

ISN-26165

CLASSIFICATION PROJECT EVALUATION SUMMARY (PES) - PART I

645-00550181 Report Symbol U-447

1. PROJECT TITLE PLAPP 765 SWAZILAND COOPERATIVES AND MARKETING <i>11/8/79</i>		2. PROJECT NUMBER 645-0055	3. MISSION/AID/W OFFICE SWAZILAND <i>PO-APP-765</i>
		4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <u>645-80-2</u>	
		<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION	
A. First PRO-AG or Equivalent FY <u>77</u>	B. Final Obligation Expected FY <u>80</u>	C. Final Input Delivery FY <u>81</u>		A. Total <u>\$3,664,000</u>	B. U.S. <u>\$2,714,000</u>

B. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. USAID/S requests the Ministry of Agriculture/ Cooperatives/CCD to furnish AID with a policy statement addressing the long-range objectives, functions, structure and inter-relationships of the principal components of the Cooperative Movement.	USAID/S -ADO GOS -PS	April 15, 1980
2. USAID/S requests the Ministry of Agriculture/ Cooperatives/CCD and CCU Management staff to furnish AID with a long-range operational plan to achieve those objectives and carry out those functions. Additional consideration should be given to: (a) the need for adequate operating capital and how it will be provided by the GOS; (b) the role of the Cooperatives in agricultural credit and future policies on credit; (c) the inter-relationships between CLUSA team members and Cooperatives, the roles and responsibilities expected of team members.	USAID/S -ADO GOS -PS	April 15, 1980

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS			10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT (see foot note continuation sheet)		
<input type="checkbox"/> Project Paper	<input checked="" type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify)	A. <input type="checkbox"/> Continue Project Without Change	<input type="checkbox"/> Change Project Design and/or	<input checked="" type="checkbox"/> Change Implementation Plan
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T (See foot note on continuation sheet)	<input type="checkbox"/> Other (Specify)	B. <input type="checkbox"/> Discontinue Project		
<input checked="" type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C				
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P				

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Name and Titles)		12. Mission/AID/W Office Director Approval	
Julius E. Coles, DIR, USAID/S Ted D. Morse, ADIR, USAID/S Gene Morris, ACPDC, USAID/S Anita Mackie, Economist, REDSO/EA Willie F. Cook, ADC, Project Manager, USAID/S		Signature: <i>Ted D. Morse</i> Typed Name: Ted D. Morse, Acting DIR, Date: <u>March 18, 1980</u>	

13. SUMMARY

The specific goal of this project is "to move the small Swazi farmer from subsistence into semi-commercial agricultural activities". The end of project status is expected to be a working cooperative structure handling volume of agricultural inputs at least 200 percent higher than the 1976 levels and handling a growing percentage of the marketed production of agricultural commodities for which marketing arrangements have been developed. The project has been most successful on the input side, but there are growing doubts as to whether a sustainable cooperative system is going to be achieved by the end of project.

The present system has evolved in the absence of a clear policy statement and operational guidelines. A proposal by GOS to de-emphasize the operational role of the Central Cooperative Union (CCU) and transfer operational responsibilities to the District Unions (DU's) may place the viability of the system in doubt. Additional managerial staff and physical facilities will be needed.

The appointment of a Swazi General Manager and suitable counterparts for CCU management has been a positive development. Lack of adequate operating capital for CCU is an unsolved problem. With the losses incurred during the start-up period the long-run financial viability of the cooperative movement is questionable.

14. EVALUATION METHODOLOGY

This evaluation was undertaken as the annual internal review of the project status. The prior evaluation conducted in late 1978 was an external one, and had failed to conduct an analysis of those factors affecting the project such as the needs of the agricultural sector, the institutional structure and human resources, and the present and future financial requirements of the cooperative sector.

Interviews were conducted by team members with individuals in the Ministry of Agriculture, the Swaziland Development and Savings Bank, the Cooperative Development and Education Centre, the U.K. Overseas Development Agency, the Central Cooperative Union, the Cotton Cooperative and Suppliers of CCU inputs. All senior Swazi staff of the CCU were interviewed as were the members of the CLUSA TEAM.

All relevant documents were reviewed. Particular attention was paid to the three legal documents: the Cooperative Societies Legislation, the Bye-laws of the CCU and the Bye-laws of the District Cooperative Unions. The reports made by CLUSA team members, and the report of the prior General Manager of the CCU were read.

15. EXTERNAL FACTORS

A. Host Government Priorities

1. Internal Government Organization

During the design phase of the project and for the initial year and a half of operations the entire cooperative movement was under the Ministry of Commerce and Cooperatives, a relatively small Ministry. With the transfer back to the Ministry of Agriculture in early 1979, Cooperatives became part of a larger and better financed Ministry and this has resulted in improved communications and coordination between the RDA program and the cooperative movement. However, many of the needed policy and operational specifications have not as yet been forthcoming.

The Department of Cooperatives (DOC) has its own headquarters and field staff. The duties of the Department staff include registration, promotion, education, supervision and inspection and audit. All of these activities with the exception of registration and audit are also carried out by CCU staff and there needs to be clarification of the roles and functions of each unit. The Ministry does not have sufficient staff to carry out all of these duties in an effective and timely manner. For example, field audits of primary societies are lagging in terms of years not months. The DOC staff members are often inadequately trained and supervised. With two sets of staff in the field performing similar and sometimes identical functions, clashes inevitably occur. In order to rationalize this situation, the Ministry, the DOC and the cooperative movement must set out their policies and outline the functions which the DOC staff will perform in the future as well as the manpower plans for staffing both. There is a pressing need for the GOS to define the role of the Commissioner for Cooperative Development (CCD) vis-a-vis the day to day functions of the CCU, and to define the areas in which the CCU Committee and management staff are free to make their own decisions.

In the documents outlining the roles and functions of the RDAs, the cooperatives are mentioned as the sole sources of agricultural inputs supplies and as the agents for agricultural sales. Yet the full implications of the planned expansion in the number and financing for the cooperative movement in the RDAs have never been spelled out. Several problems exist at the moment. Warehouses in some RDAs are built with donor funds and utilized by cooperatives gratis. RDA transport is frequently utilized to move inputs or produce without charge while cooperatives must charge for transport. To achieve long run viability for both entities, equitable charges must be established. Coordination between RDA and cooperative management staff needs to be closer on both a policy level and day-to-day decisions affecting either party. The future strategy for both RDA and cooperative development needs to operationalize decisions on

shared concerns for housing, staff, physical facilities for sales, storage, and transport.

2. Financial Support.

The GOS contribution to this project consists of some physical structures and local salaries of the Department of Cooperatives staff who are in a peripheral though complementary role to the project. There has been, and continues to be no direct GOS financial support to the CCU, although it is called upon to perform a developmental role and a strong case could be made for short term support. The GOS should provide additional budgetary support in such a manner as to assure the long-run viability of the cooperative system.

A minor but indicative financial matter is the GOS's non-payment of outstanding bills for temporary housing for the technicians.

B. Adverse Weather Conditions.

During 1978 drought conditions existed over much of Swaziland. The cotton growing area was particularly badly effected since it experienced not only the drought but also a severe hail-storm. The cotton crop was completely lost in some areas as a result. An insurance claim for E389,000 is expected to be paid to the Cotton Cooperative.

C. Other Donor Activities.

1. ODA

In 1976 the Ministry of Finance and Economic Planning received the first installments of E8. million on interest free loan under the United Kingdom/Swaziland Government Aid Agreement. Of this larger loan E500,000 was made available to the CCU for working capital. Repayment of the loan is to commence in 1983. Since the loan was to the GOS, forgiveness of any part would become a GOS matter rather than a donor decision.

ODA has also provided technical assistance to the CCU. The U.K. provided the General Manager for two years until he left in April 1978. An accountant was also employed until November, 1977. Temporary accounting measures were utilized to fill the gap until Mr. Cliff Wray, the present incumbent, arrived. Recruitment is currently underway for two International Voluntary Service (U.K.) persons to assist with the bookkeeping and training of secretary-managers for the primary societies. ODA has indicated its willingness to provide continued accounting support. A single senior accountant would find it difficult to supervise four DUs if the present operational system is modified.

Discussions have been held on the possibility of constructing a jointly financed central warehouse and office to be financed by contributions of 40 percent from USAID, 40 percent by ODA and 20 percent by the GOS. It should be noted that the U.S. contribution was not included in the present grant. Further donor consideration of this matter would obviously depend on the roles and functions specified for the CCU in the future.

2. CODEC Support.

The training function carried out by this organization is most important for the future of the cooperative movement. The majority of the capital costs and the recurrent budget have been underwritten by SIDA and implemented through ILO. An evaluation will be undertaken in November/December 1979 prior to the termination of current donor support in 1981. It is to be hoped that either SIDA or another donor will continue to support this vital component. It is recommended that the GOS give a high priority to the support of CODEC.

The revised training plan will need to be closely coordinated with CODEC management. Increased emphasis on short term courses interspersed with on-the-job training is likely to be the most effective method of upgrading present staff in the cooperative system. There is a possibility that some of the funding for long term training might be better used for CODEC support.

3. EEC.

The EEC has been assisting the RDAs by supplying fertilizer. Sales of this fertilizer are made through the CCU and amounted to E53,600 during the past year. It is expected that this level of activity will continue.

16. PROJECT INPUTS.

INPUTS FROM USAID:

A. Technical Assistance - Through its contract with the Cooperative League of the USA, USAID has provided the following technicians to the Swaziland cooperative movement:

1. Deputy Director of the CCU (CLUSA Chief of Party)
2. Marketing/Credit Advisor
3. Farm Supply/Transportation Advisor
4. Three area managers/advisors

Mr. Lewis Townsend served as the CLUSA Chief of Party from October 1977 to June 30, 1979. At that time CLUSA management decided to replace Mr. Townsend with Mr. Bernard Runnebaum, who had been serving as the Marketing/Credit Advisor. As

Mr. Runnebaum had been associated with the project since November 1977, his appointment provided continuity of leadership to the CLUSA team.

Mr. Robert Forbes, who served as the Farm Supply/Transportation Advisor, has been replaced by Mr. Val Foster. Mr. Carl Hart completed his two-year contract in early October and has been replaced by Mr. Paul Sully. Project turnover has been higher than desirable. Mr. David Biviano will end his service as area manager in the Hhohho District on November 1. Mr. Thomas Carr has been accepted as a replacement for Mr. Biviano and has been hired by CLUSA; however, due to the many problems Mr. Biviano and the CCU staff have experienced with the SCO in that district, Mr. Carr is being held temporarily in Washington pending an agreement on where he will be located. Three other area manager positions, planned for in the project paper, have been placed on hold by USAID. The CLUSA contract also provides funding for additional short term CLUSA consultants to assist the cooperative movement with specific problems and studies and, if the project is continued, this specialized assistance would be available as needed.

B. Participant Training - There are now four trainees in the United States, two at the University of Wisconsin and two at Park College/Farmland Cooperative Training Center in Kansas City, Missouri. All four of these will complete their programs by the end of May 1980. Trainees were lacking in strong academic preparation.

C. Commodities

1. Vehicles

Twelve vehicles were to be provided by USAID. Of this number, eleven have been obtained and the twelfth has not yet been procured and released to the CCU.

2. Communications

A radio network consisting of six mobile units and a base unit in the Manzini CCU office, is in operation and provides communication between the CCU and the districts.

3. Miscellaneous Equipment

None furnished to date.

D. Local Costs

1. Staff Housing

Nine staff houses were provided for in the project agreement. As of this date, six of these have been built. One of these is currently occupied by the CCU General Manager and the house at Mankayane is occupied by a prison official.

2. Warehouse Construction

None constructed to date. No CCU warehouse construction may be necessary if the business activities are shifted to the district cooperatives.

3. Warehouse Renovations

Some repairs and renovations have been made to district facilities.

4. Fertilizer Shed Construction

On hold pending long term development plan to determine where and if these are needed.

5. CCU Budget Support

To date USAID has contributed 21,111 Emalangeni to the CCU capital budget.

INPUTS FROM THE GOVERNMENT OF SWAZILAND THE SWAZILAND COOPERATIVE MOVEMENT:

A. By the Ministry of Commerce and Cooperatives and the Ministry of Agriculture

The project paper counted 37 percent of the DOC recurrent budget as a GOS contribution to this project. (See comments in Section 15, A.2).

B. Ministry of Agriculture

Warehouses and fertilizer sheds, constructed under the donor supported RDA program, are counted as GOS inputs to the project.

C. Central Cooperative Union

The Manzini warehouse facility and the operating costs of the CCU (about 60 percent of expected CCU income) were considered to be the CCU input to the project.

D. Swaziland Development and Savings Bank

Loans to the CCU by the SDSB were counted as GOS input to the project.

E. Primary Cooperative Societies

The facilities of the primary societies and their operating costs were counted as a part of the local contribution to the project.

17. PROJECT OUTPUTS (as planned in 1976 PP):

A. "Staffed and Equipped CCU"

1. "Trained Swazis occupying the CCU positions of Deputy Manager, Marketing Division Chief, and Farm Supply/Transport Division Chief."

The six original CLUSA technicians arrived in Swaziland during the five month period of October 1977 through February 1978. The British accountant left Swaziland in November 1977 and the General Manager, provided by the British ODA, was withdrawn in April 1978. It was left to the CLUSA team to fill the gaps created by these persons leaving. For a nine-month period the CLUSA Chief of Party served as Acting General Manager of the CCU.

A Swazi General Manager of the CCU was appointed in January 1979. Although there were a number of delays in the naming of Swazi counterparts to the CLUSA team, counterparts now function in all areas: Farm Supply/Transportation, Marketing/Credit and in each of the three districts where members of the CLUSA team are serving. A counterpart has also been assigned to work with Mr. Cliff Wray, the accountant provided by the British ODA. Mr. Wray began his service in July 1979.

2. "Transportation fleet of twelve vehicles adequately maintained."

Eleven of the twelve vehicles provided for in the project agreement have been obtained:

6 Chevrolet pickups
1 three-quarter ton pickup
4 eight-ton International trucks.

USAID has placed a hold on the twelfth vehicle.

Maintenance has been a continual problem and a heavy expense item. CCU management feels it is imperative that the CCU be able to hire its own mechanic. Driver turnover has also been a problem as qualified drivers move to jobs with private companies where they find better salaries.

3. "Radio links between CCU headquarters and Farm Service Centers" - see "Inputs" section.

B. "Marketing channels and marketing arrangements."

1. "Market outlets in Swaziland and/or South Africa for perishable and non-perishable crops developed."

Cotton - The project has provided assistance to the Cotton Cooperative. With assistance from the CCU management, the Cotton Cooperative marketed approximately 40 percent of Swaziland's 1979 cotton production.

Tobacco- As an aid to small growers, the CCU assists with collection at primary society collection points.

Vegetables - During the 1978-1979 season some 17,000 boxes of tomatoes were collected and transported to a cannery in Malelane, South Africa. There has been little other activity in fresh produce.

Maize - The CCU has not been able to become significantly involved in maize marketing due to the fixed price for maize leaving no margin to cover handling and transportation costs.

2. "A marketing information system for cooperative members." The lack of production and marketing statistics has impeded progress in this area. The CCU has proposed that CLUSA provide a fresh produce marketing expert to fill the now vacant Marketing/Credit position.

3. "Quality control and grading standards developed as needed."

To date, there has been little need for this. Some training in maize grading for CCU staff has been given at Malkerns Research Station.

4. "At least half (22) of the multipurpose primary societies offer marketing services."

Some marketing services in cotton and tobacco have been provided. See item "2" above.

C. "Effective operating procedures for CCU, area depots and primary society warehouses."

1. "Manual of operating procedures developed for CCU."

The CCU management has given priority to the development of effective operating procedures. Although not yet developed in the form of a manual, written procedures have been established for some CCU and District Union operations. These will need to be revised if there is significant change in the system of operations.

2. "Standardized warehouse stock control system."

Standardized stock control cards are in use in the CCU and the area depots.

3. "Agricultural input ordering and delivery system in use."

Standard procedures for purchasing and delivery records established. Each depot and retail outlet provided with up-to-date pricing information.

D. "Trained Staff"

1. "Trained Swazi managers at 16 Farm Service Centers."

2. "Trained secretary-managers at 90 percent of the active primary societies."

Some progress had been made in these areas. (See "inputs", section B, "Participant training"). Approximately 36 CCU staff members have completed courses at CODEC. The area managers have provided on-the-job training.

Staff turnover, due to low salaries, has been a problem.

E. "Warehouse quality and capacity"

1. "One warehouse and three fertilizer sheds constructed".

2. "Five warehouses renovated and extended."

Apart from some renovations to existing RDA depots, there has been no construction work. All construction is currently on hold.

F. "A CCU with an adequate financial base to meet operating capital needs". To date the only capital has come from donor and loan sources. See the financial section in the narrative of this report.

18. PURPOSE

The project purpose is stated as being "To assist in developing a viable, producer oriented cooperative structure providing production-related inputs and marketing services to the rural sector".

The end of project status (EOPS) is to be measured by:

A. "The GOS and donors have developed a working cooperative structure." There is considerable doubt as to

whether significant progress has been achieved toward this objective. The present structure with the efforts of the CLUSA team devoted towards strengthening the CCU has built a foundation of good operational management with a small Swazi senior staff. A switch to operational management at the DU level will have several implications. It will require more trained Swazi staff. It will be more expensive, it is estimated that an initial outlay of E254,000 and annual additional costs of E80,000 will be required. (see Appendix A). It will require a three tiered system of margins since the CCU even with minimal functions cannot operate on the maximum annual dues of E800 allowed in the bye-laws. It will result in inefficiencies of operation since transport will need to be divided in four units and this will not result in optimal use.

If the cooperative structure is to be viable in the long run it needs to have a sound financial base. This does not exist currently. On a sales volume of E1,437,000 in FY 1979 the gross profit was only E11,660. Administrative expenses amounted to E126,000. Financial expenses (mainly interest charges on short term loans minus the interest charges receivable on the short term loan made to affiliated societies) amounted to E146,000. When the miscellaneous income was added, the operations broke even.

A total of E3,600,000 was outstanding in short term loans as of 31 May, 1979. Of this E2,963,000 was to the Cotton Cooperative, E35,000 to the Tobacco Cooperative, E14,000 farm loan to Magwanyane and a E600,000 farm supply loans to CCU itself. All loans were financed by the Swaziland Savings and Development Bank, mainly at 11 percent interest. CCU generally charges only 0.5 percent for administration to the Societies.

Methods of obtaining capital funds must be sought. Various options include an assessment or charges on the volume sold to societies, direct individual members assessment, or surcharges on money lent or any combination of the above. Continuation of the present mode of financial operation is not possible. A large portion of the current indebtedness stems from the production credit activities of the societies. There is a question as to whether the CCU should be involved in this activity. The current staff are too few and poorly equipped to supervise large volumes of credit. Adequate controls are lacking and local societies do not have sufficient expertise in accounting and management. The cooperative system should probably not be in production credit at this time. A final reservation about the long term viability of the cooperative structure concerns the lack of farmer knowledge and support for any cooperative activities conducted above his local primary. Small farmers in particular have not been informed of the need for centralized services. Currently they see two levels above them both charging for

services which they do not understand. Even if the present top-down model remains, an intensive farmer education and training component over an extended period will be required since farmer support is essential for the cooperative system to survive.

- B. "The volume of inputs channeled through the Cooperative network is at least 200 percent higher than 1976 levels".

This goal has already been almost achieved. In 1976/1977 the farm supply sales were E479,000, in 1977/78 they rose to E973,000 and for 1978/79 they were E1,473,000, somewhat less than anticipated due to the drought.

This measurement of end of project status is a very crude one. It does not consider the volume of business done by the small farmer. No attention is placed on the necessary variety of inputs to which access may be desirable. Nor is any mention made of ease of access or distance to input supply sources. Nor does it consider that farmers may have shifted their input purchases from traditional suppliers to the cooperatives.

- C. "Volume of farm produce marketed through cooperative channels is a growing percentage of total small Swazi farmer marketing of the crops being handled by the Cooperative System".

This forms part of a larger question of whether the cooperatives should be in marketing at all. They are currently engaged in the marketing of cotton, tobacco and to a limited extent in tomatoes. It has been estimated that one-third of the seed cotton production comes from farmers on Swazi Nation Land (SNL). Tobacco is also grown by small farmers and marketed chiefly through the tobacco Cooperative Company at Nhlangano.

Since data are not available to measure whether this objective is being attained, and no provision was made for research or data collection in the project, it is recommended that this indicator be dropped.

19. GOAL/SUBGOAL

The program or sector goal stated is to move the small Swazi farmer from subsistence into semi-commercial agricultural activities.

The measures of goal achievement cited were:

- A. "Increase in marketed production by small Swazi farmers".

It is difficult to ascertain whether this has occurred. With

a short operational time-frame detailed sample surveys which would include questions on cooperative membership, sources of supply and costs of inputs, credit useage and crops marketed by volume, price and channel would be needed to address the sector goal. The last sample census of agriculture was conducted in 1972.

B. "Increase in farm income of the small Swazi farmer".

To measure goal achievement this would imply that micro-farm budgets are being kept. This type of record is ordinarily not available through census records. It should be collected under the Cropping Systems project being proposed. Farm income should imply net farm income since an increase in the gross farm income can occur with rising prices for products, while the present increases in input prices can result in a decrease in net farm income.

Total quantities of both cotton and tobacco marketed have increased over the life of the project and doubtless some of the increase is occurring on Swazi Nation Land. Tomatoes are a recent crop grown in Hhohho District and shipped to a canning factory across the border in South Africa. The cooperatives in this District are actively involved in tomato marketing. Farmers are receiving marketed increases in income from these sales.

Maize farmers are not so fortunate, and most farmers do grow at least sufficient maize for their families. The present established minimum price to the farmer is about E7 per bag. If the area produces a surplus there is difficulty in finding a purchaser to move it to a deficit area. Transport costs have to be absorbed when maize is resold. The only commercial purchaser is the Swazi Milling Company which sells maize at about E10 per bag. The Milling Company only purchases at the gazetted price. Intervention of cooperatives in maize marketing is not possible given present pricing policies, lack of handling margin, and present practices of the Milling Company.

The CCU has not to date become as involved in marketing as it has in the farm input supply business. If it is going to significantly benefit the small farmer it will have to place more emphasis on this side of the business. One obvious area for expansion is in fresh fruit and vegetable marketing. FAC is currently completing a second report on this topic and it will be available soon. If the project continues, increased efforts should perhaps be placed on the marketing side, and either the team amended to include more than one person engaged in marketing activities or for funds diverted from other activities.

C. "Increase in farm input and credit use".

Sales of farm inputs have tripled in three years, but some of the increase may be substitution from traditional supplies. Farmers for the first time are able to purchase supplies at locations much closer to their homes, probably the biggest achievement of the project. Commercial suppliers are not interested in small local sales outlets where some farmers purchase fertilizer in single bag units. Increasing use of farm credit is occurring, but there are multiple sources: the SDSB, the Cooperative Societies, the commercial banks, the marketing cooperatives for Cotton and Tobacco and South African purchasers of products (such as Cottona). It is questionable whether this multiplicity of sources is desirable since Swazi farmers do not always state all credit sources used. Whether cooperatives should be involved in agricultural credit is open to question. It deserves a review particularly in view of the skilled manpower required.

If it is desired to obtain data to provide answers to these goals, more attention will have to be placed on monitoring ongoing surveys and census activities. It may be necessary to supply some extra funding for specific data collection activities. The responsibility for providing data for evaluation is placed on the CLUSA Chief of Party in the PP, and more emphasis may be desirable.

20. BENEFICIARIES

The primary beneficiaries are intended to be the small farmer on SNL. As was discussed earlier no provision was made for baseline data collection and thus statements of impact on farmer incomes are only conjectures. It is undoubtedly correct to assume that many farmers have benefitted from closer access to supplies of fertilizer, farm chemicals and veterinary supplies.

The increase in the number of societies from 43 registered in 1974 to the 130 or so in 1979 would suggest farmers perceive benefits in forming them. It should be noted, however, that only about one half are active agricultural societies and many have a small number of members. For example, no cooperative in Manzini District has more than 100 members. Nationally the average number of members may be under 50.

The impact of the project is more dramatic in instances where a market was created for a new crop, such as the introduction of tomatoes for canning to small farmers in the Hhohho District. Data could be obtained to illustrate the success of this endeavor.

Both the size of the cooperative staff employed by CCU and their quality have benefitted from the project. A Swazi General Manager was employed in January 1979. Two senior Swazi staff are currently serving as counterparts at the CCU headquarters level. Four Swazis are in the U.S. receiving

long term training. Mid-level training, particularly for secretary-managers took place at CODEC. Staff expansion has been rapid, from about 41 Swazis on the payroll on 3/13/77 to over 70 now. Senior management committee recently visited Botswana with project support and were able to compare other approaches to cooperative development.

21. UNPLANNED EFFECTS

One person interviewed in a discussion of agricultural credit stated that credit while given for purchase of inputs may free cash for the purchase of cattle, thus further contributing to the overgrazing which is already a problem in Swaziland. Without micro farm budget data collection it is impossible to state whether this practice is prevalent, but it should be of concern if it is. The CCU has become heavily involved in credit activities which were not foreseen at the time the PP was written. They are probably overextended in terms of financial obligations and the ability to manage the loans given present manpower constraints and pressure of other activities. It also diverts time and attention away from other aspects of the cooperative work.

Farmers tend to look on the CCU as a branch of the GOS and question the charges for service. Farmers lack a basic understanding of the cooperative system as well as the necessity for markups at both the CCU and DU levels if a three-tiered system is felt to be desirable. This lack of knowledge has to be remedied if the system is going to change from its present top-down approach. Without real farmer support at the primary level, a participatory approach to cooperative development cannot occur.

Farmers are now questioning why some services perceived as being "Government" are provided free while others are charged for. Transport on an RDA lorry is frequently free, while the Cooperatives charge. The warehouses on RDA locations are provided gratis often utilizing donor funds. Primary societies in other areas have to lease or pay to build structures. These inequities are going to have to be addressed by the GOS in the long-run, and subsidized services to RDAs discontinued.

22. LESSONS LEARNED

At the time the PP was written the same lack of specification on policy and operational guidelines for the cooperative structure existed. The legal documents are so broadly written as to provide little guidance. In order to avoid the changes in direction now being considered by the GOS, some clarification should have been sought prior to commencement of operational activities.

The project went rapidly into expansion of operational activities prior to any emphasis on institution-building and this has caused many of the current problems.

The lack of any GOS financial contribution for cash operating funds should have raised early doubts about their commitment to the success of the Swaziland Cooperative movement.

23. SPECIAL COMMENTS

A. Program Management Implications

1. USAID/S

The Project Manager, the Director and the Assistant Director all have been intimately involved in the Project since its inception and have spent a great deal of time and effort trying to get it to run smoothly. The Mission has reiterated its concern over the lack of basic policy decisions on many occasions. However, these decisions have not been made by the GOS during the two years of activity. An earlier decision by the Mission to discontinue the project if policy and operational guidelines were not forthcoming would have saved time and money. Clearly these are needed if the project is to succeed.

2. CLUSA

The CLUSA team members were recruited and fielded in a reasonable period after the contract was signed. On the whole they were competent to carry out the respective work assignments. However, some members of the original team had difficult personality characteristics and intra-team conflicts occurred. This did not result in good working relationships with the Swazis involved. CLUSA management took an aggressive posture in resolving these problems.

The present team seems dedicated, hard-working and professionally well motivated. Morale is not high given the present difficulties in defining of what they should try to achieve and how. Unless this is resolved they should not be asked to continue.

While the team has been operating as managers until recently, with the appointment of good Swazi counterparts, all CLUSA staff expressed a real willingness to assume true advisory roles as soon as possible. The speed at which the staff should switch from operational to advisory duties needs to be addressed in the new operational guidelines prepared by the GOS. It should reflect the decisions with respect to counterpart training.

3. GOS

Much of the leadership in the formulation of policy guidelines for the CCU should have come from the CCD. He has indeed been much involved in the details of operation often both in the field and the office. This has frequently led to conflicts between CCU and the Cooperative Department staff since the roles and responsibilities of both the field and central management staff have never clearly been spelled out.

The Cooperative Societies Legislation gives broad powers to the Commissioner. The CCU Bye-laws are written so broadly as to give enormous latitude in operational activities. Present practices are often not in compliance with legal guidelines, e.g. the Cotton Cooperative is clearly a secondary institution and should be affiliated directly to the CCU instead of through the DU. It appears that legal documents on which the cooperative movement is based is essentially the same as the one written during the former colonial period, and it would seem most desirable for these to be revised to fit the requirements of an independent and sovereign Swaziland reflecting any recent policy decisions.

There have been some problems encountered by CLUSA in fielding personnel due to long delays in obtaining GOS approval. On at least two occasions well-qualified candidates have withdrawn their names from consideration and accepted positions elsewhere because of length of these delays. Also, delays by PWD in the construction of housing for area managers prevented CLUSA from fielding these persons after the positions were made available by AID.

A verbal request was made to the GOS to utilize one area advisor position for an education and training advisor. This request was refused. At a recent meeting the need for an expanded program of farmer education and training was recognized by the CCD. If this need is admitted, it should be addressed either by a CLUSA team position being devoted to it, or any other method chosen by the CCD. CODEC is not currently addressing the need for this type of field level, informal education. It would be more appropriately handled by the Cooperative System with assistance from CODEC in the development of teaching aides, lesson plans etc.

4. Joint Working Relations

Even if strong policy guidance and operational work plans are provided, as recommended in this evaluation, and even if financially sound decisions are taken on the severe capitalization problems, one significant problem remains to be openly resolved - productive working relations. An enormous amount of time and effort has been spent on unproductive "sparring". This should have been spent in professional problem solving but was not. Three earlier technical assistance efforts encountered this same constraint with the Department of Cooperatives. If this present project is to continue and be effective

in supporting the small farmer on Swazi Nation Land then all parties will need to discuss the causes of previous program management problems and develop far more productive joint working relations.

APPENDIX A

ESTIMATED COSTS OF DISTRICT UNION OPERATIONS
IF CENTRAL COOPERATIVE UNION
ONLY ACTS AS AN ADVISOR

CAPITAL OUTLAY

Larger warehouses	E 43,000
Increase in stocks held	E 200,000
Additional office furniture & equipment	E 11,500
	<hr/>
TOTAL	E 254,500
	<hr/>

ADDITIONAL ANNUAL EXPENDITURES

Loss of volume discounts (on E2 million plus volume)	E 40,000
Interest on warehouse loan	E 5,160
Interest on increased stock loan	E 19,200
Additional personnel	E 47,760
Miscellaneous (telephone, legal, travel, office supplies)	E 4,210
	<hr/>
SUB-TOTAL	E 140,330
Subtract current commission 3%	E 60,000
	<hr/>
TOTAL	E 80,330
	<hr/>