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Prepared by Nestor Ntungwanayo
Reviewed by John R. Eriksson
ICR Review Coordinator Christopher David Nelson
Group IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

As per the Financing Agreement (FA) on page 4, "the objective of the project was to improve: (i) targeted aspects of the business environment; and (ii) the performance of agro-pastoral value chains in the Republic of Chad". The statement of the Project Development Objective (PDO) in the Project Appraisal Document (PAD) on page 11 is identical, and was unchanged throughout the period of project implementation.

During the April 2018 project restructuring, resources were reallocated and the results framework was significantly revised, including reductions in a number of target values, and the ICR undertook a split
assessment of the project performance. Owing to the fact that targets were reduced, although total resources remained the same, this review will also use the split approach to assess the project performance, and will parse the PDO into the two sub-objectives below:

- (i) PDO 1: To improve targeted aspects of the business environment
- (ii) PDO 2: To improve the performance of agro-pastoral value chains in the Republic of Chad

b. Were the project objectives/key associated outcome targets revised during implementation? Yes

Did the Board approve the revised objectives/key associated outcome targets? No

c. Will a split evaluation be undertaken? Yes

d. Components

The presentation of the three project components draws mostly from the PAD (page 12-19), which is more comprehensive than that of the ICR.

Component 1: Improving the Business Environment. Cost at appraisal of US$2 million, Cost at restructuring of US$1.5 million, with an actual amount of US$1.5 million. The component aimed at formulating and implementing business reforms in Chad through specific activities under the two sub-components described below:

- **The first sub-component** was to support the formulation and implementation of business environment reforms, and to specifically finance TA aimed at: (i) implementing the reform transferring all business creation procedures from the center for business creation to the National Investment and Export Agency (ANIE); (ii) formulating reforms simplifying the obligation to obtain an administrative authorization before becoming incorporated in the business register, (iii) reducing live cattle exports and increasing private investment in meat production; (iv) developing an interactive business database, and providing equipment and training for the operationalization of the One-Stop-Shop; (v) drafting and implementing a communication plan for the Guichet Unique, and (vi) providing TA in support to the ANIE.

- **The second sub-component** aimed to improve trade logistics procedures by establishing a favorable environment in the customs administration. The trade logistics activities were to provide TA aimed at: (i) formulating key reforms in administrative procedures and practices relating to trade; (ii) building capacity of customs officers and inspectors; and (iii) acquiring modern equipment for customs administration.

**Revised Component 1:** The first restructuring in April 2018 consisted in dropping the second sub-component (improvement of trade logistics procedures) due to lack of progress and focus on the reforms.

Component 2: Support to the Meat and Dairy Value Chains, Cost at appraisal of US$6 million, Cost at restructuring of US$5.8 million, with an actual amount of US$6.40 million. This component intended
to strengthen the meat and dairy value chains by carrying out a program of activities aimed at improving meat and milk facilities, enhancing the meat industry to meet regionally accepted certification standards. Specific activities were planned under the two sub-components described below:

- **The first sub-component** aimed to fund: (i) the upgrading of existing slaughterhouses and eligible sacrifice areas in greater N’Djamena in order to increase their production capacity and efficiency; (ii) the acquisition and installation of solid waste management systems; and (iii) the refrigerated transportation equipment for the federations running the slaughterhouses and the slaughter areas. The project was also to support women smallholders in the dairy industry in close collaboration with existing women’s cooperatives active in the dairy sector.

- **The second sub-component** aimed to strengthen the domestic meat and dairy industries by responding to the growing demands from the local market for high quality and affordable meat and dairy products through improving the certification and quality standards. The project goal was (i) to provide technical assistance and training to enable the meat industry to achieve certification of regionally accepted quality and hygiene standards, and (ii) to develop business in the meat and dairy value chain, through a matching grant scheme using a two-window funding approach to provide financing with the aim of increasing small and medium enterprise (SME) production, improving their performance, and facilitating their access to local and regional markets with top quality products.

**Revised Component 2:** Changes brought in during the April 2018 restructuring included the following: (i) the dropping of the rehabilitation of the Walia slaughterhouse (ii) the project focus on the acquisition of equipment for one slaughterhouse (Farcha), the upgrading of the infrastructure of one slaughter area including light construction work for a shelter for women, and (iii) the construction of two milk centers instead of rehabilitation of three milk centers.

**Component 3: Project Management, Cost at appraisal of US$1.3 million, Cost at restructuring of US$2.00 million, with an actual amount of US$2.00 million:** This component was to build the capacity of national institutions responsible for project management, monitoring and evaluation, particularly to support the Project Coordination Unit (PCU) in the areas of Project coordination, supervision, financial management, communication and outreach, procurement, monitoring and evaluation, and supervision of implementation of the Safeguards Instruments.

**Revised Component 3:** The activities under this component remained unchanged, but the budget was increased through the reallocation of funds from other components.

**Contingencies and Unallocated funds, Cost at appraisal of US$0.9 million, Cost at restructuring of US$0.3 million, with an actual amount of US$0.3 million.**

e. **Comments on Project Cost, Financing, Borrower Contribution, and Dates**

- **Project Cost.** At appraisal, the total project cost was estimated at US$10.0 million. Actual total project cost is US$9.2 million. As explained above, there were category reallocations and changes in costs for each of the three components during the April 2018 restructuring.

- **Financing.** At appraisal, the project financing was provided by an IDA grant estimated at US$10.00 million. As the total cost amounted to US$9.2 million, grant funds were disbursed at 92 percent.
• **Borrower Contribution.** At appraisal, there was no planned borrower's contribution and there was none reported during project implementation. However, the Government has committed to cover equipment and installation cost to ensure full operation of the supported slaughterhouses and milk collections centers.

• **Dates:** The project was approved on May 22, 2014 and became effective on September 18, 2014. The project went through three level-2 restructurings as follows: (i) the first restructuring took place on April 03, 2018 and brought in changes in the results framework, in components and cost, and in the reallocation between disbursement categories; (ii) the second and third restructurings took place on September 24, 2019 and on December 05, 2019, extending the loan closing date respectively until December 31, 2019, and January 31, 2020. A Medium-Term Review was completed on November 13, 2017; and the project was closed on January 31, 2020, 4 months beyond the original closing date.

### 3. Relevance of Objectives

**Rationale**

**Country Context:** For decades, Chad experienced protracted political instability and had weak political and economic governance. Its economic base featured structural weaknesses, including electricity constraints, complex customs and trade regulations, weak transportation systems and a large informal sector. At project appraisal, the country’s investment and business environment were globally perceived as unfavorable to the expansion of the private sector. Chad was ranked the lowest out of the 189 countries in the 2014 Doing Business report. While Chad launched reforms aimed at improving the business climate in 2012 through the setting up of a one-stop shop for business creation in the National Investment and Export Agency (ANIE), the cost and time for starting a business remained uncompetitive in comparison to similar countries. Compliance with taxes and trading across borders remained prohibitive and hindered the value chains’ competitiveness and development. Because of the above obstacles, most economic undertakings remained informal, including businesses in the meat and dairy value chains. This project aimed to improve the business environment in general, with specific focus on upgrading the infrastructure underpinning the meat and dairy value chains, for which Chad had a comparative advantage (PAD, para 8).

This ICR presented (para 38-39) the consistency between the project's PDOs, the country's priorities and the World Bank's strategy in the country as summarized below.

**The PDO was highly consistent and relevant to the country’s priorities.** At appraisal, Chad's economic activity was dominated by the oil sector, and there was an urgent need to diversify its economy and reduce the country's dependency on the oil sector and prices. The country needed to diversify its economy to escape vulnerabilities to terms of trade and shocks. The 2013-2015 National Development Plan (NDP) identified promising agricultural value chains which had the potential for competitiveness and complementarity to the oil sector. The PDO were therefore consistent with the country’s two-pronged strategy of improving the business environment and developing select value chains in the agribusiness sector. There was also the need for improvement of the country’s investment and business environment in general, starting by meat and dairy chains.
The PDO was aligned with the World Bank’s Country Strategy at closure. The project was consistent with the key pillars of the FY16-20 Country Partnership Framework (CPF). The project was to contribute to the second pillar of the CPF aimed at "improving returns to agriculture and building value chains" which had two objectives as follows: (i) "more productive and resilient agriculture" and (ii) "improved environment for private sector investment". The PDOs were well aligned with the CPF objectives. In particular, increasing the performance of agro-pastoral value chains aimed to achieve a more productive agriculture. The April 2018 changes did not affect the PDO, but rather narrowed the focus of the project to make the PDO more achievable.

World Bank's limited involvement in Chad and lack of Implementation readiness hindered prompt launching of the project activities: The ICR did not indicate if the Bank had ever been active in the agro-industry sector prior to the launch of this project. Moreover, technical capacity was generally weak, and particularly undeveloped in supervising projects in the meat and dairy sector. While the PDOs were congruent with the country's priorities and with the World Bank's program of interventions, the absence of earlier Bank involvement, except for some analytical work, which the ICR judged as insufficiently supporting project preparation (ICR para 93), and the technical capacity shortcomings lead to a substantial rating of relevance of objectives.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1
Objective
To improve targeted aspects of the business environment

Rationale
Theory of change

There was no theory of change either in the PAD or in the April 2018 restructuring project paper establishing the linkage between the project activities and the PDOs pursued by the World Bank's grant financing. The ICR constructed a result chain (Figure 1), which outlined the mechanism through which project activities were to generate the desired outputs and outcomes. This review draws from the ICR material (Figure 1) to present the results chain underlying the process toward the project development objectives.

The theory of change toward improving targeted aspects of the business environment was underpinned by (i) activities aimed at improving the business environment like the operationalization of the One-Stop-Shop...
window, and the strengthening of the National Investment and Export Agency (ANIE), and (ii) reforms for improved business environment, including the identification of all legal bottlenecks hindering private sector development, the simplification of business procedures, and the trade logistics. Expected outputs included an operational One-Stop-Shop, a strengthened ANIE, and new laws and regulations adopted. Immediate outcomes included an enhanced technical capacity in the agro-pastoral sector to respond to markets standards, and an improved business-enabling environment, notably the reduction of time needed to process the creation of a company.

The theory of change in the ICR did not identify the assumptions underlying the achievement of the expected results toward the above PDO. Two key assumptions that needed to be in place to create ideal conditions were as follows: (i) the existence of specialized expertise to design and implement the project, and (ii) a satisfactory coordination and dialogue among project stakeholders. The above assumptions were unfulfilled and this was at the core of the limited project outcome under this objective.

The achieved results presented below are drawn from the pages 14-17 of the ICR:

**Outputs**

- The target of GUCE trained agents in business creation procedures was exceeded, reaching 30 agents against a revised target 20, and an overseas trip of three executives took place;
- The target of newly created and registered firms in the ANIE/GUCE database was exceeded by 28 percent, reaching the number of 7,683 private firms against a revised target of 6,000; and a baseline of 3,000. The project contributed to the setup of 1900 registered businesses through the reformed business registration process at the Single Window.
- Three standard regulations for companies of at least 25 employees were developed and validated;
- Legal texts (bill, package of incentive measures and plan of action) on the statute of entrepreneurs were developed and validated;
- The One-Stop-Shop for Business Creation (GUCE) offices were rehabilitated, allowing staff redeployment according to the organizational mode;
- A software application enabling the production of statistics and computerization of business creation forms was developed;
- The National Trade and Credit Register was computerized;
- The ANIE was modernized through a website renovation, and the provision of computers, reprography and communication equipment; the above ANIE technical improvements led to an expanded public outreach, including 24,607 users, 34,953 consultation sessions and 37,717 pages viewed by December 15, 2018;
- The following studies were completed: (i) the study on the constraints related to logistics meat and milk, and (ii) the study on business licenses and the taxation of exports in the meat sector, and
- The project supported the customs to train about 39 customs officers against a target of 75 for the entire project; the training focused on customs modernization, specifically, risk management in customs inspections, customs valuation, and post audit control mechanisms, but progress was discontinued following the cancellation of activities at restructuring.

**Outcome**
• The original target for the start-up process time for a company was missed. It was reduced from 62 to 58 days, against a revised target of 29.4 days, representing a reduction of 4 days according to the last Doing Business 2020 report.
• The original target for the direct project beneficiaries was missed (202 against a 543 end target), but surpassed the target for women (26 percent against 20 percent end target); and
• The original target indicator for the reduction of the time to export to the level of other sub-Saharan countries was dropped at the April 2018 restructuring, and no results were reported.

Overall, achievements were negligible, because all three outcome targets (direct beneficiaries, startup process time, and time to export) were missed, justifying a negligible rating of the PDO.

Rating
Negligible

OBJECTIVE 1 REVISION 1
Revised Objective
To improve targeted aspects of the business environment

Revised Rationale
Theory of change

While the theory of change presented in the context of the original project holds for the restructured project, the resources reallocation within and among categories during the March 2018 restructuring slightly affected the theory of change of the first PDO. Following the resources reallocation, the activities aimed at improving trade logistics procedures by establishing a favorable environment in the customs administration were canceled, and the performance indicator related to reducing the time to export to other sub-Saharan countries was also dropped.

The achieved results presented below are drawn from the pages 15-17 of the ICR:

Outputs:
• The outputs without targets presented under the original project count for the efficacy of the restructured project.
• The number of companies newly registered through the Single Window/ANIE was surpassed at 128.5 percent at project completion (7,683 number of newly registered companies against 6,000 companies expected at restructuring);
• The number of Single Window's employees trained to improve efficiency was exceeded, as achievements target (30) represented 150 percent of the revised target (20), and
• The communication plan was prepared and operationalized in April 2016.
Outcomes:

- The original target to reduce the start-up process time for a company was partially achieved. It was reduced from 62 to 58 days, equating to a 5 percent reduction, against a target of 10 percent; and
- There was a total of 2,825 direct project beneficiaries (SMEs, cooperatives and organizations, and public institutions), of which 767 women, against a revised target of 350, and the target was largely exceeded.

In summary, the outcome was modestly achieved, as one outcome indicator was exceeded, and another one was partially achieved.

Revised Rating
Modest

OBJECTIVE 2
Objective
To improve the performance of agro-pastoral value chains in the Republic of Chad

Rationale
Theory of change

The theory of change toward improving the performance of agro-pastoral value chains was predicated around two categories of activities aimed at enhancing the agro-pastoral value chains, and at upgrading existing infrastructure facilities. Those activities included (i) strengthening the food quality control center, the provision of matching grants for SME and business development services for agro-pastoral value chains, and (ii) the provision of refrigerated transportation equipment and installation of solid waste management systems. Expected outputs included (i) the number of matching grants approved for selected value chains, (ii) the number of workers working in the value chains trained, and (iii) standard operating procedures developed. Expected outcomes were (i) improved competitiveness of the two selected value chains, (ii) increased value added to agro-pastoral products, and (iii) adequate critical infrastructure for the meat value chain.

The theory of change in the ICR did not identify the assumptions underlying the achievement of the expected results toward the above PDO. Two key assumptions that needed to be in place to create ideal conditions were as follows: (i) the existence of specialized expertise to design and implement the project, and (ii) satisfactory coordination and dialogue among project stakeholders. The above assumptions were unfulfilled and this was at the core of the limited project outcome under this objective.

The achieved results presented below are drawn from the pages 17-19 of the ICR:

Outputs (most of them have no targets)

- The target of the volume of milk produced and sold in targeted zones was missed, reaching 540,000.00 liters against a target of 1,080,000.00 liters. Due to implementation delays, the milk collection and marketing centers’ staff was not trained on how to operate the milk production equipment.
• The Diguel Nord slaughterhouse was rehabilitated; with the addition of inter alia of a slaughter area, a hangar, and the construction of a water tower with a submersible pump and an electric supply system;
• The Guilmey and Linia milk collection centers were constructed and equipped, including inter alia a local collection center; a drinking water supply, and the construction of a water tower with a submersible pump and a solar panel power supply system;
• The milk conservation and marketing center of Tacha Moussoro was constructed and equipped, including inter alia: a main building covering an area of 156 m², a room for sterilization of spoiled milk, a reception platform, an analysis counter, and a room for pasteurization and packaging, and the construction of a water tower with a submersible pump and a solar panel power supply system;
• The above infrastructure (slaughterhouse and milk collection centers) were not operational a closure, because of shortcomings in the supervision and control of works, and in the compliance with environmental and social norms;
• The Farcha refrigerated slaughterhouse was equipped and is now operational, resulting in 13,587,747 tons of processed meat delivered to the four markets of the capital city;
• 67 producers including seven women were trained in health monitoring, veterinary care and preparation of multi-nutritional blocks;
• A second training session in favor of 135 dairy farmers, including 21 women, took place in 2018, covering veterinary care, food making, and milking hygiene and breeding practices;
• Veterinary services and complementary fodder for about 1000 dairy cows of 21 cooperatives of milk producers (including women) were provided;
• The matching grant funded 26 micro-projects through window 2 (support to the implementation of the microproject in the targeted value chains) and 8 activities through window 1 (business development support). The selected micro-projects were intended to boost the development of micro-SMEs in the meat and milk sector; and

Outcome

• The target for the meat produced in the slaughterhouses and slaughter areas in target zones was exceeded (+49 percent), reaching 30,587,748 tons of meat produced against an original target of 23,542 tons, and a baseline of 18,542 tons. The meat production resulted from the rehabilitation and equipment of the Diguel slaughterhouse, an increase in a number of slaughtered animals, and the supply of two refrigerated vehicles to distribute meat from the Farcha and Diguel areas to the four selling markets of the capital city; however, attribution is partial as most supplied equipment was not installed yet at closure;
• The target related to the contribution to the private sector through the matching grant scheme was missed (only 35 percent of target achieved), reaching an amount of US$511,081, against a target of US$1,450,000.00.

In all, results were mixed, with some progress toward improving the performance of the country's agro-pastoral value chains, but implementation delays hampered the early acquisition of critical infrastructure and the training of needed staff. Consequently, a key outcome target (the contribution of the private sector through the matching grant) was missed, leading to a modest rating of the achieved outcome.
OBJECTIVE 2 REVISION 1

Revised Objective

To improve the performance of agro-pastoral value chains in the Republic of Chad

Revised Rationale

Theory of change

While the theory of change presented in the context of the original project holds for the restructured project, the resources re-allocation within and among categories during the March 2018 restructuring slightly affected the theory of change of the first PDO. Following the resources reallocation, the activities aimed at improving trade logistics procedures by establishing a favorable environment in the customs administration were canceled, and the performance indicator related to reducing the time to export to other sub-Saharan countries was also dropped.

The achieved results presented below are drawn from the pages 17-19 of the ICR:

Outputs

- The outputs without targets presented under the original project and presented above count for the restructured project.
- The target of the volume of milk produced and sold in targeted zones was missed, reaching 540,000.00 liters against a target of 1,080,000.00 liters;
- Five infrastructure facilities were modernized against a target of three: (i) the Farcha slaughterhouse is now operational; (iii) a second slaughter house (Diguel) was totally rehabilitated, equipped and fully functioning; and (iii) three milk collection and marketing centers in Guilmey, Linia and Tacha Moussoro were constructed and equipped, but they do not fully function due to technical problems;
- The target of number of workers active in the value chain having received technical assistance was exceeded, reaching 1778, of which 588 were women, against a target of 200. The project provided direct support for business development in the meat and milk value chains through capacity building for quality control and hygiene services in the meat and milk production and marketing industries;
- The target for the number of SMEs in the meat value chain and dairy subsector supported through the matching grant program was exceeded, reaching 78 SMEs supported though the MGF. By sector, 35 beneficiaries of 38 micro-projects were in the milk sector, 36 beneficiaries of 37 micro-projects were in the meat sector, 4 farms (5 percent) and 3 private veterinary clinics (3.8 percent).
- The target related to the contribution of the private sector through the matching grant scheme was practically achieved, reaching US$973,849, or 97 percent of the revised target of US$1,000,000.
- The target for the volume of milk produced and sold in targeted zones was 1,000,000 liters against a baseline of 540,000 was missed. The centers could not be fully functional due to (i) the non-compliance with technical standards and (ii) the staff was not trained in producing and selling milk. Therefore the amount of milk produced so far is not fully attributable to the project.
Outcome

- The target for the meat produced in the slaughterhouses and slaughter areas in target zones was exceeded (+56 percent), reaching 30,587,748 tons of meat produced against revised target of 19,500 tons, and a baseline of 18,542 tons. The meat production resulted from the rehabilitation and equipment of the Diguel slaughterhouse, an increase in a number of slaughtered animals, and the supply of two refrigerated vehicles to distribute meat from the Farcha and Diguel areas to the four selling markets of the capital city; however, this outcome could have been much higher if all equipment had been installed;
- The target for the contribution of the private sector through the matching grant scheme was exceeded (+200 percent) reaching US$511,081 against a revised target of US$250,000, reflecting the impact of the MGF;
- Finally, beneficiaries interviewed confirmed that the project support resulted in a decreased risk of animal diseases, and significant increase in the daily quantities of milk produced from about 2 liters to 4 liters per cow (ICR, pages 15-16).
- On balance, the achieved outcome is rated as substantial.

Revised Rating
Substantial

OVERALL EFFICACY
Rationale
Efficacy under the original project was overall modest.

Project performance toward an improved business environment was negligible, because all three outcome targets (direct beneficiaries, startup process time, and time to export) were missed. Outcomes toward the second objective was modestly achieved, as the targeted contribution of the private sector was missed, while the target of meat produced in the slaughterhouses and slaughter areas was largely exceeded. On balance, the efficacy of the original project is rated modest.

Overall Efficacy Rating
Modest
Primary Reason
Low achievement

OVERALL EFFICACY REVISION 1
Overall Efficacy Revision 1 Rationale
Efficacy under the restructured project was overall modest

Project performance toward an improved business environment was mixed, with a key outcome target missed, and another one achieved. Achievement under the first objective for a reduction in time to register a business fell short of the revised target, while the revised target for direct project beneficiaries was largely exceeded. Efficacy under the first objective is rated modest. Toward the second objective of modernizing the agro-pastoral value chains, efficacy is rated as substantial as a result of achievements in the number of SMEs in the meat value chain and dairy subsector, the meat produced in the slaughterhouses and slaughter areas in target zones (attribution is partial as most supplied equipment was not installed yet at closure), the contribution of the private sector, and the increase in the daily quantities of milk produced. Efficacy under the second objective is rated as a weak substantial. On balance, the overall efficacy of the restructured project is rated modest.

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<th>Primary Reason</th>
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<td>Modest</td>
<td>Low achievement</td>
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5. Efficiency

Economic Efficiency

The economic and financial efficiency of the project was discussed on para 46-47 of the ICR, and the findings are summarized in the following lines. At appraisal, the analysis aimed to quantify the net benefits projected to be realized after the implementation of the second component supporting the meat and milk value chains. Expected economic benefits were to arise from increased private investment and additional income for stakeholders in the meat and milk value chains, jobs creation; and reduction of household food insecurity. Main costs included the capital expenditure on the construction and installation of facilities and equipment. Based on the above, the project was to generate an Economic Internal rate of Return (EIRR) of 32 percent and an Economic Present Value (ENPV) of US$1.746 million.

The ICR indicates on para 47 that there was no update ex-post of the economic analysis conducted at appraisal, because the relevant information was not available at the time of ICR preparation. Given that a number of outputs and outcomes were derived from the implementation of the second component, notionally some level of positive economic benefits was achieved, however unquantifiable and unknown. The economic efficiency of the project is unknown.

Administrative and Implementation Efficiency

The key weakness of the project was the absence of the required expertise to appraise, design and implement a project in the meat and milk value chain, which resulted in a flawed costing of the project components, implementation delays and restructurings. Because of shortcomings in the supervision and control of works, and in the compliance with environmental and social norms; the project was not implemented smoothly, and major equipment funded by the project was neither delivered nor installed. At appraisal, the planned closing date was September 30, 2019, and the planned implementation period was 60 months. The closing date was extended to January 31, 2020 to allow for completion of project activities, and the actual implementation period was 64 months, 4 months longer than planned. The appraised project cost was US$10.20 million. The actual project cost at completion was US$9.19 million. The project team indicated that an extension of six months
would have allowed full procurement of remaining equipment, elevating the chance of achieving the project outcomes.

Because of the major operational and administrative shortcomings described above and that there was no update of the project economic efficiency, efficiency is rated as negligible.

**Efficiency Rating**

Negligible

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

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<tr>
<td>ICR Estimate</td>
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* Refers to percent of total project cost for which ERR/FRR was calculated.

**6. Outcome**

**Outcome under the original project.** Relevance of objectives to the country and Bank strategies was substantial. Efficacy of the original project with the two objectives - to improve targeted aspects of the business environment, and - to improve the performance of agro-pastoral value chains in the Republic of Chad- is rated as Modest. Efficiency is rated as Negligible, as there was no update of the project economic efficiency and there were operational and administrative shortcomings. The overall outcome performance of the original project is rated as Unsatisfactory.

**Outcome under the restructured project.** Relevance of objectives to the country and Bank strategies was substantial. Efficacy of the restructured project toward the two objectives - to improve targeted aspects of the business environment, and - to improve the performance of agro-pastoral value chains in the Republic of Chad- is rated as modest. Efficiency is rated as Negligible. The overall outcome rating for the restructured project is rated as Unsatisfactory.

Taking into account the ratings discussed above, the overall rating is Unsatisfactory.

**a. Outcome Rating**

Unsatisfactory
7. Risk to Development Outcome

Results achieved toward improving the business environment might be sustained, given that the GUCE and the ANIE are operational and accepted by the business community, and that further sector support is expected from the Government and the donor community. However, sustainability in the meat and milk value chain is more susceptible to facing technical risks owing to capacity weaknesses, such as the lack of expertise needed to run and modernize the supported value chain, given that the acquired equipment to boost the milk collection centers and the Farcha and Digué slaughterhouses was not yet installed, and that the refrigeration system was neither in place nor to be handled by qualified personnel.

The following actions might contribute to sustaining achieved outcome: (i) the Bank team hired a local private firm to provide training and technical follow-up and ensure that the milk collection centers are functional; (ii) an Emirati private company has committed to buying out the Farcha slaughterhouse if the Government is favorable to this initiative, and (iii) the Government has written a letter in February 2021 to the World Bank requesting a follow-on project supporting the private sector development in the amount of US$100 million.

8. Assessment of Bank Performance

a. Quality-at-Entry

The material provided in the ICR on pages 57-67, and 93-94 was the assessment base of the quality-at-entry summarized below, and covers the aspects of strategic relevance, implementation and M&E arrangements, and risks assessment at project appraisal.

While the PDO was consistent with Chad’s priorities at the time, the project design had the following weaknesses related to strategic relevance: (i) the design did not rely on lessons learned from previous World Bank operations, particularly the need for any project design to reflect the Government commitment and to have an established implementation capacity, (ii) the design was not supported by sound research and appropriate risk assessments, including risk mitigation measures, to better understand the meat and milk sector during preparation, it was rushed and it underestimated the real cost of project components, particularly the rehabilitation of planned infrastructure works, (iii) the project objectives were overambitious, as the project did not mitigate sufficiently the weak technical capacity, the political environment and security threats, and the environmental and social risks of rehabilitating slaughterhouses, (iv) the project appraisal did not serve to establish a good rapport with the Government and other stakeholders, and finally (v) as developed under the Section 9, the M&E system was poorly designed.

Project implementation readiness was insufficient, given the technical complexity of the project, and the lack of adequate expertise in the PCU and the Government. Project implementation monitoring was interrupted by a lack of adequate competencies of the staffs appointed by the Government. On the Bank
side, there was an unjustified rush to closing the project instead of extending for a few months to increase
the likelihood of achieving the project outcomes.

While risks were generally identified in the PAD, some were underestimated and others had insufficient
mitigation measures. Particularly, the Government commitment and capacity risks were
underestimated, and the limited intergovernmental coordination delayed project implementation. Political
risks were beyond the government's capacity to mitigate, including the Boko Haram activity which
materialized during implementation and prompted the dropping of the component supporting customs at
the restructuring phase. The Government’s ownership risk was rated as substantial, which ended up
being a significant underestimation, given the poor PCU capacity, the Government's inability to address
terrorisms and transnational crime in the country. Finally, the selection of stakeholders was inappropriate,
because although the target population of butchers and veterinarians was highly relevant, that category
of stakeholders could not understand and embrace the Matching Grant model.

Overall, there were significant shortcomings during project appraisal and preparation, justifying a
Moderately Unsatisfactory rating of the quality-at-entry.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision

The assessment of the Bank supervision is summarized below based on the material provided in the ICR in
paragraphs 68-83, and 95-96. It discusses the focus on impact, adequacy of inputs and processes for
project implementation, fiduciary and safeguards, and performance reporting.

While the Bank team remained focused on the development impact, cooperation between the WB and the
Government was difficult throughout, hampering the quality of delivery. The rehabilitation of the
Farcha slaughterhouse was not completed as the equipment was not installed because the Government
did not disburse the expected funds to provide the additional equipment despite the regular follow up from
the PCU and the Bank team. Moreover, the political instability and undue Government interference affected
the smooth running of the Project Coordination Unit. To illustrate this, some ministers suggested the
interruption of the project, illustrating the lack of ownership and political support to continue with
the project. Lack of sufficient resources due to underestimated costs emerged as the project was supposed
to finance the full rehabilitation of four slaughterhouses.

During implementation, real cost estimations revealed that the needs had been underestimated and only
limited rehabilitation of the slaughterhouses could be financed. Moreover, there was a lack of
understanding by the management of the matching scheme, which was a key component of the project. A
specialist of Matching grants was hired to establish consistency and better communication among key
stakeholders. This was partially overcome during the first restructuring that reallocated the resources and
refined the results framework to enable the project to meet its objectives. The 2018 restructuring
redesigned activities that were undertaken within the limits of the available budget resources. Improving the
procedures and strengthening the Project Implementation Unit (PIU) operational capacities strengthened
project management, and accelerated implementation and disbursement.
The limited technical expertise and the absence of a clear implementation road map and guidance as regards to environmental and social safeguards problems caused a significant delay in launching the infrastructure modernization work. Project supervision was difficult, because of geographical distance from the client, as the first Task Team Leader (TTL) was first based in Burkina Faso prior to moving to Washington, DC. In addition, the project team had difficulties in establishing a constructive working relationship with the PCU, which negatively affected the project implementation. The remote supervision, lack of capacity and responsiveness of the PCU, and deepening of collaboration issues, contributed to an accumulation of strains between the Government and the Bank in the first three and a half years that could not be resolved until the TTL was replaced. Other changes that improved project implementation were (i) the change of the project coordinator, (ii) the designation of a steering committee to oversee the work of the PCU, (iii) the competitive recruitment of a sub-coordinator prior to restructuring; and (iv) more frequent supervision missions from the WB team.

The Bank team progressively developed a more collaborative approach to finding solutions to social and environment issues, but because of serious safeguards issues not properly identified during the project design, the rehabilitation of the Walia slaughter area was dropped at restructuring. Delays and low disbursement in early years were raised in multiple aide-mémoire's and ISRs. While the team qualitatively accelerated project activities and disbursement, the Bank teams and PCU did not resolve the issue of lack of technical expertise in the milk and meat sectors. In the post-restructuring period, World Bank supervision significantly improved during the last two years and was proactive, but the abrupt project closing did not allow the delivery and installation of key components of the meat and milk value chain.

Based on the above, there were significant shortcomings in the proactive dentification of opportunities and resolution of threats, pointing to a Moderately Unsatisfactory rating of the Bank supervision.

Quality of Supervision Rating
Moderately Unsatisfactory

Overall Bank Performance Rating
Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The assessment of the M&E design, implementation and utilization draws from the ICR material presented on pages 27-28.

The PDOs were clearly stated and were sustained from design until closure and through the 2018 restructuring. The goal was to upgrade the business environment in general, and more specifically to modernize the infrastructure and improve the efficiency and sustainability of the meat and milk chains. However, there was no stated theory of change at appraisal.
The original M&E system was poorly designed to collect, analyze, and provide decision makers with methodologically sound assessments. Moreover, a low level of engagement by the Government and weak technical capacity caused delays in preparation of the M&E Manual. Despite the eventual M&E Manual, there was no sound system for accurate data collection on physical progress for all activities. The outcome indicators did not have baseline values and end-target values to assess outcomes. The project monitoring arrangements were embedded mainly in the Project Coordinating Unit (PCU) and ANIE and captured information on project/activity-based inputs, processes, outputs, and outcomes.

The original Results Framework was ambitious and the selected indicators to measure the project performance were complex and not fully realistic. In many cases, it required data that were not readily available without additional beneficiary surveys. The absence of an experienced M&E specialist in meat and dairy industry in the PCU team during the project preparation negatively impacted the M&E system design.

b. M&E Implementation

The original M&E framework was revised and significantly improved during the project’s restructuring in 2018. Some performance indicators were changed, dropped and aligned with the revised project activities. For instance, the indicator related to the reduction of time to export was dropped following the cancellation the sub-component supporting the reforms of the customs logistics. The recruitment of an M&E specialist to support the full-time M&E officer in the PCU strengthened the implementation of the results framework. Quarterly and annual reports recording the progress of the project were prepared by the PCU. Customized reports were also created by the PCU to track indicators which ultimately fed into the results framework. By the end of the project a total of 22 activity reports were created by the PCU.

The collection of the M&E data on performance and results progress toward the PDOs was negatively affected by (i) the fact that the acquired computerized system of planning and monitoring was not installed yet, (ii) the lack of a baseline study that could facilitate the benchmarking of the project result framework, and (iii) the lack of competencies for the M&E expertise until after the MTR mission.

c. M&E Utilization

The data presented by the implementing agencies, (notably ANIE and PCU) during regular missions contributed to understanding the level of achieved outcomes, and outputs of the multiple interventions and were used to chart the midcourse corrections during the 2018 restructuring. However, the project was abruptly closed, losing the possibility to complete ongoing activities that could have improved the project outcomes.

There were both significant and moderate shortcomings in the M&E system's design, implementation and utilization as described above, justifying an overall modest rating of the project's M&E quality.

M&E Quality Rating

Modest
10. Other Issues

a. Safeguards

The project was classified as a Category B project, signaling that environmentally adverse impacts may occur during project implementation, but the impacts were expected to be minor and easily manageable. As a result, an Environmental and Social Management Framework (ESMF) was prepared, and only one safeguard policy is triggered by the project, the OP/BP 4.01 on environmental assessment. To ensure efficient implementation of safeguard instruments, the project was to support the training of stakeholders, especially the PCU, on Bank safeguard policies and the monitoring of safeguard aspects.

The project experienced environmental and social challenges, arising from the lack of adequate risk mitigation measures and the absence of a designated social and environmental expert, and included the following: (i) the Walia slaughterhouse site was closed because of serious groundwater pollution risks; (ii) the construction on the Diguel North slaughter area presented social risks for the local population in pursuing their commercial activities. A project supervision mission noted the presence of minors entering the exiting slaughter site, and potentially being involved in productive activities. The Bank’s Country Management Unit (CMU) received in 2019 an official complaint by Diguel inhabitants highlighting the poor waste management around the slaughter area. The Environmental Social Incidence Response Tool was triggered, after which the World Bank Environmental Specialist recommended closing the site, regardless of the completion of intended activities. The conflict between the Diguel local inhabitants and the slaughterhouse was amiably resolved through the Ministry of Livestock. An audit dedicated to project environmental and social risks was completed, and found that the project was subsequently in compliance with all social and environmental safeguards.

b. Fiduciary Compliance

Financial management

The fiduciary function was handled by the PCU and the establishment of FM systems and internal controls, and the preparation of periodic external audits and financial reports were timely. As regards to the matching grant management, an internal audit done by the PCU revealed: (i) managerial capacity issues at the PCU; (ii) conflict of interest for some members of the selection committee; (iii) noncompliance with the fundamental principles of the matching grant and international best practices in a few cases. As a result of the audit, mitigation measures were taken to avoid further mismanagement. The financial audits reports were regularly done and sent to the Bank. A final external audit was completed in January 2020 and was unqualified.

Procurement

The ICR assessment of procurement performance was sparse. It only reported that there were some weaknesses in the procurement system, with procurement delays amounting to 7 months on
average against 3 months accepted under Bank standards. The experienced slow disbursement was attributed to weak procurement, including misunderstandings between contractors and the PCU, lack of technical expertise and delays in submitting request for non-objections. However, procurement performance was rated as Satisfactory at project closure.

c. Unintended impacts (Positive or Negative)

The ICR identified an unintended impact arising from the performance of the One-Stop-Shop for Business Creation (GUCE). The visibility gained by GUCE was an unintended consequence of the project because of the successful communication plan developed through private-owned and public media. People now have a single access point for information and service transfer.

d. Other

The ICR did not identify any.

11. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Moderately Unsatisfactory</td>
<td>Unsatisfactory</td>
<td>Relevance of objectives is substantial; efficacy is modest; and efficiency is negligible, resulting in an overall outcome rating of Unsatisfactory.</td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Moderately Satisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>IEG rates Quality at Entry and Bank Supervision as Moderately Unsatisfactory (MU). There were significant shortcomings at entry and during supervision</td>
</tr>
<tr>
<td>Quality of M&amp;E</td>
<td>Modest</td>
<td>Modest</td>
<td></td>
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<tr>
<td>Quality of ICR</td>
<td>---</td>
<td>Substantial</td>
<td></td>
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</tbody>
</table>

12. Lessons

The ICR chapter (p.31-34) on lessons learned was expanded unduly, and was a mix of evaluative material, findings and recommendations. From that material, this review identified four lessons
summarized below, which are common to most projects implemented in a Fragile, Conflict and Violence (FCV) context.

(i) **Bank knowledge is an important ingredient to address the multiple design and implementation challenges in an FCV context.** Knowledge for this project refers specifically to the appropriate lessons learned by the World Bank in implementing projects in similar environments and sectors, and to any recent analytical work on the country and the sectors of interest. The design of this project did not rely fully on lessons learned from previous World Bank operations, particularly the need for a project design to reflect the Government commitment to the project objectives, and to have in place an effective implementation capacity. Moreover, the design was not supported by sound research and appropriate risk assessments to better understand the meat and milk chains during preparation, and it underestimated the real cost of rehabilitation of planned infrastructure. These shortcomings related to limited knowledge were a main source of implementation challenges and the modest outcome achieved by this project.

(ii) **Specialized expertise is indispensable to design and implement a project aimed at improving a value chain:** This project was about modernizing a specialized meat and milk chain, and was to use a matching grant facility. Modernization of a specialized value chain with an innovative instrument, specialized expertise commensurate to the complexity of the sector and new instrument is required. Implementation of this project encountered a lack of competences in the Bank and borrower teams, faced delays of activities and needs for extensions, and poor choice of construction site locations, to name a few of the challenges. This underscores that the project raised sensitive matters of healthy nutrition and the risk of contamination through meat and milk, and the critical consequent need for the project preparation to draw from accurate sectoral technical studies. Therefore hygiene-related technical studies and technical specifications for infrastructure needed to be ready before effectiveness. Similarly, when establishing a Matching Grant Facility (MGF) in a low-capacity environment, implementation should have included prior mandatory training on the scheme itself. Neither the PCU staff nor the beneficiaries were clear on what the two windows of matching grants were and how they could access them. A Matching Grant consultant was hired after the project restructuring to help strengthen the PCU staff capacity in managing the Matching Grant scheme. The absence of the required specialized expertise affected negatively the project performance and efficiency.

(iii) **Project efficacy is negatively affected by a limited dialogue among stakeholders and the absence of a Bank team on the ground:** Since the outset, the Bank team had difficulties to establish a strong rapport with the Government, which did not take full ownership of this project, despite several efforts from the WB teams to engage them (ICR para 68-69). To illustrate this, the rehabilitation of the Farcha slaughterhouse was not completed because the Government did not disburse its contribution. The lack of Government commitment affected the smooth running of the Project Coordination Unit, notably through the quick rotation of project coordinators and financial specialists, some of whom lacked the required expertise, and the infrequent coordination meetings. On the Bank side, the project supervision was difficult, because of geographical distance from the client, as the first Task Team Leader (TTL) was first based in Burkina Faso prior to moving to Washington, DC. The remote supervision, lack of capacity and responsiveness of the PCU, and deepening of collaboration issues, contributed to implementation delays in the first three and a half years that could not be resolved until the TTL was replaced.
(iv) Fully associating key project stakeholders and the private sector in particular can pave the way to sustainability of the project outcome: The project needed to create stronger engagement with key players, including the Government officials, the private sector representatives, and experts in the targeted value chains at the different phases of project appraisal, design, and implementation. The project design should have incorporated more gender-related activities, including the training of more females who are in charge of the milk value chain. Toward increased sustainability and client's ownership in a fragile and politically volatile environment like Chad, ensuring the participation of private sector stakeholders is a critical factor. One major component of the project aimed at rehabilitating slaughterhouses and building milk collection centers. While some of these activities were not completed, the ICR reports (para 105) that two private companies might take them over. More time and full support by the CMU would have helped increase sustainability and client ownership given the nature of the business environment.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR has strengths and weaknesses. The ICR is comprehensive and results-oriented, but it could have been more concise. It provides a detailed narrative of the project context and the achieved results, and is generally evidence-based as it is supported by the latest data, information and annexes that cover key areas of the project interventions. The ICR has weaknesses as follows: (i) the internal consistency, the quality of analysis and the storyline could have been improved if efficacy was not limited only to reporting the performance of outcome and outputs indicators. Summarizing all achieved outputs and outcomes under the efficacy heading would have provided a more consistent storyline; (ii) the section 12 presenting lessons and recommendations derived from the project experience was a mix of descriptive findings, evaluative material, and recommendations and could have been more systematically presented, and (iii) the split rating assessment was not justified.

On balance, ICR quality is just rated Substantial in view of its strengths.

a. Quality of ICR Rating

Substantial