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PROJECT EVALUATION SUMMARY

1. Mission or AID/W Office Name USAID/Tanzania		2. Project Number 621-0099	
3. Project Title Agricultural Marketing Development			
4. Key Project Dates (Fiscal Years)		5. Total U.S. Funding - Life of Project	
a. Project Agreement Signed	b. Final Obligation 1979	c. Final Input Delivered 1980	\$1,051,000
6. Evaluation No. as listed in Eval Schedule	7. Period Covered by this Eval. From: Aug 1976 Month/Year To: May 1978 Month/Year		8. Date of this Evaluation Review Month/Day/Year
9. Action Decisions Reached at Evaluation Review, Including Items Needing Further Study:		10. Officer or Unit Responsible for Follow-Up	11. Date Action to be Completed
Detailed phase-out plan completed and approved.		Behrens	July, 1978
Requisite MTC staff assigned to planning unit and office space made available.		Alexander/Behrens	August 1978
Decision - point on possible early termination of project.		Steverson, Russell/ Behrens/Hill	August 31, 1978
12. Signatures:		Mission or AID/W Office Director	
Signature: Barry Hill Project Evaluation Officer		Signature: <i>[Handwritten Signature]</i>	
Date: Durton H. Behrens Project Manager July 6, 1978		Typed Name: Howard L. Steverson Date: July 11, 1978	

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13. Summary

There are several significant problems inherent in this project which can be traced to factors which have occurred both prior to and subsequent to the last outside evaluation in August 1976. A PES (formerly PAR) has not been performed since that date. This PES therefore covers the period from August 1976 to May 30, 1978. It was necessary for purposes of this report to refer to events that occurred prior to August 1976 in order to clarify certain observations made herein. The reader is, however, referred to the outside evaluation for more complete background on the project prior to August 1976.

Positive Indications

- a. Steps have recently been taken by the NMC General Manager to provide staff and office space for the implementation of an NMC planning unit. The formation of this unit was one of the primary recommendations of the 1976 evaluation team. See Section 16 below for the reasons behind the late implementation of this unit.
- b. A manual describing and annotating branch accounting procedures was completed in May 1978 by the firm of Coopers and Lybrand Associates, Ltd. The work was funded by an AID grant. An interview with Mr. Shah, Chief Financial Accountant of the National Milling Corporation, revealed that in Shah's opinion the manual provides badly-needed basic "how-to" accounting procedures for NMC branch offices. Seminars are at present being held around the country to acquaint branch office staff with the improved accounting methods. Shah states that the manual is straightforward and simple to use. He anticipates that the improved methods will be fully implemented by August 1978.

Negative Indications

- a. One of the chief drawbacks to the branch accounting procedures manual is the lack of provisions for obtaining cost data. No forecasting of costs and returns can be accomplished based on the information gained from NMC branches through use of manual procedures. (For example, NMC financial people cannot supply a succinct figure for the cost of producing a can of processed fruit juice; and this processing is accomplished at the company installation in Dar es Salaam - not at an up-country branch location.)
- b. Since its inception and throughout its implementation, this project could be characterized as one where inputs were supplied in a "too little - too late" fashion. The National Milling Corporation (NMC) is a large \$100 million quasi-governmental vertically and horizontally integrated parastatal which has, and will continue to have, serious recurring problems of internal costing of inputs/

outputs, personnel recruitment and retention, internal auditing, record keeping, overall financial controls and distribution/marketing problems. AID's initial concept at the design stage of what needed to be done (project objectives) was correct, but the magnitude of inputs was (and has been) too small to affect long-range beneficial changes in organization, business procedures and management.

c. The utilization of project inputs (primarily personnel) by NRC top management has been haphazard and poorly planned. This has been caused, partially, by too-broad specification of consultant scopes of work. As they stood at the design stage (and remained unchanged to date) the scopes of work for all individual consultants were too extensive to enable them to utilize their time effectively to create beneficial changes and produce measurable outputs. In addition, all AID-supplied consultants have been used as "jacks-of-all-trades" to help solve frequent problems requiring on-the-spot decisions by the General Manager (GM). Examples: The Finance and Management Advisor was forced to neglect his primary job responsibilities of setting up financial, accounting and records systems because the General Manager used him continuously to "put out fires". The consultant in charge of storage spent the majority of his time pushing foreign grain through the port during the 1973-75 drought.

To place the consultants' activities in perspective, it should be noted that Tanzania experienced one of the worst droughts in its history during the period 1973 through 1975. NRC, as the chief food buyer/supplier in the country was forced to respond to this problem by creating emergency supply mechanisms and procedures on very little notice and without the benefit of planning. The USAID-supplied consultants became caught up in these emergency operations, keeping them from their specified tasks. Also important to note here is that the August 1976 evaluation team failed to ascertain that project outputs had been slowed by the diversion of USAID contractor personnel activities to drought emergency work. Failing, evidently, to notice that inputs had been slowed, the evaluation team proceeded to recommend the creation and implementation of an NRC Planning Unit when the requisite financial, accounting and records systems for proper functioning of the Unit were not in place.

d. As in the case of his predecessors, the incumbent Economic Analysis Advisor works under a much too broad job description. He is utilized as a "troubleshooter" by General Manager Mpupua, as is his counterpart. The development of the Planning Unit as a consequence has not proceeded as programmed. The General Manager has continued to promise additional staff (there are presently two, including the USAID contractor).

Over the past year, USAID staff have repeatedly called meetings with Mr. Mpupua to insist that sufficient personnel be supplied to staff the NRC Planning Unit. Only during the most recent meeting on May 23 - attended by the Project Manager and Mr. Donald Thomas, President of Agricultural Cooperatives Development International, the project contractor - did General Manager Mpupua agree to

provide additional staff for the Planning Unit. The USAID Director has sent a letter to Mr. Upua notifying him that an assessment will take place on August 31, 1978 to determine if the additional staff has been provided and provision of sufficient office space has been made. Should these basic requirements be met, some of the project outputs may, hopefully, yet be achieved during this final year of the project.

14. Evaluation Methodology

This report emanates from a review of contractor reports; project documentation; several interviews with Charles Alexander, ACDI contractor - supplied economist assigned to NAC and his counterpart Mr. Kimati; three meetings with NAC General Manager Upua; and an interview with NAC Chief Financial Officer, Mr. Shah.

15. Documents to be Revised - None, but see Section 21.

16. External Factors

As mentioned in Section 13, the major drought of 1973 - 75 seriously affected the magnitude of project inputs. Programmed assistance by project advisors in the areas of finance, record-keeping, accounting and storage and pest control were by necessity delayed as these advisors assisted NAC to set up and handle emergency procedures to procure sufficient grain to feed a starving population. The performance of the advisors cannot be faulted during this period. The financial advisor assisted the NAC financial section in drafting and finalizing numerous food commodity import agreements with several external donor countries and in devising accounting procedures to keep track of commodity disbursements throughout the country. The storage and pest control advisor devoted 100% of his efforts toward unloading shipments of grain at the port and moving them by the most expeditious method up-country. In recognition of his efforts during the drought period, the financial advisor was given a meritorious award by the NAC Executive Chairman prior to his departure at the end of his contract.

Regardless of this success (which was singled out by the 1976 evaluation team to be the major contribution by the project to that date) the failure of the evaluation team to note the inability of the contract team to meet specific objectives as assigned during this period is regrettable. The basic foundation of financial, accounting, costing and record-keeping systems had not been implemented yet the evaluation team recommended the creation of a planning unit. Without the former systems in a functioning state, systematic rational planning could not occur. The General Manager's attitude toward the planning unit since 1976 has been firm. He has, until recently, refused to staff it. His primary reason was that he did not have sufficient trained personnel.

Also, NMC has and will continue to have severe costing, marketing and distribution problems in widely-distributed areas in Tanzania. This makes centralized planning very difficult. Basic accounting/costing data is rarely available - and what is available is in such a state of disarray as to make its use in planning efforts unwise if not impossible. It is hoped that the recent support the General Manager has given to staffing the planning unit will help in solving some of these problems.

17. Findings about Project goal/sub-goal

The goal of this project is to "assist the Tanzanian Government achieve its objectives of increased self-sufficiency and expand exports as appropriate in food crops, and livestock sub-sectors".

As a consequence of the ending of the drought the trend toward self-sufficiency in food grains as an overall agricultural sector goal has improved substantially. The capacity of NMC to buy, transport and store grain has been enhanced through efforts of U.S. (PL 480) and other donors. The country has reached reserve capacity for export of food grains (no exports have taken place as yet--see below). A strategic grain reserve program has been proposed and accepted by the TanGov to be funded under PL 480 Title I. This project by design does not contribute toward the livestock sub-sector.

It is difficult to precisely trace the effects of this project in assisting the government to reach this goal. But it can be reasonably surmised that the overall sum of project efforts during the drought emergency has contributed in a limited way to NMC's development in transportation and storage. But, both prior to and subsequent to the drought, financial, accounting and marketing efforts by USAID contract staff portray a history of uncoordinated and haphazard implementation (as discussed in Section 13 of this report). The team's efforts had little or no effect on easing the marketing and distribution problems and out-of-date costing procedures now extant. The resolution of these problems would have contributed substantially to overall financial stability and solvency of NMC. An example of poor costing procedures: NMC recently sought to export approximately 40,000 tons of maize, but unfortunately priced themselves out of the world market by demanding approximately double the world price (e.g., NMC asked \$207 F.O.B. Dar es Salaam port for maize; world price = \$130 C.I.F.). Meanwhile, the fixed costs of storage continue to rise as mildew, rot and insects increasingly plague the inadequately stored grain.

10. Project Purpose

The purpose is to "assist the Tanzanian Government establish Agricultural Marketing and processing institutions which will ensure an adequate supply of basic foodstuffs, including edible fats and oilseed crops produced by Tanzanian farmers".

As stated in Section 13, this project, as designed, did not adequately envision the high degree of effort required to effect change in as large and complex an organization as NMC.

Although originally the project was intended to include fats and oils, NMC's responsibilities in this area were diverted in 1973 to the General Agricultural Products Corporation (GAPEX) during the dissolution of the National Agricultural Products Board. No sustaining effort in fats and oils marketing/distribution was ever made.

It is true, however, that significant gains have been made in the volume of purchasing of food grains by NMC. The chief reasons for these gains are two. Favorable weather conditions which have prevailed since the end of the drought have led to the largest series of harvests of food grains in recent Tanzanian history. Secondly, NMC by law must purchase all grain offered for sale by the farmers. It is much less clear to what extent USAID contractor personnel -- who served as "trouble shooters" -- contributed to this success. An analysis of project contributions to achievement of project purpose is set forth below:

Progress toward EOPS:

Indicators (EOPS)

Procurement facilities will exist in all major producing areas for buying food grains and oilseeds from farmers.

Adequate storage facilities established to handle normal and reserve stocks.

Processing facilities for basic food grains and oilseeds used to produce edible oil/fats exist and producing at capacities sufficient to supply domestic demand.

Progress

Procurement facilities are in place for food grains. Oil seed production has not yet been implemented by the TanGov.

Present storage facilities inadequate. German assistance now being provided in construction of storage facilities.

Processing facilities adequate in most major regions for food grains. Not adequate for fats/oils. Supply sufficient in grains to meet domestic demand except for wheat and rice.

Indicators (EOPS)Progress

A national distribution network distributing basic processed foodstuffs, including edible oils/fats for domestic consumption.

Partially in place. More effective, generally, in urban than in rural areas.

Transportation of food grains and oil seeds and their finished products adequate to serve farmers and consumers.

Transportation still a major bottleneck. Recent Japanese loans for purchase of large number of trucks may help alleviate extremely grave transport problems.

Adequate up-to-date information concerning operations and finances available to management as a basis for decision-making.

Weakest area of accomplishment. No solid, long term financial and accounting systems in place; especially weak in the area of costing.

19. Outputs - Inputs

Project inputs (chiefly personnel) have been poorly utilized by NMC top management since the inception of the project. This means that outputs as envisioned by the project designers will not be reached. Following are the project outputs as predicted in the original logical framework and current status of each:

OutputsStatus

Annual and long range financial plans available for carrying out programs of operation.

No progress.

Balance sheets, income and expenditure statements prepared on a scheduled basis to reflect financial status of corporations activities.

Manual accounting procedures completed and will be in place as of August 1978. Will assist NMC financial managers to accomplish output.

Preparation of standard operating procedure manual for procurement of goods and establishment of a cost central system.

No direct progress on costing system.

OutputsStatus

Establishment of a system and procedure for periodic review and analysis of financial and management operations of MMC branches and subsidiaries.

No progress

Preparation of cost analyses of various MMC operations accomplished by recommendations for changes in operations to increase profits and improve services.

Several analyses accomplished by economic advisor Alexander. Include: (1) Study of Nyanza Fishing and Processing Co., (MMC Subsidiary); (2) Study of proposed transport investments.

Critical path analyses utilized to facilitate evaluation of progress of development project.

No progress.

Establishment of financial information service to provide MMC management with current summary of its operations and performance of its funds.

No progress.

Planning Unit preparing feasibility studies on MMC expansion and new activities.

No progress.

Preparation of price analyses on grains processed; supply response analyses; recommendations for fair prices to be paid Tanzanian farmers.

Former USAID-supplied financial analysis advisor prepared analysis of prices paid farmers for grain. Result - MMC raised prices to grain producers. No progress other items.

Preparation of implementation plans, including food plans, for approved programs and projects.

No progress.

Preparation of statistical reporting system and grain estimating procedures.

No progress.

OutputStatus

Surveys available giving the number of capacity and condition of grain storage facilities; quality control measures practised; and contingency plans to procure stocks exposed to unscheduled events.

Little consistent work done by USAID contractors. German Govt. working on transic sheds for grain storage. AID has proposed strategic grain reserve program and TanGov has accepted proposal.

Adequate storage for maintaining quality grains and transport acquired and utilized to move grain and finished products from production to storage and distribution centers.

Some progress made by other donors. Japanese loan approved for purchase of many large trucks.

Short and long-term storage and transportation programs developed and plans prepared to carry out program.

Some progress, as above.

Tanzanians trained:

No participant training targets specified in logical framework.

Returned	Sept. 76	-	3
"	Oct. 76	-	1
"	Jan. 77	-	2
"	Sept. 77	-	2
"	Dec. 77	-	1
"	Jan. 78	-	2
"	Feb. 78	-	-
"	Mar. 78	-	1
"	Apr. 78	-	-
	Total		<u>17</u>

There are four additional outputs listed in the logical framework relating to oil seed development and marketing. Beyond a reassignment of a project technician to GAPEX (Government parastatal assigned development of oilseeds) during the period 1974 - 1976, no consistent effort was maintained in this area. The work of the technician involved was evaluated negatively in 1976.

20. Unplanned Effects

One of the major phenomena emanating from this project is obvious from perusal of Sections 18 and 19. This is a project whose purpose will probably be reached. The outputs as intended, however, will not be in place. It can be

assumed that there have been little or no relationships or linkages among inputs-outputs-purpose-goal. As stated previously, good weather and the mandate given to TMC to purchase all grain offered for sale by farmers have inherently created conditions which have forced one of the largest of all Tanzanian Corporations toward the sector goal.

21. Changes in design or execution

No changes are anticipated principally because the project is in its last year. If the RMC General Manager responds by August 31, 1978 to provision of staff and office space for the planning unit, some minor progress may be made toward achievement of outputs.

Project Phase-Out Plan

The project manager is now in process of drafting a detailed phase-out plan.

22. Lessons Learned

The outputs that were anticipated under this project are numerous and complex tasks. The level of input devised to accomplish them was without doubt insufficient. At the time the National Agricultural Products Board (NAPB) was dissolved by TMC (1975) the entire scope of the project should have been reviewed and substantially changed to meet new conditions. This was not done.

AID's review of and timely response to changing project needs has been lacking. A review of project documentation revealed that a PP revision was submitted to AID/W in October 1975. Unfortunately, it did not include the required changes referred to above. The revision was done primarily to change the technician's status from OPEX to advisory positions and add provisions for short-term consultants. Even though the revision did not request additional funding (in fact, funding was decreased by \$16,000) and the changes requested were minor, no further action was taken by AID/W until March 1977. It took 17 months, therefore, for AID/W to review, draft (AID/W finished the minor paperwork required in Washington) and approve this minor PP revision. Until this situation is reversed, the proper development and implementation of projects such as this one will remain in jeopardy.

We also suspect that no person with sufficient background in finance or in agribusiness ever participated in initial project design activities. Had such a person been available, serious errors in the drafting of consultant scopes of work and in under-estimating the level of inputs required may not have been made. It must be recognized that it is as important to select the right person(s) for project design as it is to select the proper persons for project implementation.

This project has been treated as a "stepchild" by USAID, especially since the issuance of the new AID Mandate in 1976. It is a fact that projects such as this one are not in vogue. They don't directly reach the poor majority. Nevertheless, timely project monitoring which was required was not done. This should be a lesson for us. No matter what the impetus for creation of a project was, or how appropriate it may or may not be to the current core program, the monitoring requirements must still be met.