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# Mali Finance

**PROGRAM OF PRIVATE IRRIGATION CREDIT  
IN THE OFFICE DU NIGER ZONE**

**Evaluation Report**

**June 2004**



*«Better performances and sustained impacts in the agri businesses and financial sectors through dynamic partnerships» --Cheick Dramé CTO*



# **Mali Finance**

**PROGRAM OF PRIVATE IRRIGATION CREDIT  
IN THE OFFICE DU NIGER ZONE**

## **Final Report**

**June 2004**

**Submitted to :**

**USAID/Mali**

**By:**

**Chemonics International Inc  
Contrat No. 688-00-03-00069-00**

**March 2005**

# **MALI FINANCE PROJECT**

**USAID PROJECT 688-C-00-03-00069-00**

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## **PROGRAM OF PRIVATE IRRIGATION CREDIT IN THE OFFICE DU NIGER ZONE**

**Evaluation report**

**Submitted by:**

**Warren Chase  
Boubacar Diarra  
Jacques Diarra**

**May - June 2004**

## **1.0 Introduction**

This report sets forth results of an evaluation of the private irrigation credit program in the zone of the Office du Niger Zone (ON). The purpose of the program, which began in March 2000 thanks to the financial assistance of USAID, was:

- to promote investment in private irrigation;
- to increase production and the added value for rice and fruits and vegetables;
- to create jobs in the production, processing, and trading of rice and fruit and vegetable produce.

The evaluation is had used for two goals: 1) to conduct an overall assessment of the program with respect to the management of the whole private irrigation loan portfolio, and to encircle identify issues for recommended follow-up; and 2) In addition learn from the experience as a basis for future initiatives in this area.

The team of evaluation team paid a attention to the nature and quality of management tools as well as the points raised by USAID with respect to specific borrowers and, problems listed by USAID's Office of Financial Management. Moreover, interests and risks associated with continuation of the program were defined and analyzed.

Given issues with the current status of the program, several stakeholders are interested in the results of the evaluation:

- USAID, which is concerned with lessons learned in order to propose an effective management strategy for the program's future;
- the Office du Niger, for which the continuation of the program is important for achieving its objectives; envisaged
- The Federation of the Rural Mutual Credit Unions of the Delta (FCRMD), which is keen to obtain realize improved results under in the area of portfolio management and recovery of problem loans;
- The Mali Finance Project, within the context of a possible partnership relation with the FCRMD as part of its work plan.

## **1.1 The Evaluation Team**

The evaluation mission was carried out from April 19 to 21, 2004, by a team of from the Mali Finance project comprised of:

- Warren S. Chase, the project's Director/Chief of Party;
- Boubacar Diarra, specialist in audit and micro finance/Microfinance Specialist
- Jacques Diarra, manager of the partnership fund and adviser in micro finance Partners Fund Manager and Microfinance Adviser

## **1.2 Course Development and Scope of the Mission**

The evaluation of the program evaluation was carried out following the visit in the field. mission on the ground. The collaboration of the FCRMD's employees collaboration made possible the mission possible. The mission consisted mainly primarily of:

- a meeting with the Chairman and Managing Director of Office du Niger (ON) and the head of its agrio -business department;
- meetings with the FCRMD' s Administrative and fFinancial Oofficer;
- a documentary review of the existing handbooks, procedures and files made up;
- working sessions with the person manager in charge of the follow-up monitoring of the private irrigation loan portfolio;
- Some several field visits on the ground in companaccompanied byy of the aAdministrative and Ffinancial personOfficer and the person manager in charge of follow-up;monitoring;
- an in-depth analysis of data collected from Excel files

### **1.3 The Evaluation's Limits Limits**

There was were no particular limits limits affecting the work and related on-site visits. On the contrary, the mission enjoyed the collaboration of all involved, and the evaluation was considered to be a serious and beneficial exercise by FCRMD management. With additional resources and time the evaluation team would have been able to carry out more meetings, produce more complete data, and validate them to a greater extent. However, for the purposes of this exercise, results obtained are sufficient to inform the principal stakeholders. At least this is the hope of the evaluation team.

## **2.0 General Background**

The economy of Mali relies mainly on the primary sector (food and industrial crops, livestock, fishing and forestry), with a notable emphasis on agriculture and livestock, which employs more than 80% of the population. These activities, strongly dependent on climate and rainfall (which are two largely uncontrollable factors of production), make the Malian economy very fragile. The primary sector accounts for nearly 50% of the GDP if non- monetized production activities are taken into account. The cultivation of cotton constitutes the dominant agricultural activity and alone accounts for 40% of export receipts. Rainfall is irregular and scattered in its distribution: the capital city can receive as much 1200 mm whereas the North does might not receive anything. The rainy season extends from June to September. As to for the dry season, which extends from January to May, it gives aaverage temperatures can exceed of 35° C and sometimes more in the South, with highs of 45° to 50° C in desert North.

The Niger and Bani Rivers constitute the only hydraulic basins of notable importance. The Niger rRiver is very important for the natural irrigation of the agricultural area zone of Niono and for the hydraulichydroelectric energy production.

With a view towards sustainable development, the program of private irrigation credit fits well part ofwith USAID's overall priorities and more particularly in the targeted zone where rice is produced concerned.

### **2.1 Office du Niger – Background and Context**

In the Office du Niger's zone, the decade 1992-2002 saw the rebuilding of a system of agricultural financing of agriculture;

- the agricultural economics of the zone was rebuilt/restructured around the profitability of the rice production;
- the availability of financing was rebuilt/restructured around the BNDA and of three networks of micro finance networks;
- the financing of the inputs (fertilizers) for the rice production is now assured; today
- the indebted debt situation which prevailed in the zone is gradually improving under through the combined actions of support services provided by financing institutions services of support and greater responsibility of farmers' organizations;
- after experiencing the misdeeds/disadvantages of competition, the financing institutions innovated/worked together innovatively through the co-operation within and cooperatively around a credit bureau to identify bad debtors.

Despite the abovementioned rebuilding, the environment is characterized by a market that is too strongly concentrated on only one production product, (rice) and only one financial service, (the short-term credit for the inputs (fertilizers)). Despite certain dysfunctions/shortcomings, the needs for financing the inputs (fertilizers) for rice growing seems generally to be covered today at this point. And the concentration of the money financial market as noted above is not helpful to promoters whose other needs are not covered/addressed.

The IMF MFIs in the Zone have a major handicap, namely their weak financial standing, which limits their capacity to be diversified and to make extend medium term credit. Loan portfolio management in ON remains precarious, as evidenced by continuing high default rates on loans, which are in excess especially high in some ON's villages in the ON Zone of the average for Mali's financial system.

## **2.2 Overview of the FCRMD Program**

### **2.2.1 Installation Program Design**

Since 2000, the FCRMD has experimented with a program of credit in for land development and private irrigation by private promoters, which was carried out made possible by thanks to the establishment by in successive tranches of two guarantee funds by USAID of 100 million FCFA in 2000 and 200 million FCFA in 2002 (total CFA300 millions FCFA from 2000 - 2002). The establishment of these funds was subject to agreements or protocols between the FCRMD, ON, and USAID (see Annex 1), whereby USAID placed grant monies with ON, which in turn placed the funds on deposit with FCRMD. The terms of the agreements allowed FCRMD to use the funds to finance medium term loans for the benefit of private promoters, and based upon a risk-sharing mechanism agreed, to consider the funds as cash collateral for the credits extended under the program. For the first tranche of grant money from USAID via ON, 60% of principal was allowed to be covered and permitted terms called for a contracted one 5 years duration loan term and to an interest rate of 9% per annum. The promoter was required to contribute 10% up-front to qualify for financing. For the second tranche USAID / ON's risk coverage was increased to 80% from 60%. Other conditions remained basically the same.

### 2.2.2 Beneficiaries

Beneficiaries were Malian entrepreneurs economic operators able to fulfill the following conditions:

- be holder a titleholder of of a letter of irrigated ground attributionland or of a lease in the ON's zone;
- have relevant experience in the production, the processing, the and marketing of agricultural products;
- have a feasibility study prepared o;
- be able to provide a personal capital contribution accounting forof a minimum of 10% of project cost;
- in the event of loan default, accept to be dispossessed of one's letter of attribution land title or lease in favor of any person who could assume a defaulted debt obligation to FCRMD;
- agree to make available to the partners (ON, FCRMD, USAID), for consultation, accounting and/or technical data and documents for field's visits.

### 2.2.3 Roles and Responsibilities

The Ooffice du Niger is responsible for:

- disseminating information on the programme and the eligibility criteria of eligibility ;
- directingleading the process of pre-selection process for credit files of applications; for credi
- for ensuring the control verification of land improvements financed as well as the technical follow-upmonitoring of the realization progress of the financed projects receiving financing;
- - providing a technical report semi-annually to USAID and the FCRMD, including the number of requestsapplications received and the total surfaces acreage concerne;
- providing aThe state of progress report on of the installation land improvements financed;
- preparing an annual report on the improvement projects based notingon the achieved level of production, the output, employments jobs created and the estimate of the generated net income generated;
- organizing as needed update meetings with the FCRMD, promoters, and USAID.

As a financial institution partner, the FCRMD is responsible for the implementation of the program, i.e. managing the loan portfolio related to and to respecting the terms of the draft-Agreements with ON/USAID. Under the terms of the second tranche of funding (200 million FCFA) In fact, tFCRMD must:

- participate in the covering of the risk to the amount of of up to 10% of the principal amount.
- review and analyze loan applications;
- ensure follow-upmonitoring and covering prompt recovery of bad loans,ly and all under the same conditions as when it operates for its own account and only at its only sole risks;
- report semi-annually to USAID about:
  - the situation status of the granted disbursed loans;

- - the situation status of reimbursements, including charged interest received.

### **3.0 General Performance of the Program**

The program for private irrigation credit is currently in its fourth year of implementation, with fifteen agricultural promoters having received a total amount of 430,630,410 FCFA in financing (see Annex 3). This financing has allowed the development of 997 hectares of private irrigation

Private irrigation, which is significant. It is important to stress that among the fifteen promoters financed, there are two GIE's, appear whose number of membership varievaries from 50 to 150 producers. In general, subject to concerns noted in 3.1.1 below about actual disbursements, the funds were used for the general purpose intended by USAID, i.e. private irrigation. In addition, while there exists no segregated accounting for reflows, the total amount of interest and principal reimbursed was less than the amount of new loans made of the same type, which means that reflows were *de facto* re-employed for program purposes.

The program of private irrigation credit did not profit benefit from "proactive" management from its partners. Thus, the dynamics which characterized relations at the beginning of the program blurred little by little such that no formal meetings took have taken place between the ON and the FCRMD since 2002. There is therefore a deficit lack of communication between the two partners directly involved in the management of the program. it

### **3.1 the Portfolio Management**

The management of the private irrigation loan portfolio at FCRMD comprises contains gaps. The system in place does not correspond to principles of sound portfolio management management of the portfolio. Indeed, for to apprehending appreciate the quality of the management of the loan portfolio of the portfolio, the evaluation team based in priority focused on the existing management tools while carrying out appropriate checks of all of the credit files of borrowers granted credit under the program (see Annex

3). The checks performed related to the conformity of the credit files to reasonable standards, correct accounting of financial flows (disbursement of the loans, reflows, interest charged etc.), and problem loan managements,, in other words, the presence of proper credit controls and procedures of audit.

From these checks supplemented by site visits, the following was noted:

#### **3.1.1 Status of Credit Files**

Despite of USAID's recommendations, three credit files were not updated with respect to payment in full of the required 10 per cent personal capital contribution (see Annex 3). In addition, checking verification of the credit history of for financed promoters that received financing was not completed in every case, on the other hand.

Certain files comprise evidenced a lack of best practices with respect to control of disbursement of proceeds to finance property improvements. For example, in financing construction works a contractor should normally be paid directly by the bank with the

bank's monitoring progress in use of funds to ensure that proceeds are applied for the purpose intended. In the case of the FCRMD portfolio, the evaluation team noted instances of loans disbursed directly to the promoter rather than a contractor, or simply payable to "cash." When such practices occur, they may indicate misuse of proceeds, especially when the payments are made for improvements whose cost appears high. As the Mali Finance Project is not an audit firm, the team was not suited to reach any final conclusion on this matter but recommends that USAID follow up with a audit by a qualified international firm.

On the plus side, the majority of the files at FCRMD were updated compared with respect to USAID's concerns about the absence of letters of attribution, contracts of service, reports of works' reception completion of improvement work, and letters of engagement letter.

### **3.1.2 Verification of Credit History**

With the exception of three promoters, no credit's files contains information about credit history, and the updating requested by USAID was had not been carried out.

### **3.1.3 Updating of Files' for Missing Items**

For documents like the letter of attribution or the perimeter lease, the contract of service between the promoter and the company which carried out the improvements, the promoter's engagement letter which stipulates that in case of non-payment s/he may be deprived of the letter of attribution or her/his lease, the evaluation team noted with satisfaction that all the credit files were supplemented updated.

### **3.1.4 Reimbursement Rate**

Actions undertaken to improve the rate of reimbursement were salutary positive. Currently the rate of reimbursement is 74 % of amounts due (see Annex 3) against compared with 36% as stated by USAID's Office of Financial Management (OFM) in 2002. This rate can be further improved if the loan covenant enabling dispossession of a indelicate non-performing borrower of her/his letter of attribution or her/his lease is applied. Nonetheless, it should be noted that the files of two promoters in with chronic payment problems have been situation referred to counsel (a bailiff or "huissier") for legal action, which is underway. This step evidences a more professional approach by management with respect to problem debtors.

### **3.1.5 Collections of Bad Loans**

In cases of chronic non-payment, Covering loan collection efforts should use the threat of withdrawal of the letter of attribution or the lease in favor of any person who will agree to assume the debt due to FCRMD. This clause, which constitutes an effective means of pressure to bend deal with recalcitrant debtors, has not yet been applied, even for those two cases referred for legal action.

### **3.1.6 inexistence Project Analysis**

Feasibility studies which should be the basis for credit decision-making bears contained deficiencies. Analysis done should determine at the time of the project study, business and profitability's ratios and indicators like percentage of value added, internal rate of return on investment, time of needed for recovery of capital, and net present value. Other ratios like cash flow available for debt service and EBITA, which are standard and applicable even to smaller projects, were absent.

### **3.1.7 Absence of a Decision-making Body to Review Credit Files**

Especially for a program of such importance to FCRMD and other stakeholders, and in any case event, final selection of a credit file for financing should be made by a credit committee. The evaluation team was not able to locate any written record of such a committee (for example, meeting minutes). This situation does not allow for an effective selection of borrowers or transparency.

### **3.1.8 Length of Loan Term**

Experience shows that at current loan maturities of 5 years, it is difficult for borrowers to repay their debts, as they are related to infrastructure whose economic life exceeds 5 years. A lengthening of the term of the portfolio is therefore necessary to help ensure its viability.

## **4.0 Operations**

### **4.1 Computerization**

A new MIS system (less expensive and user-friendly) is crucial given the inadequacies noted. In this chapter regard, FCRMD has already secured a new management software system (called M Finance) and is proceeding to implement.

### **4.2 Management Information System (MIS)**

FCRMD's current management's information system does not seem to be adapted to the institution's data processing. Management software currently in use (Logipro) does not allow effective data treatment analysis. This deficiency has elsewhere been recognized by the institution's management, and a new software under installation program is being installed that will make it possible to fill gaps in MIS.

There is a no-very-effective loan follow-up monitoring system in place, and there are no tools, like a loan's amortization table and or a loan monitoring table, to assist with follow-up.

The program envisaged anticipated a series of reports by the ON and the FCRMD at various periods by the ON and the FCRMD. It comes out is apparent from our observations that FCRMD only produces a report on the program's progress per every six-months period on the program's progress. While these semi-annual reports provide a considerable quantity of passably data, In addition they does not satisfy partners' information needs for ma follow-up and management. Regularly entered data for the accounting system always do not always agree with data contained in the follow-up monitoring report. This situation is due to weaknesses of in FCRMD's accounting system, which does not allow a for correct charge computation of certain data like interest charged on the loans. (Indeed, there is no accounting document that makes accurately recording of interest charged.)

There is a real need to set up templates for preparing reports and program's follow-up monitoring the project to ensure that relevant management information can be provided.

### **4.3 Internal Procedures and Controls**

In the absence of a procedures manual in use, no evaluation of the internal system of controls was possible, as these should be measured against procedures adopted. However, management of FCRMD is working to make a manual available and implement it as soon as possible. Timing of implementation is uncertain.

### **4.4 Segregated Account for Reflows**

No internal directive concerning the use of reflows has yet been set issued. A segregated account for reflows is has not effective yet been opened as requested by USAID. However, FCRMD management reassured us during the visit that they would open such an account. If this is done, we recommend that it be for deposit of principal payments only, so that net interest income from the program can be applied to support FCRMD's operating costs.

### **4.5 Accounting for Funds Flows**

Funds flows, especially charged interest, are not correctly charged entered into the appropriate ledgers. For example, an error of in the recording of the data was raised noted in the case concerning of the consulting group "GIE NIETA" 's personal capital contribution of 8 million FCFA. This situation is not reassuring with respect to reliability of data.

## **5.0 Recommendations**

### **5.1 To elect one Perform an Audit by an International Accounting Firm cabinet**

In view of our observations at FCRMD and analysis of the loan files, as mentioned in Section 3.1.1 above, for certain files issues concerning best practices in loan disbursements and suggestion of possible misapplication of loan proceeds were observed by the evaluation team. As Mali Finance is not qualified to do a real audit, we recommend that USAID retain an international accounting firm to perform an appropriate audit for all loan files and to provide an opinion. Such a firm should field experts both in credit management and in operations / accounting audit.

### **5.2 Restructure the Loan Portfolio**

Experience shows that at current loan maturities of 5 years, borrowers have trouble repaying their debts, as they are related to irrigation infrastructure whose economic life exceeds 5 years. A lengthening of the term of the portfolio is therefore necessary to help ensure its viability. This would also fit with U.S. best practices for land development loans in agriculture whose terms are normally long term (10 years or more).

Final maturities should therefore be extended from 5 to 10 years for existing borrowers, and new borrowers should be offered 10 year terms. The current rate of interest at 9% per annum appears to be reasonable and should be maintained. All borrowers should be offered the 10 years, to start effective the dates their initial loans were funded. For past

due accounts, interest due should be capitalized and added to principal owing to arrive at an amortization schedule that conforms with 10 years from the initial date the loan was booked.

### **5.3 Improve Management and Follow-up**

The current skids lack of control and procedure makes it essential to install and implement a rigorous follow-up/monitoring system in order to discourage loan default. This suggests improved MIS, for example the preparation of a detailed quarterly follow-up/monitoring report with rather appropriate information for stakeholders. Follow-up should be carried out on two levels: those responsible for agribusiness services should conduct regular site visits to ensure continuous monitoring of the program; and management of the FCRMD should ensure oversight of implementation of activities and achievement of results, as well as proper control of disbursement of loan proceeds.

In order to improve transparency a management committee should be established comprised of the two principal main stakeholders of the program, with occasional participation of observers. This committee might also be used as a vehicle for information, training and coordination of current operations.

A credit committee should be constituted to ensure sounder and more transparent treatment of loan applications. Minutes should be kept of meetings for audit purposes.

The rekindling of relations between the partners is a determining element for the program's success. USAID or its designee, ON, and the FCRMD should meet with regularly to address problems as they arise.

### **5.4 Take a More Professional Approach to Analyzing Credit**

Better financial analytical tools should be developed for feasibility studies, and credit forms of application forms should be used for credit. Analysis done should determine at the time of the project study, business and profitability's ratios and indicators like percentage of value added, internal rate of return on investment, the time of needed for recovery of capital, and net present value. Other ratios like cash flow available for debt service and EBITA, which are standard and applicable even to smaller projects, should be considered.

### **5.5 Reinforce Capacity in managing Loan Management**

Capacity strengthening would involve training for both credit agents and management in loan management and problem loan recovery practices (management expressed strong interest in this subject during our mission and we concur).

### **5.6 Improve Collection of Bad Loans**

In order to reduce the default rate, loan collection efforts should use the threat of withdrawal of the letter of attribution or the lease in favor of a third party that will agree to assume the debt due to FCRMD.

### **5.7 Segregate Accounting for Reflows**

USAID's requirement for a segregated account for program reflows has not been met by FCRMD and should be implemented as soon as possible. The account should be for

deposit of principal payments only, so that net interest income from the program can be applied to support FCRMD's operating costs.

### **5.8 Installation Implement a Procedures Manual**

FCRMD should establish a sound administrative, financial, and accounting procedures and incorporate them into procedures manual that can be the basis for proper controls and verification of their use. It is encouraging that management In addition, tis aware of this need and has already begun to take appropriate steps.

### **5.9 Revise the Project Agreement**

A new Agreement or Protocol for the program should be drafted to take changes into account. The Agreement should, inter alia, specify roles of the parties, precise procedures to be followed, and accounting for reflows. To avoid USG association with potential loan problems not within its control, USAID should not be party to the new Agreement but provide technical assistance for its preparation and approve its content.

## **ANNEXES**

### **Annexes :**

- Annex 1 : Draft-agreement ON-FCRMD
- Annex 2 : Summary of questions from USAID
- Annex 3 : Summary tables on the borrowers' status
- Annex 4 : FCRMD financial statement (two files)



## Annexe 1 Draft Agreement ON-FCRMD

OFFICE DU NIGER  
Direction Générale

### PROTOCOLE D'ACCORD

*pour la gestion d'un Fonds de garantie pour l'investissement destiné au financement de l'Irrigation Privée dans la Zone de l'Office du Niger*

L'Office du Niger, représenté par son Président Directeur Général Monsieur Issoufou KEITA, habilité aux fins des présentes par les pouvoirs de Bénéficiaire conformément à la lettre d'exécution N°4 du Programme de Croissance Economique Durable USAID/Office du Niger du 06 Novembre 1998.

d'une part ;

et

la Fédération des Caisses Rurales Mutualistes du Delta, représentée par son Président Monsieur Ousmane TOURE ;

d'autre part ;

il a été préalablement exposé que :

"Le Mali a conclu avec l'US-AID un Accord portant sur l'objectif stratégique "Croissance Economique Durable" qui vise l'accroissement de la valeur ajoutée de filières spécifiques ( céréales, élevage, produits alternatifs ) à l'économie nationale.

***Le Programme "Croissance Economique Durable USAID/ Office du Niger " qui est partie intégrante de l'objectif stratégique ci dessus mentionné , vise entre autres :***

- la promotion des investissements privés dans l'irrigation à travers la facilitation de l'accès des privés au financement;
- la professionnalisation des acteurs des filières agricoles par la formation en gestion et marketing;
- la diversification des sources de revenus.

Pour la réussite de ce programme, il a été créé au sein de l'Office du Niger une Cellule Agrobusiness dont les tâches consistent à :

- la collecte d'informations sur les exigences des marchés potentiels par rapport à la qualité et les périodes de demandes ;
- L'étude de contraintes au développement des produits porteurs ;
- Le conseil aux producteurs pour le choix des cultures à produire et les meilleures techniques de production ;

## Annexe 2

### SUMMARY OF THE REPOSES TO SHORT TERM AND LONG TERM QUESTIONS RAISED BY USAID

#### 1. Verification of Credit History

With the exception of three promoters, no credit's files contains information about credit history, and the updating requested Uby USAID was had not been carried out.

#### 2. The Payment of Capital Contribution at 10% of Project Cost

Our reports show that four of the financed promoters have not yet met this requirement:

- Mr. Ahmed Coulibaly 0% of contribution
- Mr. Oumar Dicko 0% of contribution
- Mr. Dagaly Coulibaly 0% of contribution
- Mrs. Ramata Kone 8,3% of contribution

#### 3. Updating of FFiles' for Missing Items

For documents like the letter of attribution or the perimeter lease, the contract of service between the promoter and the company which carried out the improvements, the promoter's engagement letter which stipulates that in case of non-payment s/he may be deprived of the letter of attribution or her/his lease, the evaluation team notes with satisfaction that all the credit files were supplemented updated.

#### 4. Specific Borrowers

Concerning specific borrowers, especially the GIE Nieta, Mr. Ousmane Touré, Mrs. Fatoumata Touré, the evaluation team noted with satisfaction that the necessary verification of credit history for these three promoters was carried out, in addition to the payment in full of the 10% personal capital contribution for each.

#### 5. Reimbursement Rate

Actions undertaken to improve the rate of reimbursement were salutary positive. Currently, the rate of reimbursements as a percentage of amounts due is 74 % against compared with 36% as stated by USAID's Office of Financial Management (OFM) in 2002. This rate could have be further improved if the loan covenant enabling dispossession of a indelicate non-performing borrower of her/his letter of attribution or her/his lease is applied. Nonetheless, it should be noted that the files of two promoters in with chronic payment problems have beensituation transmitted to the bailiff for legal action, which is underway.

#### 6. Segregated Account for Reflows

No internal directive concerning the use of reflows has yet been set issued. A segregated account for reflows is has not effective yet been opened as requested by USAID. However, FCRMD management reassured us during the visit that they would open such an account. If this is done, we recommend that it be for deposit of principal payments only, so that interest income from the program can be applied to support FCRMD's operating costs.

### **7. Production of Follow-up Reports**

The FCRMD has no existing template for the production of reports and the monitoring of loans. However, better definition of procedures for producing reports and a monitoring program are planned.

### **8. Need for Equipment and Training**

Given the inadequacies in the program's management, the reinforcement of the institution's capacity is recommended especially in the area credit training. New Computer equipment is also advised, subject to the evaluation of an IT specialist.

**Annexe 3** Summary table on borrowers' status (fichier Excel)

## Annexe 4 FCRMD Financial statement

SITUATION PATRIMONIALE DE LA FCRMD AU 31 DECEMBRE 2003

ACTIF		MONTANT	AMRT/PROV	NET	PASSIF		MONTANT	
OPERATIONS AVEC INSTITUTIONS FINANCIERES ET ASSIMILEES					OPERATIONS AVEC INSTITUTIONS FINANCIERES ET ASSIMILEES			
10	Encaisses et comptes ordinaires	123 530 621		123 530 621	16	Emprunts à moins d'un an		
101	Caisse	80 293 620			161	Organe financière/ Caisse centrale		
102	Organe financière/ Caisse centrale				162	Banques et autres organes		
103	Banques	43 237 001			168	Dettes rattachées		
104	Autres comptes de disponibilités				17	Emprunts à terme	1 529 840 774	
105	Chèques et effets à l'encaissement				171	Organe financière/ Caisse centrale	1 529 840 774	
108	Créances rattachées				172	Banques et autres organes		
11	Dépôts à terme				178	Dettes rattachées		
111	Organe financier/ Caisse centrale				18	Ressources affectées		
112	Banques				OPERATIONS AVEC MEMBRES			
118	Créances rattachées				24	Dépôts de membres ou bénéficiaires	1 079 267 465	
12	Prêts à moins d'un an				241	Dépôts à vue	62 577 413	
121	Institutions				242	Dépôts à terme	389 423 715	
122	Autres				243	Autres dépôts	621 634 180	
128	Créances rattachées				248	Dettes rattachées	5 632 157	
OPERATIONS AVEC MEMBRES				2 632 868 511	OPERATIONS DIVERSES			
20	Crédits sains	2 702 516 985	69 648 474		35	Créditeurs divers	5 746 290	
201	Court terme	1 629 135 550			36	Comptes de régularisation	5 746 290	
202	Moyan terme	363 659 820			361	Produits constatés d'avance		
203	Long terme	420 510 195			362	Charges à payer	5 746 290	
208	Créances rattachées	162 940 235			PROVISIONS, FONDS PROPRES ET A			
21	Crédits en souffrance	126 271 188	69 648 474		50	Provision du passif	452 304 091	
OPERATIONS DIVERSES				183 007 313	51	Subvention d'investissement (Quota part subvention)	378 941 460	
30	Stock	11 785 500			52	Report à nouveau	67 668 097	
31	Titres à court terme				53	Autres réserves		
32	Débiteurs divers	141 240 103			54	Réserves facultatives		
321	Avances au personnel	45 260 075			55	Reserve générale	45 308 589	
322	Autres débiteurs divers	95 980 028			56	Fonds de dotation		
33	Comptes de régularisation	29 991 710			57	Capital social	142 721 770	
331	Charges constatées d'avance				58	Excédent	49 920 664	
332	Produits à recevoir	7 500 000						
333	Charges à répartir sur plusieurs exercices	22 481 710						
IMMOBILISATIONS				151 244 045				
40	Immobilisations financières			127 752 175				
401	Titres de participation							
402	Autres titres immobilisés							
41	Dépôts et cautionnement							
42	Immobilisation incorporelles	42 068 930	40 128 097	1 940 833				
421	Frais mobilisés	42 068 930	40 128 097					
422	Valeurs immobilisées							
43	Immobilisations corporelles	236 927 290	111 115 948	125 811 342				
431	Terrains et aménagements de terrain							
432	Constructions	112 861 540	38 880 249					
433	Autres immobilisations corporelles	124 065 750	72 235 699					
44	Immobilisations en cours							
<b>TOTAL ACTIF</b>		<b>3 288 051 139</b>	<b>220 892 519</b>	<b>3 067 158 620</b>	<b>TOTAL PASSIF</b>		<b>3 067 158 620</b>	

**COMPTE DE RESULTAT DE LA FEDERATION CRMD AU 31/12/2003**

CHARGES		MONTANT	PRODUITS		MONTANT
60	<b>CHARGES FINANCIERES</b>	<b>5 632 157</b>	70	<b>PRODUITS FINANCIERS</b>	<b>213 700 363</b>
601	Intérêt	5 632 157	701	Intérêt	213 700 363
6011	Intérêt sur DAV		7011	Intérêt crédits courte terme/camp.	166 128 600
6012	Intérêt sur DAT	5 632 157	7012	Intérêt crédits moyen terme et long termes	47 571 764
6 013	Intérêt sur emprunts à moins d'un an		7013	Intérêt dépôts à vue	
6 014	Intérêts sur emprunts à terme		7 014	Intérêts sur dépôts à terme	
6 015	Autres intérêts		7 015	Autres intérêts	
602	Autres charges financières	0	702	Autres produits financiers	0
6 021	Commissions		7 021	Commissions	
6 022	Charge nette/cession de titres à court terme		7 022	Produits des immobilisations financières	
61	<b>ACHATS ET SERVICES EXTERIEURS</b>	<b>20 079 525</b>	7 023	Produits des titres à court terme	
611	Achats de fourniture de bureau	4 773 975	7 024	Produits nets/cession des titres à court terme	
6111	Variations de stock		71	<b>AUTRES PRODUITS</b>	<b>22 587 554</b>
612	Eau et électricité	4 610 985	711	Production immobilisée	
613	Locations	330 000	712	Produits divers	1 690 447
614	Entretien et réparations	8 975 300	713	Subventions d'exploitation	20 897 107
615	Prime d'assurance	1 389 265	76	<b>REPRISE SUR AMORTISSEMENTS ET PROVISIO</b>	<b>13 045 800</b>
62	<b>AUTRES SERVICES EXTERIEURES</b>	<b>52 866 320</b>	761	Reprise sur amortissements	
621	Publicité et relations publiques	9 600	762	Reprise sur provisions	13 045 800
622	Transports et déplacements	10 200 000	77	<b>PRODUITS EXCEPTIONNELS</b>	<b>66 046 990</b>
623	Frais postaux et télécommunications	2 713 120	771	Produit de cession des éléments d'actif	
624	Service bancaires	7 562 390	772	Quotes-parts des subventions virées au compte de ré	37 594 150
625	Frais de formation, d'éducation, d'études et recherche	5 965 630	773	Autres produits exceptionnels	28 452 840
626	Autres	26 415 580			
63	<b>IMPOTS ET TAXE</b>	<b>153 000</b>			
64	<b>CHARGES DE PERSONNEL</b>	<b>47 850 886</b>			
641	Frais de personnel	42 104 595			
642	Charges sociales	5 746 291			
65	<b>AUTRES CHARGES</b>	<b>50 052 719</b>			
651	Remboursement des frais	2 624 900			
652	Pertes sur créances irrécouvrables	47 427 819			
653	Charges diverses				
66	<b>DOTATIONS AMORTISSEMENTS ET PROVISIO</b>	<b>88 640 166</b>			
661	Dotations aux amortissements	18 991 692			
662	Dotations aux provisions	69 648 474			
67	<b>CHARGES EXCEPTIONNELLES</b>	<b>185 250</b>			
671	Valeur comptable des éléments d'actif cédés				
672	Autres charges exceptionnelles	185 250			
68	Impôts sur Excédent réalisé sur opérations autres que les activités d'épargne et de crédit				
58	<b>EXCEDENT</b>	<b>49 920 684</b>			
	<b>TOTAL CHARGES</b>	<b>315 380 707</b>		<b>TOTAL PRODUITS</b>	<b>315 380 707</b>

## **Contact List**

- Mr Issoufou Keita : Chairman and Managing Director of Office du Niger
- Mr Yaya Diarra : Head of the Agri-business department of Office du Niger
- Mr Adil Yattara : Head of Administrative and Financial department of the FCRMD
- Mr Daouda Traoré : Supervisor of private irrigation loans, FCRMD
- Mr Bah Napo : Borrower / Program Beneficiary
- Mr Boubacar Sosso : Borrower / Program Beneficiary
- Mr Modibo Kimbiri et GIE Nyeta : Borrower / Program Beneficiary
- Mr. Ousmane Touré : Chairman of FCRMD and also Borrower / Program Beneficiary

## List of Acronyms

### Acronyms:

USAID	:	US Agency for International Development
ON	:	Office du Niger
FCRMD	:	Fédération des caisses rurales mutualistes du Delta (Federation of Rural Mutual Banks of the Delta)
IMF	:	Micro Finance Institution
DFS	:	Decentralized Financial System
MIS	:	Management Information System
OFM	:	Office of Financial Management of USAID