/technical assistants
D3: Performance of contractors
D4: Performance Project Management
E1: Likelihood of achieving project objectives
E2: Likelihood of realisation and sustainability of benefits beyond investment stage
E3: Contribution of project to building institutional capacity
E4: Projected rate of return (Not calculated for sectoral projects)

Cotton and Food Crop Production in the Sudan Zone (PCVZS)

PROJECT ASSESSMENT		
INDICATORS	RATINGS	
	Previous Report	This Report
A. PROJECT IMPLEMENTATION		
1. Compliance with conditions precedent to entry into force of loan agreement	1	1
2. Compliance with general conditions	1	1
3. Compliance with other conditions	2	1
B. PROCUREMENT PERFORMANCE		
1. Procurement of consultancy services	0	1
2. Procurement of goods and works	0	1
C. FINANCIAL PERFORMANCE		
1. Availability of foreign exchange	1	2
2. Availability of local currency	1	1
3. Flow of disbursements	1	1
4. Cost management/recovery	1	1
5. Performance of co-financiers (if applicable)	1	-
D. ACTIVITIES AND OUTPUTS		
1. Adherence to implementation schedule	2	1
2. Performance of consultants or technical assistants	2	2
3. Performance of contractors	2	2
4. Performance Project Management	1	1
E. IMPACT ON DEVELOPMENT		
1. Likelihood of achieving project objectives	3	2
2. Likelihood that benefits will be realised and sustained beyond the project investment phase	3	2
3. Likely contribution of project to building institutional capacity	2	2
4. Current rate of return	-	
F. OVERALL PROJECT ASSESSMENT		
1. At present	1.2	1.35
2. Future trend	2	2
<p><u>Code:</u> 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems, Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required 0 = Highly unsatisfactory, serious problems : Bank action required</p>		

Prefecture du Lac Rural Development Project (PDRPL)

PROJECT ASSESSMENT		
INDICATORS	RATINGS	
	Previous Report	This Report
A. PROJECT IMPLEMENTATION		
1. Compliance with conditions precedent to entry into force of loan agreement	2	1
2. Compliance with general conditions	2	2
3. Compliance with other conditions	2	2
B. PROCUREMENT PERFORMANCE		
1. Procurement of consultancy services	2	1
2. Procurement of goods	2	1
3. Procurement of works		1
C. FINANCIAL PERFORMANCE		
1. Availability of foreign exchange		2
2. Availability of local currency	1	1
3. Flow of disbursements	1	1
4. Cost management/recovery	-	2
5. Performance of co-financiers (if applicable)	-	-
D. ACTIVITIES AND OUTPUTS		
1. Adherence to implementation schedule	2	2
2. Performance of consultants or technical assistants	-	2
3. Performance of contractors	-	2
4. Performance Project Management	2	2
E. IMPACT ON DEVELOPMENT		
1. Likelihood of achieving project objectives	2	2
2. Likelihood that benefits will be realised and sustained beyond the project investment phase	2	2
3. Likely contribution of project to building institutional capacity	2	2
4. Current rate of return	-	-
F. OVERALL PROJECT ASSESSMENT		
1. At present	1.8	1.63
2. Future trend	2	2
Code:		
3 = Highly satisfactory, no problem		
2 = Satisfactory: occasional problems, Bank should monitor		
1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required		
0 = Highly unsatisfactory, serious problems : Bank action required		

Surface Run-off Water Development Projects in 4 Prefectures (Batha, Guera, Biltine and Ouaddai)

INDICATORS	RATINGS	
	Previous Report	This Report
A. PROJECT IMPLEMENTATION		
1. Compliance with conditions precedent to entry into force of loan agreement	1	1
2. Compliance with general conditions	1	1
3. Compliance with other conditions	1	2
B. PROCUREMENT PERFORMANCE		
1. Procurement of consultancy services	2	1
2. Procurement of goods	2	1
3. Procurement of works		1
C. FINANCIAL PERFORMANCE		
1. Availability of foreign exchange	1	2
2. Availability of local currency	2	1
3. Flow of disbursements	2	1
4. Cost management/recovery	-	1
5. Performance of co-financiers (if applicable)	-	-
D. ACTIVITIES AND OUTPUTS		
1. Adherence to implementation schedule	1	1
2. Performance of consultants or technical assistants	2	2
3. Performance of contractors	-	1
4. Performance of Project Management	2	1
E. IMPACT ON DEVELOPMENT		
1. Likelihood of achieving project objectives	2	1
2. Likelihood that benefits will be realised and sustained beyond the project investment phase	2	1
3. Likely contribution of project to building institutional capacity	2	2
4. Current rate of return	-	-
F. OVERALL PROJECT ASSESSMENT		
1. At present	1.6	1.23
2. Future trend	2	2
Code: 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems, Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required 0 = Highly unsatisfactory, serious problems : Bank action required		

Pastoral Livestock System Support Project (PASEP)

INDICATORS	RATINGS	
	Previous Report	This Report
A. PROJECT IMPLEMENTATION		
1. Compliance with conditions precedent to entry into force of loan agreement		2
2. Compliance with general conditions		1
3. Compliance with other conditions		2
B. PROCUREMENT PERFORMANCE		
1. Procurement of consultancy services		1
2. Procurement of goods and works		1
C. FINANCIAL PERFORMANCE		
1. Availability of foreign exchange		1
2. Availability of local currency		1
3. Flow of disbursements		1
4. Cost management/recovery		N/A
5. Performance of co-financiers (if applicable)		1
D. ACTIVITIES AND OUTPUTS		
1. Adherence to implementation schedule		1
2. Performance of consultants or technical assistants		N/A
3. Performance of contractors		2
4. Performance of Project Management		1
E. IMPACT ON DEVELOPMENT		
1. Likelihood of achieving project objectives		1
2. Likelihood that benefits will be realised and sustained beyond the project investment phase		1
3. Likely contribution of project to building institutional capacity		1
4. Current rate of return		
F. OVERALL PROJECT ASSESSMENT		
1. At present		1.20
2. Future trend		2
Code:		
3 = Highly satisfactory, no problem		
2 = Satisfactory: occasional problems, Bank should monitor		
1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required		
0 = Highly unsatisfactory, serious problems : Bank action required		

Biltine Province Rural Development Project (PDRPB)

INDICATORS	RATINGS	
	Previous Report	This Report
A. PROJECT IMPLEMENTATION		
1. Compliance with conditions precedent to entry into force of loan agreement		1
2. Compliance with general conditions		1
3. Compliance with other conditions		1
B. PROCUREMENT PERFORMANCE		
1. Procurement of consultancy services		1
2. Procurement of goods and works		1
C. FINANCIAL PERFORMANCE		
1. Availability of foreign exchange		1
2. Availability of local currency		2
3. Flow of disbursements		2
4. Cost management/recovery		1
5. Performance of co-financiers (if applicable)		-
D. ACTIVITIES AND OUTPUTS		
1. Adherence to implementation schedule		1
2. Performance of consultants or technical assistants		2
3. Performance of contractors		2
4. Performance of Project Management		1
E. IMPACT ON DEVELOPMENT		
1. Likelihood of achieving project objectives		1
2. Likelihood that benefits will be realised and sustained beyond the project investment phase		1
3. Likely contribution of project to building institutional capacity		-
4. Current rate of return		
F. OVERALL PROJECT ASSESSMENT		
1. At present		1.10
2. Future trend		2
Code:		
3 = Highly satisfactory, no problem		
2 = Satisfactory: occasional problems, Bank should monitor		
1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required		
0 = Highly unsatisfactory, serious problems : Bank action required		

Technical Education and Vocational Training Project – Education V

PROJECT ASSESSMENT			
INDICATORS	RATINGS		RATINGS
	Previous Report		This Report
A. PROJECT IMPLEMENTATION			
1. Compliance with conditions precedent to entry into force of loan agreement			1
2. Compliance with general conditions			2
3. Compliance with other conditions			2
B. PROCUREMENT PERFORMANCE			
1. Procurement of consultancy services			2
2. Procurement of goods and works			2
C. FINANCIAL PERFORMANCE			
1. Availability of foreign exchange			1
2. Availability of local currency			1
3. Flow of disbursements			1
4. Cost management/recovery			1
5. Performance of co-financiers (if applicable)			-
D. ACTIVITIES AND OUTPUTS			
1. Adherence to implementation schedule			1
2. Performance of consultants or technical assistants			2
3. Performance of contractors			2
4. Performance of Project Management			2
E. IMPACT ON DEVELOPMENT			
1. Likelihood of achieving project objectives			2
2. Likelihood that benefits will be realised and sustained beyond the project investment phase			2
3. Likely contribution of project to building institutional capacity			2
4. Current rate of return			-
F. OVERALL PROJECT ASSESSMENT			
1. At present			1.68
2. Future trend			2
<u>Code:</u> 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems, Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required 0 = Highly unsatisfactory, serious problems : Bank action required			

Education Sector Support Project (PASE)

PROJECT ASSESSMENT			
INDICATORS		RATINGS	RATINGS
		Previous report	This report
A. PROJECT IMPLEMENTATION			
1. Compliance with conditions precedent to entry into force of loan agreement			1
2. Compliance with general conditions			2
3. Compliance with other conditions			1
B. PROCUREMENT PERFORMANCE			
1. Procurement of consultancy services			1
2. Procurement of goods and works			1
C. FINANCIAL PERFORMANCE			
1. Availability of foreign exchange			1
2. Availability of local currency			1
3. Flow of disbursements			1
4. Cost management/recovery			-
5. Performance of co-financiers (if applicable)			-
D. ACTIVITIES AND OUTPUTS			
1. Adherence to implementation schedule			1
2. Performance of consultants or technical assistants			N/A
3. Performance of contractors			N/A
4. Performance of Project Management			1
E. IMPACT ON DEVELOPMENT			
1. Likelihood of achieving project objectives			
2. Likelihood that benefits will be realised and sustained beyond the project investment phase			1
3. Likely contribution of project to building institutional capacity			1
4. Current rate of return			-
F. OVERALL PROJECT ASSESSMENT			
1. At present			1.07
2. Future trend			2
<p><u>Code:</u></p> <p>3 = Highly satisfactory, no problem</p> <p>2 = Satisfactory: occasional problems, Bank should monitor</p> <p>1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required</p> <p>0 = Highly unsatisfactory, serious problems : Bank action required</p>			

Health System Strengthening and HIV/AIDS and Epidemic Diseases Control Support Project

PROJECT ASSESSMENT		
INDICATORS	RATINGS	RATINGS
	Previous Report	This Report
A. PROJECT IMPLEMENTATION		
1. Compliance with conditions precedent to entry into force of loan agreement	N/A	1
2. Compliance with general conditions		1
3. Compliance with other conditions		1
B. PROCUREMENT PERFORMANCE		
1. Procurement of consultancy services		1
2. Procurement of goods and works		2
C. FINANCIAL PERFORMANCE		
1. Availability of foreign exchange		1
2. Availability of local currency		2
3. Flow of disbursements		1
4. Cost management/recovery		2
5. Performance of co-financiers (if applicable)		1
D. ACTIVITIES AND OUTPUTS		
1. Adherence to implementation schedule		1
2. Performance of consultants or technical assistants		2
3. Performance of contractors		NA
4. Performance of Project Management		1
E. IMPACT ON DEVELOPMENT		
1. Likelihood of achieving project objectives		1
2. Likelihood that benefits will be realised and sustained beyond the project investment phase		1
3. Likely contribution of project to building institutional capacity		1
4. Current rate of return		.
F. OVERALL PROJECT ASSESSMENT		
1. At present		1.25
2. Future trend		2
<p>Code: 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems, Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required 0 = Highly unsatisfactory, serious problems : Bank action required</p>		

Poverty Reduction and Actions in favour of Women Project

PROJECT ASSESSMENT			
INDICATORS	RATINGS		RATINGS
	Previous Report	This Report	
A. PROJECT IMPLEMENTATION			
1. Compliance with conditions precedent to entry into force of loan agreement	2	1	
2. Compliance with general conditions	2	1	
3. Compliance with other conditions	2	1	
B. PROCUREMENT PERFORMANCE			
1. Procurement of consultancy services	2	2	
2. Procurement of goods and works			
C. FINANCIAL PERFORMANCE			
1. Availability of foreign exchange	2	2	
2. Availability of local currency	1	1	
3. Flow of disbursements	1	2	
4. Cost management/recovery	-	N/A	
5. Performance of co-financiers (if applicable)			
D. ACTIVITIES AND OUTPUTS			
1. Adherence to implementation schedule	2	1	
2. Performance of consultants or technical assistants	2	2.5	
3. Performance of contractors	2	2.5	
4. Performance of Project Management	2	1	
E. IMPACT ON DEVELOPMENT			
1. Likelihood of achieving project objectives	2	2	
2. Likelihood that benefits will be realised and sustained beyond the project investment phase	2	2	
3. Likely contribution of project to building institutional capacity	-	-	
4. Current rate of return			
F. OVERALL PROJECT ASSESSMENT			
1. At present	1.8	1.60	
2. Future trend	2	2	
<p><u>Code:</u> 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems, Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required 0 = Highly unsatisfactory, serious problems : Bank action required</p>			

Economic Management Support Project

PROJECT ASSESSMENT			
INDICATORS	RATINGS		RATINGS
	Previous Report		This Report
A. PROJECT IMPLEMENTATION			
1. Compliance with conditions precedent to entry into force of loan agreement			1
2. Compliance with general conditions			2
3. Compliance with other conditions			1
B. PROCUREMENT PERFORMANCE			2
1. Procurement of consultancy services			2
2. Procurement of goods and works			
C. FINANCIAL PERFORMANCE			1
1. Availability of foreign exchange			1
2. Availability of local currency			1
3. Flow of disbursements			2
4. Cost management/recovery			N/A
5. Performance of co-financiers (if applicable)			1
D. ACTIVITIES AND OUTPUTS			2
1. Adherence to implementation schedule			2
2. Performance of consultants or technical assistants			1
3. Performance of contractors			
4. Performance of Project Management			
E. IMPACT ON DEVELOPMENT			1
1. Likelihood of achieving project objectives			1
2. Likelihood that benefits will be realised and sustained beyond the project investment phase			1
3. Likely contribution of project to building institutional capacity			-
4. Current rate of return			
F. OVERALL PROJECT ASSESSMENT			1.42
1. At present			2
2. Future trend			
<p><u>Code:</u> 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems, Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely, but no immediate action required 0 = Highly unsatisfactory, serious problems : Bank action required</p>			

CHAD: MATRIX OF COMMON PROBLEMS OF THE PORTFOLIO

Generic Problems	Cotton and Food Crop Production	Préfecture du Lac Dev. Project	Run-off Water Development	Biltine Project	PASEP	Education IV	PREPAFE M	Health II	PASE	PAGE
1. Lengthy delays in the preparation and approval of decrees ratifying loan agreements	x	x	X		X	x	x	x		x
2. Difficulties encountered by the administration and executing agencies to fulfil specific conditions	X		X		X	x	x	x		x
3. Lengthy delays in the award of contracts including difficulties in preparing bidding documents and slow process for awarding and approving contracts	X		X	X	X	x	x	x	X	
4. Limited knowledge of Bank rules of procedure for procurement	X		X	X	X	x	x	x	X	x
5. Poor structural capacity (organisation and resources) of national private sector enterprises to execute contracts	X		X		X					
7 Lack of qualified personnel		x								
8. Instability of project implementation staff		x	X				x			
9. Poor accounting and financial management	X						x			x
10. Procedure for the recruitment of project managers counter to Bank rules (coordinator, accountant, other)										
11. Poor follow-up and management of contracts (consultants, contractors and suppliers)	X		X							
12. Inadequate monitoring of Bank recommendations	X		X							
13. No activity reports produced; audit reports not systematic	X	X	X	x	X		x			
14. Government's financial commitments to mobilise counterpart funds in time not met although funds budgeted	X	X	X	x	X	x	x	x	X	x
15. Halt in project implementation due to suspension of disbursement	X		X							
16. Lengthy delays on the part of the Bank to disburse project funds	X	X	X	x	X	x	x	x	X	x

CHAD: MATRIX OF CROSS-CUTTING ISSUES OF THE PORTFOLIO

Generic Problems	Cotton and Food Crop Production	Prefecture du Lac Dev. Project	Run-off Water Development	Biltine Project	PASEP	Education IV	PREPAFEM	Health II	PASE	PAGE
Governance and Economic Integration										X
Gender Equality	X		X	X	x	X	x	x	x	X
HIV/AIDS Control								x		
Environment (Environmental Impact Study)	X	X	X	X	x	X	x	x	x	X

CHAD: PORTFOLIO REVIEW
GENERIC ACTION PLANS FOR IMPROVING PROJECT MANAGEMENT

GOVERNMENT

Areas	Problems raised	Action Required/Government	Deadline
Compliance with terms and conditions and start-up stage	<p>1. Lengthy delays in the preparation and approval of decrees ratifying loan agreements</p> <p>2. Difficulties encountered by the administration and executing agencies to fulfil specific conditions</p>	<p>Find a regulatory solution for the ratification of loan agreements within a maximum period of 3 months of signing of the agreement</p> <p>Prepare a policy and procedures manual for monitoring compliance with the terms and conditions of loan agreements and project implementation as well as a performance chart to monitor the implementation of recommendations and action plans</p>	December 2006
Implementation and monitoring	<p><i>Inadequacies of PIU</i></p> <p>3. High staff turnover 4. Lack of qualified human resources 5. Significant disparities in allowances and fees;</p> <p><i>Inadequacies in the procurement of goods and services</i></p> <p>6. Lengthy delays in the award of contracts due in part to slow process of approving public contracts</p> <p>7. Inadequate database on local suppliers 8. Lack of local suppliers, which hampers competition</p>	<p>3. 5. Recruit PIU staff through a transparent process of inviting individual applications, stabilise the staff and harmonise allowances and fees 4. Train human resources in project management</p> <p>6. Reduce the timeframe for approving public contracts and take measures to recruit, through a call for applications, project coordinators with procurement experience</p> <p>7. Improve the database on local suppliers by building the capacity of the Chamber of Commerce; 8. Promote the private sector</p>	<p>Permanent</p> <p>December 2006</p>
	<p><i>Weaknesses in project organisation and management</i></p> <p>9. Difficulties in adhering to implementation schedules</p> <p>10. Poor accounting and financial management</p>	<p>9. Prepare a policy and procedures manual for monitoring compliance with the terms and conditions of loan agreements and project implementation as well as a performance chart to monitor the implementation of recommendations and action plans</p> <p>10. Strengthen the accounting profession and higher audit institutions (General Inspectorate of Finance and the Audit Bench of the Supreme Court) and put in place reliable accounting systems before project start-up.</p>	
	<p>11. Lack of follow-up by counterparts.</p> <p>12. Problem of project documents archiving</p> <p>13. Lack of performance assessment systems for Project Management staff</p> <p>14. Significant disparities in allowances and fees</p> <p>15. Projects incurring huge vehicle repair costs from the commandeering of their vehicles by Government.</p>	<p>11. Put in place a system of monitoring and assessing local counterparts, and ensure that the latter take ownership of their designated duties by project completion</p> <p>12. Provide for project documents archiving costs and conditions at project appraisal</p> <p>13. Accelerate the preparation of a performance assessment system for Project Management staff</p> <p>14. Harmonise the allowances and fees of key PIU staff</p> <p>15. The DCSPPD must take measures to ensure that project vehicles are not commandeered by supervisory Ministries.</p>	<p>December 2006</p> <p>Permanent</p>
	<p><i>Financial problems</i></p> <p>16. Government failure to meet financial commitments for the timely mobilisation of its counterpart funds although such</p>	<p>16. Source contribution to project funding from oil revenue for priority areas and sectors</p>	Permanent

Areas	Problems raised	Action Required/Government	Deadline
	<p>funds are budgeted</p> <p>17. Halt in project implementation due to suspension of disbursement for arrears owed Bank</p> <p>18. Breach of contract terms and rules of procedure for procurement leading to rejection of disbursement requests</p> <p>19. Persisting ineligible expenditures.</p> <p>20. Cost overruns arising from depreciation of UA to the euro.</p>	<p>17.18.19. Prepare a policy and procedures manual for monitoring compliance with the terms and conditions of loan agreements and project implementation as well as a performance chart to monitor the implementation of recommendations and action plans</p> <p>20. Cut back on expenditure while maintaining initial project objectives. Request supplementary loan (reappraisal of project).</p>	<p>December 2006</p> <p>Permanent</p>
Assessment of impact on development	<p>21. Format of project status reports not adapted to assessment of projects impact on development</p> <p>22. Failure to include in the formulation of project assessment reports appropriate mechanisms for the assessment of project impacts and failure to provide for budgetary lines for the financing of mid-term impact assessment studies in the operating costs of PIU</p>	<p>21. Agree, during semi-annual project monitoring meetings, on an appropriate format for project impact assessment and submit it to the Bank</p> <p>22. Agree with the Bank, at appraisal, on an appropriate mechanism for assessing the outcomes targeted by the project and on the financing of mid-term impact assessment study</p>	<p>Permanent</p>
Management of project completion	<p>23. Project completion reports not prepared systematically for lessons to be drawn from them</p>	<p>23. Prepare immediately at the end of projects completion reports in conformity with the Bank's format for the borrower, draw the necessary lessons and transmit them to the Bank within the set deadlines</p>	<p>Permanent</p>
Aid Coordination	<p>24. – Overlapping responsibilities between Ministries (MEPC, Ministry of Finance and MAEIA)</p> <p>- Lack of human and material resources</p> <p>-Absence of aid coordination system for all sector Ministries</p>	<p>24. Assign clear and properly distributed responsibilities to MEPC, Ministry of Finance and MAEIA for more effective aid coordination</p> <p>- Focus on human resource training</p> <p>- Extend aid coordination system to other sector Ministries, particularly the priority sectors</p>	<p>Permanent</p>

CHAD: PORTFOLIO REVIEW
PLAN OF SPECIFIC ACTIONS FOR IMPROVING THE IMPLEMENTATION OF PROJECTS

A- AGRICULTURE AND RURAL DEVELOPMENT
PCVZS

Problems identified	Actions to be undertaken	Responsible	Deadline
<ul style="list-style-type: none"> Delay in conduct of 2003, 2004 and 2005 audits 	<ul style="list-style-type: none"> Conduct 2003, 2004 and 2005 audits and submit reports to the Bank 	Government	August 2006
<ul style="list-style-type: none"> Delay in start-up of credit activities by the CDCR 	<ul style="list-style-type: none"> Speed up the process for the distribution of the first batch of credit 	CGP CDCR	August 2006
<ul style="list-style-type: none"> Delay in carrying out of silk culture activities 	<ul style="list-style-type: none"> Take the necessary measures for recruiting the silk culture expert and complete the activities planned under this component 	CGP	August 2006
<ul style="list-style-type: none"> Difficulty in mobilising counterpart funds from the State's regular revenue 	<ul style="list-style-type: none"> Transfer sourcing of counterpart funds to oil revenue 	Government	August 2006
<ul style="list-style-type: none"> Assessment of project impact 	<ul style="list-style-type: none"> Prepare the terms of reference and conduct the project impact assessment 	Government	August 2006
<ul style="list-style-type: none"> Deadline for last disbursement at end of 2006 	<ul style="list-style-type: none"> Consider need to extend deadline based on results of audits 	Bank	September 2006

PDRPL

Problems identified	Actions to be undertaken	Responsible	Deadline
<ul style="list-style-type: none"> Delay in conduct of 2005 audit 	<ul style="list-style-type: none"> Conduct the 2005 audit and submit the reports to the Bank 	Government	August 2006
<ul style="list-style-type: none"> Slow processing of bids by COJO and OCMP 	<ul style="list-style-type: none"> Speed up the processing of procurement documents 	Government	Permanent
<ul style="list-style-type: none"> Delay in approval and signing of contracts 	<ul style="list-style-type: none"> Follow up closely on documents submitted and send regular reminders to officials 	PIU	Permanent
<ul style="list-style-type: none"> Delay in processing of goods and services procurement documents submitted to the Bank 	<ul style="list-style-type: none"> Expedite action on documents submitted for no-objection opinion 	Bank	Permanent
<ul style="list-style-type: none"> Problems with mobilisation of counterpart funds 	<ul style="list-style-type: none"> Source counterpart funds from oil revenue since agriculture is a priority sector 	Government	Permanent
<ul style="list-style-type: none"> Delay in start-up of credit component 	<ul style="list-style-type: none"> Speed up process for the start-up of the credit component 	PIU	August 2006
<ul style="list-style-type: none"> Assessment of project impact 	<ul style="list-style-type: none"> Prepare terms of reference and conduct assessment of project impact 	Government	August 2006
<ul style="list-style-type: none"> Deadline for last disbursement at end of 2006 	<ul style="list-style-type: none"> Consider need to extend deadline based on results of audits 	Bank	September 2006

PVERS

Problems identified	Actions to be undertaken	Responsible	Deadline
<ul style="list-style-type: none"> Delay in conduct of 2004 and 2005 audits 	<ul style="list-style-type: none"> Conduct the 2004 and 2005 audits and submit reports to the Bank 	Government	August 2006
<ul style="list-style-type: none"> Delay in processing of documents submitted to the Bank 	<ul style="list-style-type: none"> Expedite action on documents submitted for no-objection opinion 	Bank	Permanent
<ul style="list-style-type: none"> Delay in conduct of 2004 audit 	<ul style="list-style-type: none"> Conduct 2004 audit 	Government	August 2006
<ul style="list-style-type: none"> Non-mobilisation of counterpart funds 	<ul style="list-style-type: none"> Source counterpart funds from oil revenue 	Government	August 2006
<ul style="list-style-type: none"> Delay in putting in place credit aspect of the agro-pastoral development component; 	<ul style="list-style-type: none"> Take measures to implement this activity 		
<ul style="list-style-type: none"> Delay in execution of dam and feeder road works and compliance with initial project schedule 	<ul style="list-style-type: none"> Speed up works 	Government	August 2006
<ul style="list-style-type: none"> Mobilisation of counterpart funds 	<ul style="list-style-type: none"> Finance counterpart funds from oil revenue since agriculture is a priority sector 	Government	August 2006
<ul style="list-style-type: none"> Assessment of project impact 	<ul style="list-style-type: none"> Prepare terms of reference and conduct assessment of project impact 	Government	August 2006
<ul style="list-style-type: none"> Deadline for last disbursement at end of 2006 	<ul style="list-style-type: none"> Consider need to extend deadline based on results of audits 	Bank	September 2006

PASEP

Problems identified	Actions to be undertaken	Responsible	Deadline
<ul style="list-style-type: none"> Delay in conduct of 2003, 2004 and 2005 audits 	<ul style="list-style-type: none"> Conduct the 2003, 2004 and 2005 audits and submit the reports to the Bank 	Government	August 2006
<ul style="list-style-type: none"> Slow processing of bids by COJO and OCMF 	<ul style="list-style-type: none"> Expediting action on procurement documents is required in the processing of documents 	Government	Permanent
<ul style="list-style-type: none"> Delay in approval and signature of contracts 	<ul style="list-style-type: none"> Ensure close monitoring of documents submitted and send regular reminders to officials 	PIU	Permanent
<ul style="list-style-type: none"> Delay in processing of goods and services procurement documents sent to the Bank 	<ul style="list-style-type: none"> Expedite action on documents submitted for no-objection opinion 	Bank	Permanent
<ul style="list-style-type: none"> Problems with mobilisation of counterpart funds 	<ul style="list-style-type: none"> Finance counterpart funds from oil revenue since agriculture is a priority sector 	Government	August 2006
<ul style="list-style-type: none"> Delay in setting up of credit 	<ul style="list-style-type: none"> Speed up process for the start-up of the credit component 	PIU	August 2006
<ul style="list-style-type: none"> Low levels of salary and allowances leading to high turnover of professionals 	<ul style="list-style-type: none"> Harmonise salaries and allowances for ADB-financed projects 	Bank	August 2006

PDRDB (Biltine)

Problems identified	Actions to be undertaken	Responsible	Deadline
<ul style="list-style-type: none"> Delay in conduct of 2003, 2004 and 2004 audits 	<ul style="list-style-type: none"> Conduct 2003, 2004 and 2005 audits and submit reports to Bank 	Government	August 2006
<ul style="list-style-type: none"> Procurement of vehicles from counterpart funds 	<ul style="list-style-type: none"> Finance counterpart funds from oil revenue since agriculture is a priority sector 	Government	August 2006
<ul style="list-style-type: none"> Red-tape in processing of documents for procurement of goods and services. 	<ul style="list-style-type: none"> Ensure close monitoring of documents submitted and send regular reminders to officials 	PIU	Permanent
<ul style="list-style-type: none"> Late procurement of services of consulting firm responsible for studies, control and works supervision 	<ul style="list-style-type: none"> Speed up process of recruiting consulting and works supervision firm 	Government Bank	August 2006
<ul style="list-style-type: none"> Dispersal of project team and slow circulation of information due to failure to build project office 	<ul style="list-style-type: none"> Speed up construction of project office at Abéché 	Government	August 2006
<ul style="list-style-type: none"> Low level of salaries and allowances, leading to high staff turnover 	<ul style="list-style-type: none"> Harmonise salaries and allowances for ADB-financed projects 	Bank	August 2006
<ul style="list-style-type: none"> Lack of functional internal monitoring-evaluation mechanism within PIU 	<ul style="list-style-type: none"> Appoint M&E officer and prepare M&E manual 	PIU	August 2006

B- SOCIAL SECTOR

Education Project V

Problems	Actions proposed	Deadline	Responsible
<ul style="list-style-type: none"> Delay in conduct of 2005 audit 	<ul style="list-style-type: none"> Conduct 2005 report and submit report to Bank 	August 2006	Government
The depreciation of the UA against the CFAF reduced the funds available for executing activities of the project. The UA is currently worth CFAF 780 compared to CFAF 997 at project appraisal. This has led to a reduction in the funds available.	A workshop by the CA had to be cancelled and specialities pooled in order not to jeopardize the project objectives. The Government needs to absorb all the overruns still outstanding after the reduction of the architectural programme.	2006-2007	Government
Considerable delay in release of counterpart funds, which hampers implementation of activities for which the funds are intended	The Bank has to remind the Government of its obligations and of the risk of suspending disbursement	August 2006	ADF
Lengthy delays linked to internal process of signing of contracts, which in some cases exceeds 6 months	Speed up the bid evaluation and approval process by improving communication between the sector COJO and the Central Procurement Board	August 2006	Government
Persistent illegal occupation of N'Djamena CFPP site by people from all over despite efforts made by project officials to get the relevant authorities to evict them. This situation is obstructing the ongoing construction works and is a major risk to the continuation of the project's activities.	Take measures to curtail the illegal occupation of the CFPP site. In any event, the equipment planned for the project will not be procured and delivered until the site has been cleared of the squatters.	August 2006	Government
The theft of a field vehicle of the project and the Government's failure to replace it to date limits the supervision capacity of the project technical team	Replace within the shortest possible time the stolen vehicle.	August 2006	Government

Education Sector Support Project (PASE)

Problems	Actions proposed	Deadline	Responsible
Delay in conducting 2005 audit	Conduct 2005 audit and submit report to the Bank	August 2006	Government
Delay in drawing up of list of sites for the construction of primary school classrooms, prior to the preparation of the bidding documents	Speed up the process of drawing up the list of sites for the construction of primary school classrooms, in accordance with the provisions of the Memorandum of Understanding (cf « other condition » No. (iv))	August 2006	EPMU/Ministry of Education
Delay in the bid evaluation and contract award process for the ISSSED and IG institutional studies	Accelerate the bid evaluation and approval process by improving communication between the sector COJO and the Central Procurement Board	August 2006	EPMU/COJO

Health System Strengthening and HIV/AIDS and Epidemic Diseases Control Support Project

Problems	Actions proposed	Deadline	Responsible
<ul style="list-style-type: none"> Delay in conducting the 2004 and 2005 audits 	<ul style="list-style-type: none"> Conduct the 2004 and 2005 audits and submit report to the Bank 	August 2006	Government
Considerable delay in project implementation	Speed up the preparation and implementation of remaining activities in order to increase the disbursement rate, notably through the building and equipping of health facilities	August 2006	EPMU
<ul style="list-style-type: none"> Deadline for last disbursement at end of 2006 	<ul style="list-style-type: none"> Consider need to extend deadline based on results of audits 	September 2006	Bank

Poverty Reduction and Actions in favour of Women Project

Problems	Actions proposed	Deadline	Responsible
Delay in conducting 2003, 2004 and 2005 audits	Conduct the 2003, 2004 and 2005 audits and submit reports to Bank	August 2006	Government
Low rate of repayment (50.8%) of micro-credit distributed.	Due to the low repayment rate, part of the resources earmarked for micro-credit has already been allocated to other activities. Take the necessary measures to recover the loans granted	August 2006	Government

Economic Management Support Project

Updated Implementation Schedule

Main Problems	Actions to be undertaken	Deadline	Responsible Structures
• Delay in conducting the 2004 and 2005 audits	• Conduct 2004 and 2005 audits and submit report to Bank	August 2006	Government
Unavailability of counterpart funds	▪ Source counterpart funds from oil resources	Permanent	Government
Delay in finalising the revision of the list of goods and services. This is the main reason for the lateness in the implementation of technical assistance and training activities for the Public Debt Department and INSEED.	▪ Speed up finalisation of list and submit it to Bank for approval. Settle problem of amendments with SCET-TUNISIE and negotiate a contract with UNCTAD for (i) installation of the SYGADE and DSM software and related training, and (ii) DEBT PRO software training	July 2006	PIU/Government/Bank
Problems with programming of revolving funds at PIU	▪ For accounting purposes, operating expenses must be budgeted according to real needs and number of equipment available or procured in order to better define entries such as « Consumables » and « Maintenance of Equipment »	Permanent	PIU/Government
Absence of an internal monitoring/evaluation system for project outcomes	▪ Agree on a relevant monitoring/evaluation system with Departments involved and submit it for Bank approval	July 2006	PIU/Government

**Reference Framework for Responsibilities and
Timeframes for the Different Stages of the Procurement
Process within the Context of Projects Financed by the National Budget**

* Responsible Institution /// CMP = Public Procurement Code /// CA = Contracting Authority /// DT = Technical Department of CA
SPM = Procurement Service of CA /// AA = Approval Authority (SGG/ME/MEPC/Office of the President)

N°	Responsibilities	CMP Institutions				CCSRP	Time-frame ⁸	Comments
		DT/SPM	COJO	OCMP	AA			
1	Identification of procurement	*					variable	Time frames are attributable to DT of CA
2	Specifications or Terms of Reference	*					variable	Time frames are attributable to DT and tied to complexity of operation.
3	Bidding Documents (BD)	*					7 d	The BD is prepared on the basis of the national standard document
4	External endorsement of BD	*					7 d	The SPM ⁹ of the MO ensures the first quality control of the BD
5	External endorsement of BD					*	5 d	The BD is reviewed by the CCSR ¹⁰ if the contract is funded from oil revenue
				*			15 d	Quality control by the OCMP is required in compliance with the limit defined in the Public Procurement Code (CMP)
6	Publication of invitation to bid locally			*			2 d	Invitation to bid is published by the SPM
7	Submission of bids						45 d	Variable deadline depending on whether it is LCB (30 d) or ICB (60j)
8	Opening of bids		*				1 d	The COJO chairs the session and puts in place a Technical Bid Evaluation Sub-Committee (STCE) comprising the DT and the SPM
9	Evaluation of bids	*					20 d	This activity is carried out by the abovementioned STCE
10	Award of contract		*				5 d	The COJO has a systematic award responsibility
				*			5 d	The OCMP endorses the award of the contract within the limits of its competence as defined in CMP
11	Preliminary commitment of expenditure					*	5 d	The draft contract is reviewed by the CCSR if the contract is being funded from oil revenue
12	Contract award notification	*					2 d	The CA posts the contract award notification
13	Preparation of contract and tax validation	*					10 d	The tax validation is done concurrently with the OCMP endorsement of the draft contract
14	Signing of contract	*					15 d	Signature by CA and successful bidder
15	Approval of contract				*		30 d	The time is shared between the SGG, ME or MEPC and the Office of the President
16	Monitoring of contract implementation	*					variable	The time frame depends on the operational arrangements of the contract
17	Auditing of contracts			*			annual	The audit is initiated by the OCMP under the supervision of the Audit Bench or by a private consulting firm
Total duration recommended, from n°3 to 16, including an average publication period of 45 days ¹¹						174 days equivalent to 5.8 months		

NB: The time frame for the approval of contracts by the AA will remain within the limit of 30 days (1 month) and must be guaranteed by the SGG

⁸ The time frames are expressed in days and are in keeping with the relevant provisions of the Public Procurement Code

⁹ The SPM quality control is required when the latter is not involved in the preparation of the BD

¹⁰ Review of the BD by the CCSR is usually carried out before they are forwarded to the OCMP

¹¹ This average publication time frame (45 working days) takes account of whether contracts are based on LCB or ICB