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UNCLASSIFIED
CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) – PART I

Report Control Symbol U-447

1. PROJECT TITLE	2. PROJECT NUMBER	3. MISSION/AID/W OFFICE
Zimbabwe Agricultural Sector Assistance Program	613-0209	Zimbabwe

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) 85-01

☒ REGULAR EVALUATION ☐ SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES			6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY 82	B. Final Obligation Expected FY 85	C. Final Input Delivery FY 89	A. Total $ 45.0 B. U.S. $ 45.0	From (month/yr.) 4/01/84 To (month/yr.) 6/14/85 Date of Evaluation Review 6/20/85

8. 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. Continue ZASA Program Phase II	E. Witt/USAID	Sep. 1985
2. Continue to improve operation of ZASA Working Group	C. Kanyuchi/ GOZ	Ongoing
3. Continue to improve interministerial coordination	C. Kanyuchi/ GOZ	Ongoing
4. Develop priorities for Faculty of Agriculture support	E. Witt/USAID	Dec. 1985

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- ☐ Project Paper
- ☐ Financial Plan
- ☐ Logical Framework
- ☐ Project Agreement
- ☐ Implementation Plan e.g., CPI Network
- ☐ PIO/T
- ☐ PIO/C
- ☐ PIO/P
- ☐ Other (Specify) _____
- ☐ Other (Specify) _____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A. ☒ Continue Project Without Change
- B. ☐ Change Project Design and/or ☐ Change Implementation Plan
- C. ☐ Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Eric N. Witt
Agricultural Development Officer, USAID/Zim.
Christopher Kanyuchi
Chairman, ZASA Working Group
Ministry of Finance, Economic Planning and Development

12. Mission/AID/W Office Director Approval

Signature: Roy R. Stacy

Typed Name: R. Stacy, Director

Date: USAID/Zimbabwe

AID 1330-15 (3-78)

ZIMBABWE AGRICULTURAL SECTOR ASSESSMENT PROGRAM

613-0209

PROJECT EVALUATION SUMMARY (PES)

JUNE 28, 1985

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LIST OF ACRONYMS

AFC	Agricultural Finance Corporation
AGRITEX	Agricultural Technical and Extension Services
AMA	Agricultural Marketing Authority
ARDA	Agricultural & Rural Development Authority
CFU	Commercial Farmers' Union
CIP	Commodity Import Program
CMB	Cotton Marketing Board
CSC	Cold Storage Commission
CU	Cooperative Unions
DMB	Dairy Marketing Board
DRSS	Department of Research and Specialist Services
EMB	Economics and Marketing Branch
FSR	Farm Systems Research
GDP	Gross Domestic Product
GMB	Grain Marketing Board
GOZ	Government of Zimbabwe
IMF	International Monetary Fund
MFEPD	Ministry of Finance, Economic Planning and Development
MINAG	Ministry of Agriculture
MLRRD	Ministry of Land, Resettlement and Rural Development
MSU	Michigan State University
MT	Metric Ton
MTC	Ministry of Trade and Commerce
MWRD	Ministry of Water Resources and Development
PAAD	Program Assistance Approval Document
PACD	Program Assistance Completion Date
PSU	Pennyslvania State University
RSA	Republic of South Africa
USAID/Z	United States Agency for International Development (Zimbabwe)
UZ	University of Zimbabwe
ZASA	Zimbabwe Agriculture Sector Program
ZNFU	Zimbabwe National Farmers' Union
ZTA	Zimbabwe Tobacco Association

I. EXECUTIVE SUMMARY

PROJECT DESCRIPTION

The Zimbabwe Agricultural Sector Assistance Program (ZASA) is a controlled resource transfer in the form of budgetary support to the Government of Zimbabwe (GOZ). The primary objective of the Program is to support implementation of GOZ policies that will improve the economic status of the smallholder, viz. increase smallholder agricultural productivity and on-farm income.

ZASA is based on the assumption that the various Zimbabwe administrative organizations have the capacity to design and implement the programs necessary to attain the GOZ goal of "growth with equity" in the agricultural sector. The role of USAID is to supply financial support for activities in the agreed upon constraint areas. Total funding is $45 million with $30 million for a CIP to import essential production goods required by the agricultural sector. The balance is to support development programs financed by the local currency generated under the CIP.

PURPOSE OF THE EVALUATION AND METHODOLOGY

As a sector program, success or failure is to be judged by sector performance. Consequently, regular program reviews/evaluations are required. These reviews/evaluations, are primarily: (1) to assess the implementing agencies continuing capability and actual progress in the implementation of GOZ agricultural sector programs; and (2) to evaluate GOZ progress towards sound sector objectives and policies. Decisions on whether and how to continue the sector support program will be based on these reviews.

The Scope of Work specifically requires a review of the merits of the current ZASA Program approach in light of accomplishments to date and current conditions in Zimbabwe. Also required is a recommendation on whether the ZASA Program should be continued.

The work of the Evaluation Team has been greatly facilitated by the cooperation received from Zimbabweans at all levels in the various ministries, cooperatives, parastatals and private entities, and from personnel in USAID/Zimbabwe. The Team consisted of a private, Zimbabwe consultant, a GOZ official and REDSO/ESA personnel.

CONCLUSIONS

The Evaluation Team has concluded that the criteria for continuation of the ZASA Program have been adequately met. Analysis of the program indicates that ZASA support for activities is being planned or undertaken in all seven of the identified constraint areas. The five criteria upon which release of funds to the GOZ are contingent have also been satisfactorily met.

RECOMMENDATIONS

The recommendations of the Evaluation Team are elaborated upon in the body of the Report, under "special comments". The principles of these recommendations are summarized below.

1. Continuation of the ZASA Program

The Team recommends that the ZASA Program be continued, and, if agreed to by GOZ and USAID, a ZASA Phase II be undertaken. Annual reviews, as provided for in the PAAD, should be continued. A favorable agricultural season has stimulated this economy while tight import controls and restrictions on remittances have resulted in an improved balance of payments situation. However, there is still an urgent need for foreign exchange to finance inputs to keep the (agricultural) economy moving, as evidenced by the acute shortage of spare parts.

Development of the smallholder agricultural sector is a continuing exercise, but implementation is being restricted by financial constraints. Major projects have been identified which would absorb the funding remaining under ZASA I as well as that which would be made available with the proposed second phase.

2. Operation of the ZASA Program

To improve the efficiency of the ZASA Working Group and to facilitate the movement of ZASA funds it is recommended that more comprehensive projects should be considered, thereby reducing the workload caused by review of many small projects. The operational and administrative capability of the ZASA Working Group Secretariat be reviewed and guidelines for preparation and submission of proposals to the ZASA Working Group for its approval be developed. To alleviate the problems encountered in preparing project documents, a fund be established whereby Ministries requiring assistance may call upon the private sector for consultancy support for the design, development and preparation of project proposals.

3. Functioning of Participating Agencies

At the time of the last evaluation there were a number of activities essential to agricultural development where responsibility needed to be more clearly defined. Discussion with GOZ officials indicated that progress had been made in clarifying these issues and the Evaluation Team recommends that efforts be continued in this regard.

A systematic appraisal of local agribusiness and organisations allied to agriculture should be undertaken to identify ways that this valuable source of experience can be utilized in the area of manpower development and technology transfer. Once identified, maximum effort should be given to its utilization.

The University of Zimbabwe has seen the major beneficiary of he Program to date and it is recommended that continued support be given to the Faculty of Agriculture. However, it is further recommended that more clearly define its goals for the utilization of ZASA funding in line with local manpower needs in the sector. Particular emphasis should be given to prioritizing the demands for graduates from various diciplines.

4. ZASA Contribution to Small Scale Agriculture Sector Contraint Areas

In order to maintain maximum flexibility in the ZASA Program it is recommended that the seven constraint areas identified in the original PA/D remain the same. However, the focus of attention may differ depending on developments and other donar activities within these sphere of influence.

5. Budgets for ZASA Supported Activities

In anticipation of ZASA II, the Evaluation Team was asked to make recommendations for the use of the balance of ZASA I funds as well as ZASA II funds. Budget recommendations are found in Section IX under 'Special Comments" and illustrate that the level of funding envisaged can be absorbed by the agricultural sector. The Evaluation Team discussed the CIP program with the President of the Commercial Farmers Union and with individual commercial farmers and recommends that a thorough re-examination of the needs of the commercial farming sector be undertaken in preparation for the ZASA II PAAD.

II. MEASURES OF PROGRESS

The ZASA Program is targeted to expand smallholder production by addressing seven identified constraint areas: agricultural research, extension, agricultural manpower training, credit, marketing and input supply, land and water use, and policy planning. These constraints are discussed in Section VII.

The PAAD document identified ten criteria for progess, which were to be used to evaluate the Government's performance towards sound sector objectives and policies. The evaluation conducted in March 1984 indicated that, overall, progress had been made as measured by the ten performance measures. Since the last evaluation, satisfactory progress has continued as measured by the same group of performance criteria. Greater progress has been made in some areas than in others and some of the criteria have been satisfactorily met in total.

1. Allocation of GOZ Resources to Beneficially Affect Low Income SmallHolders.

The Ministry is directing more resources into AGRITEX for support of traditional farmers, while not forgetting departments like Research, or educational institutions that must be well funded to ensure the long term health of the Zimbabwe agricultural sector.

The GOZ has monitored growth in mainline Ministry of Agriculture departments in an attempt to control staff expansion that would result in heavy recurrent costs which over the long run could not be reasonably financed. As a proportion of total costs for the four operational departments, salaries and wages amounted to 57% in 1982/83 and 1983/84 rising to 62% for the current financial year.

AGRICULTURE AND RELATED BUDGETS (Z$ Million)

	1982-3	1983-4	1984-5 1/
DRSS	8.2	9.2	10.9
AGRITEX	14.7	17.3	20.0
VETERINARY SERVICES	16.5	17.3	16.8
TSETSE CONTROL	6.3	6.3	6.1
	45.7	50.1	53.8
AFC LOANS	10.2	17.8	32.0
SUBSIDIES (MINAG)	74.3	122.5	127.7
OTHER 2/	23.6	31.4	11.9
TOTAL MINAG	153.8	221.8	225.4
TOTAL MINAG EXCL. SUBSIDIES	79.5	99.3	97.7

1/ Expenditure estimates for 1984/85, previous years are actual expenditures.

2/ Include MINAG Head Office, development and running expenses for education, agricultural colleges and institutions, grants, etc.

"AFC Loans" are funds transferred to the AFC in support of its loans to the smallholder sector. Subsidies through MINAG relate to the deficits incurred on the trading accounts of the four marketing boards of the Agricultural Marketing Authority (AMA). (Subsidies are discussed more fully below.)

Between 1983-4 and 1984-5 the budget of the Ministry of Lands, Resettlement and Rural Development (MLRRD) was increased from Z$32 million to Z$36 million. Areas of most importance to smallholders were the Departments of Rural Development and of Cooperatives. The former is a new department that received its first funds in the amount of Z$4 million in 1982-3 and, subsequently, Z$9.4 million in 1984-5. Cooperatives on the other hand have been held constant in the range of Z$1.9 million, a reflection of GOZ concern about increasing recurrent costs. T' se civil servants charged with implementing the departments' programs, while conscious of this aspect, are concerned with the shortage of middle level staff.

Two other Ministries of some importance to agriculture are Community Development and Women's Affairs, and Energy, Water Resources and Development. The Community Development budget of Z$2.2 million in 1981-2 has increased steadily, to Z$5.3 million for 1984-5. During the same period, Energy, Water Resources and Development was increased from Z$18.2 to Z$35.6 million.

2. Subsidy Reduction

Producer prices for the major agricultural commodities, selling prices from the marketing boards to processors and consumer prices for basic food-stuffs are set by GOZ. The conflict between policies of setting producer prices to farmers which are sufficient to cover production costs and stimulate increases in output, and maintaining low consumer prices for basic foodstuffs, has resulted in major subsidies. While it is GOZ policy to eliminate these subsidies, progress has not been as rapid as anticipated.

The subsidies paid to processors, through the Ministry of Trade and Commerce, has been reduced from Z$80 million in 1981/82 to an estimated Z$22 million for 1984/85. This has largely been brought about by successive increases in consumer prices.

In the case of the MINAG subsidies, the situation is more complex. The major components of this are the trading deficits incurred by the GMB on maize, and by the DMB and CSC. A major factor to all, and particularly relevant to the DMB, is that the margin between the amount paid to producers and that recovered from sales is generally too narrow to allow for the total operating expenses. A second common factor is the interest charge incurred by the delayed settlement of previous years' deficits by MINAG. For 1985 this amounted to ± Z$30 million.

In 1985 a major factor in the increased GMB trading shortfall was the donation of maize received from the US and EEC: to generate counterpart funds this maize was sold by GOZ to the GMB at the landed costs of Z$300/MT, against which the GMB could recover only Z$177/MT. Of note in the 1985 deficit is the cost of providing an outlet for producers for small grains (mhunga, rapoko, millet) for which the GMB has no market. The CSC shortfall was aggravated by the drought relief exercise mounted to remove livestock from seriously affected areas and, in particular, to assist in destocking stressed smallholder areas. Slaughter offtake from both agricultural sectors also increased during this period, at a time when export prices were relatively low. Access to the EEC market under the Lome Agreement and an anticipated firming of export prices will have a market effect of future CSC trading results.

GOZ AGRICULTURAL SUBSIDIES (Z$ MILLION)

GOZ Fiscal Year - Ended June	1982	1983	1984	1985
Ministry of Trade and Commerce 1/				
Subsidy on:	79.9	52.0	28.0	22.0
maize meal	64.8	(52.0	28.0	22.0
wheat flour	8.5			
edible oils	6.2			
opaque beer	0.4			
Ministry of Agriculture 2/	102.0	144.8	116.7	144.8
AMA deficit on maize	20.4	43.6	17.0	50.2
wheat	9.3	12.1	10.2	2.8
sorghum	0.5	0.7	1.9	0.2
peanuts	0.5	0.6	—	0.2
soybeans	2.1	5.7	3.6	0.5
other grains	na	na	na	1.1
(Total GMB)	(32.8)	(62.7)	(32.7)	(55.0)
dairy (DMB)	18.3	35.7	38.7	44.0
beef (CSC)	50.9	46.4	45.3	45.8
Total Agricultural Subsidy	181.9	196.8	144.7	166.8

Note: n/a Not applicable
1/ Source GOZ Estimates of Expenditure
2/ Source: AMA - the trading deficits of its constituent Boards which fall within the GOZ financial year.
ie. GMB year ended March 1985)
DMB year ended June 1985) = 1985
CSC year ended December 1984)

3. A Land Resettlement Policy Which Recognizes Availability, Competing Smallholder Assistance Requirements and Production/Export Goals

Since Independence, a great deal of time and effort has been devoted to the policy issues evolving from the GOZ Resettlement Program. Resettlement has been addressed in the Riddell Commission Report and in two different studies by B.H. Kinsey, in which he dealt with most of the policy issues and problems.

Discussions with the Permanent Secretary of the Ministry of Lands indicate that the stated goals indicated at the time of Independence, to resettle 162,000 families, is still the targeted objective of the Resettlement Program. The Program did not progress as rapidly as planned for a number of reasons, the most important being the shortage of funding. The official government policy is now that the resettlement targets are to be more flexibly interpreted and that the development of resettlement should be viewed in the

overall context of the availability of institutional support for the resettlement activities. To date, 36,000 families have been resettled on 2 million hectares at a cost of Z$50 million. A greater emphasis has been placed on needs of the farmers in the smallholder areas, which even after resettlement of the 162,000 farm families, would contain 75% of the rural population and 50% of the farming area of the country. Increased emphasis will also be placed on investments such as small scale irrigation and soil conservation, which in effect extend the arable land supply and increase yields. Discussions with key members of the three ministries involved (MINAG, MLRRD,and MFEPD) indicate that the GOZ is making satisfactory progress in its attempt to develop a land resettlement policy which recognizes the availability of land as well as the needs of other parts of the sector.

Although the ZASA program made no provision for direct support to the resettlement program, it indirectly supports the program inasmuch as it supports smallholders in general.

4. The Application of Commercial Rates of Interest in Lending to the Smallholders

Based on the provisions of the 1982 World Bank supplement to the Small Farmer Credit Scheme, interest rates to smallholders were to be increased by 2% per year until they equaled the standard commercial rates. They were raised to the level of 13% on April 1, 1984 and equate to those charged to large scale clients. Rates are the same for short, medium, and long term loans; this policy is under review. Lending rates of commercial banks are about 15% for minimum overdrafts. Building society mortgages on residential property are 13.25%. Hire purchase rates of finance houses were 20% to 24% in mid 1985.

5. An Increase in Research on Crops and Integrated Crop/Livestock Systems Directed Specifically to Small Scale Farm Conditions

The Department of Research and Specialist Services (DRSS) continues, along the lines established over the last two years, to give a greater emphasis to research for the small scale sector. Discussions with the Director of DRSS indicate that progress to date has been satisfactory in the area of crop research, but that work on integrated crop/livestock systems has been more difficult to implement. As indicated in "On Farm Research Results and Possible Future Directions", by M. Avila of DRSS, extensive work has been conducted by various organizations under the direction of the DRSS. During the last cropping year (1984/85), 92 maize trials and a total of 79 sorghum trials were carried out in all regions and on all major soil types in the communal areas. In addition to sorghum and millet, the same department carried out 46 trials with groundnuts and 33 trials involving soybeans and sunflowers. Other crops, including millets, cowpea, and common beans were tested during the same period. As the paper indicates, the number of trials that have been conducted in the smallholder areas during the last year has increased dramatically.

A second important emphasis of the Ministry of Agriculture is coordination with AGRITEX in management of the trials. In the last year, a joint committee chaired by AGRITEX has been set up to coordinate and make recommendations geared to small scale producers on the production of maize, groundnuts, cotton and other crops. The Directors of DRSS and AGRITEX both felt that they had adequate manpower and equipment, at least for the present; what was now needed was an evaluation of the progress being made and recommendations as to what should take place in the future. The Farming Systems Research Unit is now fully staffed and training is proceeding on schedule. Funding is being provided by the World Bank and a continuing program with CIMMYT is being conducted in conjunction with the University of Zimbabwe. The Faculty of Agriculture at the University is proceeding with its program in the communal areas.

In summary, the Ministry of Agriculture, as well as the University of Zimbabwe, have made continued strides in the development of research on crops and integrated crop/livestock systems directed to the needs of the small scale agriculture sector. This greater emphasis being placed on the this sector has already paid dividends as reflected in the increase in the output from the small scale sector during the last cropping season.

6. Extension of Price Stimuli As Applied to Major Commercial Crops to Some Present and New Small Farm Crops.

The GOZ is continuing with its program to provide price stimuli for a number of crops traditionally produced by the small scale sector. The development of this program was thoroughly discussed in the evaluation of 1984. Price stimuli have been provided through increased accessibility to the marketing system. This year there are 144 temporary intake points presently being used by the GMB. A number of traditional crops are now covered by the official pricing scheme (mhunga, rapoko and dried beans). The increased price for sorghum and millets has resulted in a marked increase of these two crops, causing a large surplus. The announced price for groundnuts has been increased from last year's price of Z$500 MT to a present price of Z$750 MT. It is hoped that these prices will result in increased production.

7. Employment of Market News and Other Innovative Measures to Extend Technical Information on Production and Marketing to Smallholders, thus Serving a Large Number of Farmers with the Number of Available Extension Workers

The GOZ continues to make progress in developing a variety of new approaches to the dissemination of market and production news, as well as conservation recommendations. Three different organizations are involved with these activities. AGRITEX, as the principal extension agent, is continuing with their work on an adaption of the training and visit program which was described in some detail in last year's evaluation. The Director of AGRITEX

feels that good progress is being made. A national framework study has just been completed and work is being started on the methodology for a group development strategy, which would formalize the program for the traditional areas. The great advantage to this adaptation, as developed by AGRITEX, is that it does not require an expanded extension staff or greatly increased recurrent budgets. The elected "farmer leaders" provide the expanded extension staff normally required in the train and visit system. AGRITEX continues to make available, through mass radio, newspaper and local language farmer magazines, information on pricing and market news.

The Department of Natural Resources has just finished a proposal which would, through ZASA funding, increase the educational extension capacity of that Ministry. The use of mobile units, including projectors, tape recorders, mass communication material and updated printed materials would be available on a national basis. In the long run, this should greatly increase the Department's effectiveness and thus improve the productive capacity of existing farmland.

The Commercial Farmers' Union (CFU), in connection with the agricultural colleges, the University of Zimbabwe, and the Ministry of Agriculture, has formalized the Farm Pupil Scheme, a practical training program which will be required of all agricultural students graduating from the Agriculture Colleges and the University. This program should increase the practical skills of the future extension officers.The private sector fertilizer companies and other private input suppliers are continuing to expand and promote their field services. The increase in the sales of fertilizer suggests that, along with the increased credit and physical availability of inputs, private sector efforts are paying off in terms of utilization of these inputs. Finally, the closer coordination of all of these organizations indicates that the information that is being disseminated is more current and up-to-date than was previously the case.

In summary, the agricultural industry is making good progress in expanding and utilizing innovative new methods for the dissemination of information to the large number of small scale farm producers.

8. <u>Adequate Government Support of Rural Savings Clubs as a Mechanism for Mobilising Rural Savings for Smallholder Credit and for Channelling Loan Funds at Lower Costs through Groups to Smallscale Farmers</u>

Discussions with AFC indicate that they still have not received a legislative amendment which would broaden their scope of activities to include lending and support of all rural development activities. As the increase in supply of credit to the rural areas indicates, the matter of utilizing rural savings club funds is not as important as it would have appeared two or three years ago. The funds from the rural savings clubs are now moving in part into government channels through the Post Office Savings Bank, and in general serve

to supplement sources of credit in rural areas. The Evaluation Team feels that this particular criteria has now been overtaken by events and adequate funds can be made available to AFC through existing channels. Savings clubs, however, remain important to rural development activities as autonomous local organizations.

9. Development and Adoption of Measures to Increase Cooperation and Linkages Between Research, Extension, and University Education

Substantial progress has been made during the last year in the development of measures to increase cooperation and linkages between all institutions of government and the sectors that they serve. The Evaluation Team found a general awareness among the various government and private sector people interviewed of the need for strengthening these linkages and increasing cooperation. The ZASA Program, through its ZASA Working Group, can take some of the credit for increasing awareness of the work being done by other organizations serving the agricultural community. It is now accepted that strong linkages between institutions and farmers are necessary if the dissemination of information is going to be a successful undertaking.

Although cooperation and linkages are often still informal in nature, there has been progress towards a more formal structure in a number of instances. Within the last year, the DRSS and AGRITEX have established a joint coordinating committee which reviews the farming systems research and cropping research which is to be carried out in the smallholder farming areas. Within the MINAG, in addition to the joint research committee, the Farming Systems Program now includes representation from CIMMYT and ILCA. In addition to planning the trials for the communal areas, a joint committee of AGRITEX and DRSS personnel are working on a set of improved recommendations for smallholder area extension workers. These packages would include recommendations for maize, cotton and groundnuts and will be the first formal results of the joint effort of AGRITEX and DRSS.

The ownership of the newly acquired University Farm has been vested in a trust, which is managed by a board composed of the Secretary of the Ministry of Agriculture, the Dean of the Faculty of Agriculture and representatives from the ZNFU and CFU. This reflects a conscious effort to coordinate the practical work which will take place at the University Farm so as to maximize benefits from the training that is conducted there.

Similarly, as a result of the coordinating effort of the MINAG, UZ and CFU, a newly formed Farm Pupil Scheme has been constituted. It has as its objective "to promote and foster the concept of practical training of young people on commercial farms in Zimbabwe". This organization, operated by a Board of Trustees made up of members from the MINAG, the University and the CFU and ZTA, again reflects the greater and more formal linkages between the various sectors of the agricultural community.

While still on an informal basis, the linkages between the University and MINAG have been strengthened as a result of the regular meetings of the Dean of the College and the Director of DRSS. This has made the two organizations more keenly aware of each others' needs and has helped the University formalize its program in order to serve the needs of the agricultural sector. In its discussions with key representatives of AGR TEX and DRSS, as well as key faculty members at the University, the team found a growing awareness of the need for coordination and a genuine attempt to strengthen and expand the linkages among these institutions. Progress is being made.

10. Reduction in the Costs of Essential Inputs by Substituting Lower Cost Items and More Efficient Methods of Use, thereby Easing Elimination of Subsidies.

Most of the reductions in the costs of essential inputs to date have resulted from increased efficiencies in the distribution system to the smallscale farming sector. This year is the first good year after a succession of drought, the consumption of fertilizer has increased somewhat, with a greater percentage is being used by the small scale farming sector. The substitution of lower cost inputs, particularly in the form of higher analysis fertilizers, has not progressed as rapidly as was hoped. Soil testing services to farmers in the smallholder areas are now provided free of charge and these farmers are given priority at the testing lab. Two members of the department staff have been sent for long-term training in soil testing techniques and should return within the next few months. It is anticipated that additional facilities will be needed when the soil testing starts to be adopted by more small scale farmers.

III. ECONOMIC ENVIRONMENT

GENERAL ECONOMIC SITUATION

The Zimbabwe economy is more diversified and advanced than that of any other country in Sub-Saharan Africa except the Republic of South Africa (RSA) and ranks second only to RSA in size. In 1981, GDP was Z$4,528 million and population about 7.5 million. (The total population reported in the August 1982 census was 7,539,000.) Thus per capita GDP was about Z$600 (about US$840). In real terms, per capita GDP was down about 6% from 1975 but about 12% above 1979.

GDP grew at an estimated rate of 11% in 1980 and 12% in 1981. However, for most sectors production has fallen since the peaks reached in 1981. From mid-1981 to mid-1983 output of most manufacturing was off by 15 to 20%. Wood and furniture was off by about 40%, while food manufacturing was up about 15%. Mining volume and real value of mineral exports both fell between mid-1981 and 1983 but rebounded in 1984 with recovery in the world economy.

The inflation rate, which rose to 20% in 1983, was cut to 16% last year. Real GDP dropped by 1% in 1982, 4% in 1983, and a further 2% in 1984 as a result of the drought, despite growth in minerals production and exporting. With the drought broken, the expectation of a bumper agricultural season and continued growth in the western economy, the prediction is for real growth during 1985 to be between 3% and 5%.

Manufacturing is the most important contributor to GDP with about 26%, agriculture and foresty contribute about 18% and mining about 5%. From 1975 to 1980 the Z$ maintained an almost constant rate of exchange with the US$ (1975 Z$ = US1.60/and in 1980 US$1.586). During 1981 through November 1982 it held steady with most other currencies but declined about 0.75% per month against the U.S. dollar as it strengthened against most currencies. In December 1982, the Z$ was devalued by 20% to about US$1.08. During 1983 it declined along with most other currencies against the dollar, reaching US$0.90 by January of 1984, and US$0.63 in January 1985.

BALANCE OF TRADE

After over a decade of favorable balances of merchandise trade, Zimbabwe suffered a deficit of Z$46 million in 1981 and Z$113.4 million in 1982. The deficit was financed by the International Monetary Fund(IMF) facility and higher foreign borrowing. The level of import allocations was reduced by 60%, though this was cushioned somewhat by the use of loan funds to finance imports (including the U.S. CIP). Measures to improve the Balance of Payments (in addition to reduction in allocations) included devaluation of the Z$, wage restraint to control the costs of production, and activation of a US$70 million IBRD export facility. These measures played a lead role in the creation of a favorable economic climate to which the Zimbabwe economy responded. The trade balance returned to being positive for 1983 to the tune of Z$73.8 million, and is forecast to be positive at Z$180 million or more when final figures are tallied for 1984.

Between 1981 and 1983 the total import bill (valued at current prices) was little over Z$1000 million. During the past year (1984) imports rose 13% to Z$1201 million, an increase which partially offset the effects of inflation and worsening exchange rates. After attaining a peak of Z$28.1 million in 1983, import of farm machinery declined 46% to Z$15.3 million in 1984. Imports of engine spares have been declining for the past four years and in 1984, at Z$6.5 million, were 41% less than in 1983.

The agricultural industry over the past five years has contributed about 38% of total export earnings. Tobacco is the major export crop and last season's dry conditions were particularly favorable with yields improving by 18% to 2,400 kg per hectare. The improved yield helped maintain producers' profitability in the face of declining real prices. In 1984, the value of tobacco exports was around Z$350 million, 50% above the previous year's Z$232

million. Average leaf prices rose by nearly 10% to Z$2.07/kg, but in U.S. dollar terms, prices declined for the second succesive year. Prices for the 1984/85 crop have firmed to Z$2.70/kg, which has partially redressed the declining exchange rate. The current crop is still being marketed but yields are reported to be marginally lighter than last season.

Maize: For the 1983/84 growing season, a preplanting price of Z$140/MT was announced, Z$20 or 17% above the previous three years' price of Z$120/MT. Zimbabwe farmers defied the worst drought in living memory to deliver almost 950,000 MT to the Grain Marketing Board (GMB); late rains greatly benefitted the smallholder producers who delivered 41% of total intake. This would have made the country self-sufficient if stocks had not been depleted to meet export commitments to worse-hit neighbours. Fears were expressed about the continuing decline in plantings and the price was revised upward to Z$180/MT for the 1984/85 growing season. With the return of good rains, maize deliveries to the GMB this year (1985/86) are expected to almost equal the 1981/82 record of about 2 million MT; with almost half (48%) originating from the traditional sector. This will enable Zimbabwe to return to the grain export market. Taking into account the producer price (unchanged at Z$180/MT) plus GMB handling costs (Z$50/MT), Zimbabwe maize is still competitively priced for neighboring countries, but not outside the African continent. With the exception of South Africa, exports to neighboring countries would in most instances require the assistance of donor agencies to provide the necessary foreign exchange.

Tea and Coffee: The coffee crop should be worth approximately Z$30 million, and the tea crop Z$25 million. These estimates are similar to those realized last year. Grown almost exclusively on commercial estates, there are nevertheless significant developments to expand smallholder production of both crops.

Cotton: Cotton exports since the 1980/81 season had held stable at about 50,000 MT. International cotton prices moved sharply upward to 91 U.S. cents per pound to reach a high in September 1983 in response to the U.S. PIK program, and abnormal purchases by Russia. Zimbabwe farmers produced a 1984/85 record crop of 250,000 MT and exports reached a new high of 60,750 MT. Cotton prices have since declined, and in September 1984 stood at 73 U.S. cents per pound. Deliveries for 1985/86 are expected to exceed 300,000 MT with approximately a third originating from the traditional sector.

Sorghum: Other than for subsistence requirements in the drier regions of Zimbabwe, commercial production is primarily for brewing purposes, for which demand is approximately 20,000 MT. Successive years of drought had their effect on maize yields and plantings of more tolerant sorghums have been expanding. For 1984/85 the GMB anticipates an intake of 84,300 MT Export markets are being sought for the surplus.

Wheat: Winter cereals, all grown under irrigation during the dry winter season, were the most seriously affected by the three successive years of drought. In 1984 only 17,500 hectares were planted, resulting in a requirement for some 90,000 MT to be imported to satisfy demand. Following the favorable 1984/85 rainy season, plantings have risen to 45,000 hectares which should enable the country to return to virtual self-sufficiency in this commodity for 1985/86.

THE 1984-85 BUDGET

Revenue

Receipts from taxes on incomes, profits, goods and services, duties, fees, and other recurrent sources are expected to rise from Z$1,940 million in 1983-84 to Z$2100 million in 1984-85, an increase of 9.2%. The principal revenue sources (for 1984-85) are individual income tax Z$500 million; sales tax Z$392 million (durable goods rates were reduced from 23% to 20%; general goods from 18% to 15%); company income tax Z$321 million; customs duties Z$312 million; excise duties Z$268 million. (Rates were increased on beer, tobacco products, and aerated beverages to collect revenue previously collected through the sales tax which was reduced by 15%.) Excise duties are expected to bring in 61% more revenue than in the previous year, while individual income tax is projected for a 9% increase and customs duties for an 8% increase. The five categories together provide 85% of total revenue.

Expenditure

Total expenditures in the 1984-85 fiscal year are expected to reach Z$3,389.2 million, an increase of 11% over the actual 1983-84 expenditure of Z$3,052.7 million. Constitutional and Statutory Appropriations make up 24% of estimated spending and total Z$793 million for the current year. The major items under this heading are interest payments of Z$345 million and loan repayments of Z$276 million. Vote appropriations make up Z$2,596 or 76% of the total budget estimate for the current year. A summary of the Budget for the past three years is given below.

GOZ Estimates of Expenditures (Z$ Million) 1/

Appropriations		1982/83	1983/84	1984/85
Constitutional & Statutory		628.3(21.4)	684.3(22.4)	793.3(23.4)
Vote	2307.3(78.6)	2368.4(77.6)	2595.9(76.6)	
		2935.6(100.0)	3052.7(100.0)	3389.2(100.0)
Vote Appropriations				
Education and Culture		408.7(17.7)	502.6(21.2)	456.0(17.6)
Defense	349.2(15.1)	418.0(17.6)	351.5(13.5)	
Finance, Econ. Planning & Dev.2/	133.7 (5.8)	126.0 (5.3)	468.0(18.0)	
Donor Funded Projects		128.8 (5.6)	151.9 (6.4)	204.5 (7.9)
Health	131.6 (5.7)	139.0 (5.9)	131.4 (5.1)	
Home Affairs	104.3 (4.5)	123.0 (5.2)	127.2 (4.9)	
Agriculture	153.8 (6.7)	221.8 (9.4)	225.4 (8.7)	
Other Ministries (24)		897.2(38.9)	686.1(29.0)	631.9(24.3)
2307.3(100 0)	2368.4(100.0)		2595.9(100.0)	

Note: 1/ Proportion of the total are shown in parenthesis.

2/ The 1984/85 Budget estimate includes a new item (Z$326 million), being a provision for the recycling of blocked funds withdrawn from institutions.

The major expenditure votes are Education and Defense, which together account for 30% of the total budget. In absolute terms expenditure by these two ministries are forecast to decrease by 9% and 16% respectively during 1984/85. Donor funding has almost doubled over the three year period and, at Z$204.5 million, accounts for 7.9% of the current budget. MINAG and MRRD have been major beneficiaries of such funding, receiving 35% and 18% of the funds allocated in 1982/83 and 1983/84. In dollar terms the level of funding to these two ministries increased during this period (from Z$16 million to Z$28 million); the proportional decrease was attributable to Transport and Construction (National Housing) which received major funding in the latter year.

The Ministry of Agriculture vote accounts for about 9% of the total vote appropriations, compared to 6.7% three years ago. The 44% jump in the vote in 1982/83 was largely attributable to the unbudgeted increase in direct subsidies. With the persistence of the drought, this drain on the exchequor is expected to continue until 1985/86 when the benefits of the past good season will be felt. During the period under review, support for AGRITEX and DRSS has been maintained and, in the case of AGRITEX, increased from Z$14.7 million in 1982/83 to Z$20 million for the current fiscal year. This subject is discussed more fully under Section II.

Budget Deficit

The difference between revenue and expenditure amounts to an estimated Z$1,289.1 million for the current year, an increase of 39% over the financing requirements of Z$925.8 million in 1983-84. This is to be met as follows:

	Z$ Million
Borrowings and Cash	1,107.2
International Aid	230.0
Loan Recoveries	16.9
	1,354.1
Less: Short Term Loans	65.0
	1,289.1

With the improvement in the world economy and the break in the drought providing a bumper crop, the actual deficit should prove to be smaller than projected.

THE AGRICULTURAL SECTOR

General

Zimbabwe lies between 15 and 23 degrees of latitude and has a semi tropical climate. Frosts occur mainly in the highlands. Rainfall, coming mainly in the summer months, is generally the most limiting factor to production.

Precipitation, which averages 26 inches for the total country, ranges from 16 inches in the south to over 78 inches in the eastern highlands. Year to year variations are large and particularly critical in the southern areas. Based on soil, topography, and rainfall, and type of farming in Zimbabwe's 39 million hectare area is classified as follows:

Natural Region	Largescale Farming Area	Smallholder Areas
	%	%
I	3	1
II	27	8
III	22	17
IV	26	45
V	22	29
	100	100

Source: Zimbabwe Agriculture Sector Study, World Bank, December 28, 1983, P. 3

Classes I and II are suited to crop cultivation while class III is only marginally suited to cultivation.

The agriculture and forestry sector employs over one-third of workers in wage employment, and provides employment for 50-60% of the total labor force. This sector produces a surplus of food in normal years and is a principal supplier of raw materials for the country's manufacturing industry. Agriculture and forestry contribute about 18% of total GDP and 30 to 40% of total export earnings.

The sector is dualistic in nature. Some 4,400 large commercial farms, with 40% of the total land area (about 15 million hectares) and 70% of the best land, account for nearly all the farm wage employment. This sub-sector is well provided with production services and infrastructure. Advanced technology is widely used, and yields per hectare are high. Natural resource conservation priorities are widely followed. Some 800,000 smallholder farmers control 45% of the land area (about 17 million hectares averaging about 22 hectares per family with about three hectares cropped) and produce about 30% of agricultural output.

Farmer Liquidity Problems

Financial liquidity in recent years had become critical for almost all farmers. Production loans currently account for 85% of farmer indebtedness, and, with poor yields caused by 3 years of drought, farmers were forced to borrow heavily. The Government, to help farmers cope, authorized the Agricultural Finance Corporation (AFC) to reschedule loans up to 15 years. Other financial institutions as well have generally adopted a sympathetic attitude toward borrowers, provided there is a prospect of success. All farmers, both traditional and commercial, participated this season in what amounted to a bumper crop year. Consequently, major improvements in liquidity are anticipated by the financial institutions.

IV. INPUTS

The U.S. Zimcord commitment and the CIP and ZASA Program choices were made because the economic situation in Zimbabwe at that time required an approach that could permit transfer and quick draw-down of resources. Both foreign exchange for import of essential production goods and local currency for reconstruction were urgently needed. Much of physical reconstruction has been completed, but the institutional and social reconstruction and development are on-going. The current Balance of Payments and budgetary situation clearly indicate that the CIP and ZASA approach are as appropriate in June 1985 as they were in 1980 or 1982. The detailed macroeconomic analysis included in last year's evaluation remains valid.

On September 23, 1982 the grant under the PAAD was approved for US$45 million, to be obligated over the 3 years, 1982-1984, at US$15 million per year. The grant agreement was signed September 29, 1982. Of this total of US$45 million, approximately US$30 million is to be utilized to generate local currency through a CIP for the purchase of agriculture-related commodities from the U.S. (As of April, 1985, US$28.7 million had been obligated). The US$15 million balance of the grant will be available to meet some of the projected direct foreign exchange costs of the activities related to the constraint areas. Here also proposals specify and justify items or services to be procured. (At the time of this evaluation US$8.2 million remained to be programmed).

Commodity Import financing (CIP) is not in itself a central objective of the program, but was chosen by USAID/Z as the most effective way to obtain local currency and at the same time provide foreign exchange to the agriculture sector. AID's local currency contribution was not intended to be used directly to finance specific projects, but rather to constitute an additional resource to the agriculture budgets of the participating agencies. As it has developed, specific proposals are presented with details on justification and planned use of resources that are similar to a project.

The actual sub-obligation of ZASA funds and the implementation of the programs under the grant have been somewhat delayed. The delay in the program was caused by the initial unavailability of local currency, which is only generated as the CIP component of the program is drawn down, and the slow inauguration of the ZASA Working Group. The program has, however, progressed very well. Sub-obligations now total US$6.8 million of the US$15 million reserved specifically for ZASA and Z$11,964,000. The CIP local currency has approximately Z$18 million available for program use, for which projects have been tentatively identified.

A thorough discussion of the operation of the CIP program can be found in last year's evaluation. Since the procedures have not changed and the Program is to be audited in the last quarter of FY 1985, it was not felt necessary to repeat the analysis.

Based on the needs estimates prepared by the ZASA design team as part of the constraint area review process, the estimated funding requirements to undertake necessary programs in all of the constraint areas are US$100 million. The following table summarizes these requirements:

Cost Summary of Estimated Requirements by Constraint Area

Manpower Training & Development		US$ 18,500,000
University of Zimbabwe	(9,900,000)	
MINAG Colleges and Institutes	(8,600,000)	
Agricultural Extension		8,000,000
Agricultural Research		9,500,000
Cooperatives & Marketing		9,800.000
Credit & Input Supply		18,900,000
Feasibility Studies		2,700,000
Improved Land & Water Use		4,900,000
Contingency		27,000,000
GRAND TOTAL		100,000,000

It should be noted that these estimated needs were generally additional to on-going funding requirements, i.e, they were in addition to existing recurrent budgets. But in most instances, the estimated requirements were based on existing plans and proposals for development.

Using the total of US$100 million as an approximation of amounts needed, it can be seen that the US$45 million proposed under the ZASA Program will provide nearly half of the estimated requirement to undertake the task of strengthening institutions and services aimed at smallholders.

Of the US$45 million which was proposed for allocation to constraint areas under the ZASA Program, it was estimated that US$30 million would be utilized for local currency expenditures and US$15 million in foreign exchange. For ease in programming, it can then be assumed that the incremental split on an annual basis is also 2/3 - 1/3, or US$10 million for local currency and US$5 million for foreign exchange. Due to the improved position of the US$ compared to the Z$ the Program has generated more local currency from the later obligations.

V. OUTPUTS

ZASA ALLOCATIONS

In reality, the outputs of the ZASA Program are those things that will enable the GOZ to successfully implement its overall goal of "growth with equity" and to enable the agricultural support systems to better serve smallholders. The following table summarizes allocations to date and proposals pending. Proposals approved to date meet the established criteria. Proposals pending may go through some adjustment in the approval process. but they also fall within the categories of activities envisaged for ZASA.

ZASA WORKING GROUP APPROVED ALLOCATIONS

Activity	Agency	Amount	
		Z$	US$
Higher Education (AGR)	Faculty of AGR UZ	4,000,000	2,643,950
Extension Communication	AGRITEX	436,000	856,000
S.T. Training Abroad	(General AGR)	-	475,000
Jojoba Feasibility	ARDA	-	80,000
Diploma Training	Chibero College	1,565,000	-
Irrigation Development	MLRRD	2,000,000	-
Cooperative Credit	Coop. Unions/AFC	2,000,000	-
Cooperative Marketing and Supply	Dept. of Coops.	2,000	-
Open Wells Test	Dept. of Water Dev.	50,000	-
Rutenga Mapping	ARDA	502,000	104,000
Small Farmer Research	MINAG	82,000	
Underground Water	MWRD	400,000	
Resource Ext. Ed.	MLRRD	100,000	1,240,000
Forestry Commission	MLRRD	150,000	
Ranching Scheme	ARDA/MINAG	500,000	
Heartwater Research	MINAG		1,100,000
Henderson Res. Stn.	MINAG	76,500	232,000
Animal Wastes Study	MINAG	68,600	12,500
Microfiche Libraries	MINAG/ARDA		13,500
Conservation Strategy	MNRT	32,000	
TOTAL COMMITMENTS		11,964,100	6,756,950
Balance to be Programmed	(I)	18,035,900	8,243,050

To date the emphasis has been placed on manpower training, with over 60% of the funds allocated going to the University of Zimbabwe, Chibero agricultural College and short term training of personnel abroad. While maintaining the support for this constraint area, future projects identified as being suitable for ZASA funding should primarily address the other constraint areas.

SECTOR PERFORMANCE

Efforts Directed at Principal Smallholder Development Constraints

Zimbabwe clearly has made significant progress since work was initiated on the PAAD paper in concentrating its institutional, human, and financial resources on the development of smallholder production.

Last year's Evaluation Team concluded that it was impossible to measure the success of the government programs making use of ZASA funds. The performance of the small scale sector in the last 15 months indicates that the policies and the resultant actions taken by the government to reduce the identified constraints have been successful. The increase in the percentage of maize and cotton produced by the small scale sector are now proof positive of the success of the program. The expansion in the demand for credit by the small scale sector has increased steadily and the demand for inputs, particularly fertilizer, by the small scale sector has increased to the point where this sector buys 25% of the total fertilizer sold in the country. In addition, a recent increase in the pricing of sorghum and millet has resulted in surpluses being produced.

Although it could be argued that the rains were the principal reason for the great increase in output of the agricultural sector, it should also be pointed out that if the inputs, knowhow, credit and infrastructure were not available, the rains would not themselves have increased production in the small scale sector. The comparative experience in many other parts of east and southern Africa would tend to confirm that the policies of the Zimbabwe government are on the right track in identifying and addressing smallholder constraints.

Institutional Capacity

The PAAD paper concluded that the various institutions principally involved in agricultural development had the capacity to effectively exercise their assigned responsibilities, utilizing their budgets and also funds that would be available from ZASA. In the 15 months since the last evaluation, good progress has been made and it is now fair to observe that the ZASA funds are being effectively utilized in a number of instances. A review of the various ministries and institutions involved in agricultural development in Zimbabwe would indicate that these institutions continue to grow in their ability to perform their assigned tasks. More importantly, the staffing patterns have

stabilized in the last year and the various ministries are now in a much stronger position than they were a year ago. Coordination among the various institutions and ministries has increased noticably during the past year, to some extent a result of the fact that there have been no major shifts in organizational structure or in key personnel within the ministries that are responsible for agricultural development. The Evaluation Team concludes that the implementing institutions are growing in strength and continue to have the capacity to effectively exercise their assigned responsibilities.

Measures of Progress

Ten measures of progress were specified in the evaluation section of the PAAD Paper. These measures all emphasized the Government's policy of assigning priority to improvement in the economic status of traditional and other small scale farmers. The Team concluded from its analysis that progress had been made on all but one of the ten measures of progress. The one is "provision of adequate support of rural savings clubs as a mechanism for mobilizing savings for smallholder credit and for channeling loan funds at lower costs through groups to small scale farmers". It is the conclusion of the Evaluation Team that the above measure of progress has been overtaken by events. The availability of credit to the small scale sector has increased dramatically through established mechanisms in a satisfactory manner.

ZASA Implementation Progress

The program agreement was signed on schedule in September 1982. The actual sub-obligation of funds and the implementation of the programs under the grant have been somewhat delayed. This was essentially due to the initial unavailability of local currency, which is only generated as the CIP component of the program is drawn down, and the slow inauguration of the ZASA Working Group, which did not start to function effectively until May 1983. Sub-obligations now total U.S.$8,312,000 and Z$11,964,100. With a 1987 PACD, there should be little difficulty expending the remainding funds.

The ZASA Working group is responsible for allocation of funds and for the administrative coordination of the program. The review team felt that this approach is basically sound. As was pointed out in last year's evaluation, there still appears to be some weakness in its operations largely resulting from lack of secretariat staff, which has caused delays in the commitments of ZASA funds.

The design of the ZASA program and the internal organization of GOZ places the major burden on the implementing organization's ability not only to design and implement programs but also to manage and monitor these programs. Overall monitoring responsibility is vested in MFEPD. The team feels that the Working Group secretariat needs to be reviewed to help the MFEPD function more effectively.

STATUS OF PRINCIPAL IMPLEMENTING AGENCIES

The agencies principally responsible for implementation of the ZASA program are discussed in the following section.

Ministry of Agriculture (MINAG)

The MINAG, established in 1903, plays the leading role in support of agricultural growth and development in both the large-scale commercial and smallholder areas. Central administration of MINAG includes the usual management and support functions, and an Economics and Marketing Branch (EMB). EMB's marketing work is primarily analytical rather than operational. Primary planning as well as implementation responsibility is located in the four principal Departments and Services:

a. Research and Specialist Services (DRSS) - crop, forage and livestock research; production services such as pest management; some regulatory functions;

b. Agriculture Education - which includes two diploma level colleges and four certificate level institutes providing training below university level;

c. Veterinary Services - mainly livestock diseases and pest control; and

d. AGRITEX - agricultural extension.

Each Department and its sub-sections have had long experience in planning, budgeting, implementing, and administering various activities. Extending additional services to the smallholder and settlement areas has imposed increased burdens on the operating divisions. DRSS and AGRITEX are now well staffed with experienced, senior management, and other professional personnel. In the past 15 months DRSS has achieved increased staff stability and most of its new staff now has 15 months more experience compared with 1984. Veterinary Services was well staffed at Independence, and appears to have maintained its staff capability. Agriculture Education was transferred from DRSS and established as a separate branch. It has a much smaller central staff than the three older departments. Most of the education staff is located at the college and institutes.

The MINAG is capable, with existing staff, to plan and implement expanded programs in research, extension, and agriculture training. Our review indicates that it is more settled and probably stronger now than it was 15 months ago after the first evaluation in March 1984.

Ministry of Lands, Resettlement and Rural Development (MLRRD)

At the time the ZASA program was designed, MLRRD had as its major responsibility the very ambitious program of the resettlement of 162,000 families in a three year period of time. In the last three years the Ministry has undergone changes not only in organization and staff but in strategy and program. The resettlement program has been rescheduled, due to shortfalls in funding and problems in respect of planning the resettlement units and moving people. Whilst still an ongoing exercise, the emphasis in recent months has been adjusted to include a number of different undertakings. The most important shift in strategy is a greater emphasis on the requirements of the farmers in the smallholder areas. MLRRD has one of the most difficult and complex tasks in the government, but appears to be making satisfactory progress towards its stated goals. It has developed a pragmatic approach to problem prioritizing and the manner of dealing with them. One of the issues that still needs clarification is the relationship between MLRRD and MINAG concerning the issue of land and water use planning and irrigation. The ability to develop a viable program in such areas as small scale irrigation will be enhanced by a clarification of this administrative issue.

Although MLRRD has not utilized a great quantity of funding from the ZASA program, it has managed funds from other USAID sources. The Department of Cooperative Development, a department of MLRRD, has the overall responsibility for the warehouses and distribution points presently being constructed as part of the CIP program. ZASA funds for cooperative unions (CU) working capital are disbursed by AFC. The Department has expressed concern about the management ability of these CUs to efficiently administer the increasing volume of business generated. As a Department, it is responsible for training cooperative administration personnel. However, understaffing in the middle levels of the Department (of Coop Extension Office and Coop Assistants) undermine the Department's capabilities in this area. This problem is exacerbated by the inexperience of the coop members themselves. As a possible solution to this problem, it has been suggested that firms in the private sector be encouraged to give assistance in the administration of the CUs and to provide training to coop administrators. The AFC concurred with the misgivings expressed and with the proposed method of addressing the problem.

Agricultural and Rural Development Authority (ARDA)

In the three years since the inception of the ZASA program, ARDA has made progress in formulating and clarifying its role in the overall development of the Zimbabwean agricultural sector. ARDA has now taken responsibility for activities in a number of areas. It operates the 16 GOZ owned estates situated in different parts of the country. In addition to the commercially oriented farming operations, assistance is given to smallholder producers adjacent to 8 of the estates. The establishment of an estate has often been the catalyst required to stimulate cash crop production in the region, eg. cotton in the Zambezi Valley and tea in the Pungwe Valley. These estates are also used for research purposes and crop varietal tests.

The other and probably more important aspect of ARDA's responsibilities is rural agricultural planning at the provincial and local project level. Acting as an agent of MLRRD. ARDA has commissioned a number of development studies. With donor assistance, Provincial Planning Units have been established and a number of development projects are now being implemented. ARDA appears to be able to deal adequately with its assigned tasks in the agricultural sector, and most importantly appears to be improving its capability. Staff numbers have stabilized, as well as individuals in different positions, particularly on the operations side. It still needs more trained planners with agricultural economic backgrounds to replace some of the experienced staff that it has lost.

University of Zimbabwe Faculty of Agriculture

The University of Zimbabwe is the other principal implementing agency benefiting from ZASA funding, through the Michigan State/Penn State contract, as well as local currency financing. The Faculty of Agriculture has made excellent progress developing a sound program and strengthening the quality of its staff. The biggest problem facing the Faculty is the fact that they are 30% below their approved staffing levels. If this situation is not corrected, it will be difficult to justify future expansion of the University program in Agriculture utilizing ZASA funding. A major element of the ZASA program is support to the University of Zimbabwe Faculty of Agriculture development, which includes a technical assistance and training component carried out under contract. The professional personnel, with the exception of the livestock specialist, are now in the country.

VI. PURPOSE

PROGRAM OBJECTIVE

Prior to Independence, public sector resource allocations and investments in the agricultural sector were targeted largely on the large scale commercial farming community. The GOZ's "growth with equity" goal redresses this historic agricultural resource and service imbalance. Pre-Independence institutions and programs, which largely ignored the smallholder, are being increasingly reoriented and expanded to encompass all levels of production.

Within this framework, this targeted agricultural sector assistance program sets its objectives of supporting GOZ efforts to implement policies that will improve the economic status of the smallholder. In other words, an increase in smallholder agricultural production, productivity, and on-farm income is sought.

PURPOSE OF THE ZASA PROGRAM

The Zimbabwe Agricultural Sector Assistance Program (ZASA) has a basic objective to support implementation of GOZ policies that will improve the economic status of the smallholder, viz. increase smallholder agricultural productivity and on-farm income. The ZASA program will impact on this process by supporting GOZ programs that provide small-scale farmers with greater access to and use of technologies that will enhance agricultural production and generate greater income.

ZASA makes two assumptions which differ from the traditional USAID Project approach:

(1) that major policy changes are not required but only refinements and resources to enable implementation of adjustments already underway;

(2) that the various Zimbabwe administrative organizations have the capacity to design and implement the projects necessary to obtain the GOZ goal of "growth with equity" in the agricultural sector.

THE ADMINISTRATIVE PROCESS

The overall administrative coordination for ZASA is the responsibility of the "ZASA Working Group". The group is chaired by a representative of MFEPD and is made up of representatives from the Ministry of Agriculture (MINAG), the Ministry of Lands, Resettlement and Rural Development (MLRRD), the University of Zimbabwe, the Ministry of Trade and Commerce (MTC) and USAID. This working group receives proposals and requests for funding from various organizations and ministries and measures these against the criteria for use of program funds as specified in the program agreements. If the working group approves the project and USAID concurs, the project is authorized for implementation by the proposing organization. Expatriate services contracted for come from traditional USAID sources.

The approach of using a controlled resource transfer to offset a financial resource gap to implement programs in the seven constraint areas places the major burden on the capacity of the individual implementing organizations in the various constraint areas. The MFEPD provides the secretariat for the Working Group and has the responsibility to ensure that allocations of ZASA resources are consistent with overall national policy and national directions.

VII. GOALS

The ZASA Program is targeted to expand smallholder production by addressing seven identified constraint areas: agricultural research, extension, agricultural manpower training, credit, marketing and input supply, land and water use, and policy planning.

CONSTRAINTS

1. Agricultural Research

Historically, agricultural research focused largely on commercial farming sector problems, with some spin-off to the smallholder sector. Consequently, there was limited research competence in or research findings on smallholder constraints. Research was seriously lacking into farm power, soils, labor availability, small scale mechanization, traditional crops, potential new crops or cropping systems, smallholder farming systems or the economics of smallholder production. Responding to the new directions has required a near total reorientation of research philosophy, strategy, problem approach, and application.

The new program plan was to continue the on-station research, providing a bare minimum of research support for the commercial farming sector. A new adaptive Farming Systems Resarch (FSR) program was added to cater to and service the needs of the smallholder sector. There was a dramatic shift to smallholder research priorities. Commercial farmers groups have been encouraged to provide for themselves some of their research needs in commercial sector production as an on-going exercise in close co-operation with the government institutions.

2. Agricultural Extension

Within AGRITEX, a strategy has been developed to cater for the differing requirements of the two main agricultural sectors. Commercial farmers possess the management and production competence to implement new technology. Their primary requirements are and will be access to improved technology and technical services, rather than general extension services. They will be serviced by the specialist subject matter personnel, generally on an on-call basis. Smallholders will benefit from specialist and general extension services, expanded training programs, easier access to production inputs and related sources of information.

AGRITEX services were directed to smallholders in the past, but the dramatic policy shift required a comparable shift in extension approach. In addition to the common constraints, extension lacked a comprehensive philosophy and strategy to implement new directions. The most serious immediate constraints were lack of housing and transportation in the traditional areas. The latter are being alleviated through World Bank assistance, while rural communications have improved with the introduction of a high frequency radio network funded by ZASA. The extension/farmer ratio remains nearly unchanged but improved transportation has increased mobility and the area and number of farmers each extension worker can effectively cover. Transportation, housing, intensive in-service training programs, and effective use of farmer agents are vastly expanding extension of technical information to smallholders.

The technical content of the extension package is continually improved, through the application of research findings and feedback from the field. The ARTEX Technical Services Division reorganization and redistribution is resulting in assigning the majority of the technical specialists to the field rather than at headquarters. This will permit more efficient and timely provision of essential technical services to the smallholder areas. The Field Services reorganization has reduced the layers and cost of supervision and administration, and provides more direct feedback among farmers, extension and research.

A high degree of cooperation between research and extension is apparent. These actions somewhat alleviate the human resources and linkage constraints. In addition, agribusinesses and agriculturally orientated NGO's are actively involved in research and extension, which functions in close collaboration with the GOZ services.

3. Agricultural Manpower Training

Following Independence, many experienced personnel departed or retired from Government service, leaving agencies with less qualified replacements. However, the human resources constraint, while still significant, has proven less serious than initially anticipated. A matter of concern is the ability of both government services and training institutions to attract suitable personnel and to retain their present staff. The ZASA fund for short-term training and technical assistance has helped to alleviate this problem. While providing valuable training and experience for the individuals concerned, the programs also show a high degree of relevance to the employer institutions.

The need for further efforts in this field is highlighted by the high rate of turnover at Gwebi Agricultural College, with four principals in two years. At the University, the faculty is still about 30% understaffed at the undergraduate level, a situation which is of concern in the light of the expanded intake and development of post-graduate courses. The policy followed in the GOZ research and extension departments is to improve the efficiency of the existing staff establishment and to maintain a realistic balance between personnel and operating expenses.

Another area of concern is the level of management in the Cooperative Unions (CUs) and the Department of Cooperatives in the MLRRD. Although the CUs have been able to meet their financial commitments there is a need to enhance their business acumen. Within the Department, a void at the middle staffing level prevents them undertaking this management training aspect.

All training institution syllabi have been revised to focus on smallholder development problems and priorities. Linkages among the training institutions and service institutions such as AGRITEX and DRSS have been improved and future developments should continue to strengthen them. The result has been a focus on skills and knowledge appropriate to smallholder agriculture needs, while continuing support for the commercial sector. The number of students accepted at colleges and institutes will, in 1985, be more than double the number in 1982. Further, there has been a major effort to increase the number of female students with an objective of about one third females.

4. Agricultural Credit

Although the project evaluation criteria did not include a measure of progress for this constraint area, this critical issue deserves comment. The AFC has reached the target goals established in the IBRD agreements and by GOZ policy in supplying the needs of smallholder agriculture. Under its Small Farm Credit Scheme, and the Resettlement Credit Scheme, loans to the smallholder sector have risen from Z$7.9 million (21,300 loans) in 1980/81 to Z$56.4 million (96,200 loans) in 1984/85. Computer facilities continue to be upgraded to handle the increasing volume of applications from this sector. Concurrent with this expansion, lending to the commercial sector has been maintained, thus ensuring the operating funds to sustain smallholder operations.

The Cooperative Unions (CUs) are playing a increasing important role in the provision of inputs to smallholder areas against credit buying orders issued by the AFC. With the passage of time, the AFC is looking to the CUs as the retailers of smallholder credit while, on the produce marketing side, they could become agents of the statutory marketing boards (GMB and CMB). The question of input supplies and marketing is discussed below. However, the problem of working capital is pertinent under the credit constraint.

In the past, the CUs have been hamstrung by the lack of working capital to take advantage of early delivery rebates, bulk discounts, etc. offered by suppliers. To redress this, the AFC has stood guarantor for overdraft facilities secured from commercial banks. This is a relatively expensive source of funding (± 17% against the AFCs current lending rate of 13% pa) with a detrimental effect on the CUs operating costs. The demand for overdraft facilities has risen from Z$4 million in 1982 to Z$8 million in 1984. Requirements for the forthcoming season (1985) are estimated to be Z$12.5 million. Except for two CUs, which were a couple of months overdue this past year, all commitments have been cleared by due date.

This constraint area has been partially relieved by the recent injection of ZASA funds (Z$2 million) into a CU revolving credit fund administered by the AFC. Arrangements are in hand to secure the balance (Z$10.5 million), which the AFC has undertaken to guarantee, from commercial banks.

5. Land and Water Use Including Irrigation

Though the evaluation criteria did not indicate a specific measure of progress for this constraint area, the issue of land and water use deserves comment. This is the one area which most needs a clearer focal point for administrative responsibility. The development of smallholder irrigation involves MLRRD at the national level, ARDA at the provincial and local level, the Ministry of Water Resources for resource allocation and MINAG, particularly AGRITEX, for technical input at the irrigation site level. The GOZ should clarify the relationships that each of the various Ministries and organizations have to the overall program, particularly as increased output from the smallholder lands becomes even more important. After examining a number of the constraint areas and the progress that the agricultural sector has made in addressing these concerns, it is clear that the issue of land and water use, including irrigation, will require greater attention in the very near future. Comments about the increased need for research into irrigation and the management of irrigation water were received from numerous parties.

Another area of constraint is the funding arrangements with GOZ. Departmental expenditure is controlled by the transfer of funds from Treasury, with unexpended amounts at the financial year end being returned to the common fund for re-allocation in the next year. By the nature of the work, development of irrigation works is confined to the dry season (March-October). With the GOZ financial year end in June, such work falls within two financial years, with the attendant administrative problems. In addition, delays in releasing funds to the implementing line departments hampers the implementation of projects within the time available.

6. Input Supply and Marketing

The commercial farm sector uses tillage equipment similar to large scale farmers in Europe and the U.S. and also uses high levels of production increasing inputs, such as fertilizer, pesticides, and high yielding varieties. Livestock production is similarly operated on a modern basis with good feed, breed improvement, and pest control systems. The large commercial sector is also well served by a system of public marketing boards and parastatals, which provide an assured market at a guaranteed price, usually at a level which farmer representatives have been very much involved in establishing. Prices are based mainly on estimated costs of production, and incentive levels are considered sufficient to achieve target levels of output.

Smallholder farmers are served by the same price support, marketing and input supply system. Historically, their major problem can be summarized in one word, "access". Transport was insufficient, road systems were poorly

developed and input supply depots and produce buying points were concentrated in large-scale commercial areas. The solution proposed was development of a large network of primary cooperative societies to serve smallholders. In the initial phase 40 warehouses and 400 local sales input/produce assembly points were to be constructed, financed by the AID CIP. As of December 1984, 40 warehouses and 199 local facilities were completed. However, most do not serve both functions as yet. Smallholders are becoming more market oriented, inputs are getting to them and sales are increasing. The total business volume of cooperatives serving smallholder farmers increased from Z$3.3 million in 1978 to Z$23.9 milliom in 1983. Maize and cotton, the two principal smallholder products marketed, are both served by production packages composed of recommended seed, inputs, and guidance. These are available from cooperatives, extension and from many private traders who handle a variety of other farm and consumer goods. Sales of fertilizer to smallholders is now estimated to be about 23% of the total fertilizer sales and, in volume, to be almost triple levels of the mid to late 1970's. About half this volume goes through the cooperative network. An estimated 40% of total maize and 35% of the total cotton is now produced by smallholder farmers. Other cash crops of significance are air cured tobacco, tea and, to a lesser extent, coffee.

Input supplies sometimes are scarce and for some prices are high. This is practicularly true for large equipment which is of concern mainly to large scale farmers. Fertilizers and pesticides are generally more costly than world commercial market prices would suggest. Scarcities do occur in some areas, particularly of machinery spares. Seed is produced locally and supplies generally are adequate and of a high quality.

7. Policy/Planning

Among possible constraint areas identified in the PAAD paper were policy and planning. The ZASA approach was justified in part on the conclusion that Government policies affecting agriculture were basically sound. While the GOZ has recently adopted an austerity budget and reduced budgets in many areas, it has not done so in agriculture, which is recognized as the basis on which the rest of the economy depends. Smallholder areas, where some 900,000 smallscale farmers operate, is now the number one priority. Resettlement, which at best would directly benefit only about 10 to 15% of the farm families, has pragmatically been "stretched out" because of budgetary and other resource constraints. In the sensitive area of food pricing, first priority is given to establishment of adequate price incentives to achieve needed investment and production effort.

Planning is not centralized in a Planning Ministry as is the case in many countries. Planning activities tend to be quite decentralized, with most of the actual development planning carried out at department and sub-division levels in the various ministries and parastatals, while overall policy and economic decision-making rests with the Prime Minister and the Cabinet. The Ministry of Finance, Economic Planning and Development (MFEPD) is primarily concerned with the budgetary process, including insuring that budgets and plans of implementing agencies are consistent with broader policies and established national directions.

The principal concern, at the time the PAAD was prepared, was the number of vacancies at planning levels and the anticipated departure in the near future of many experienced staff officials in key positions. Although the departure of senior officials has not been a serious as expected, they have been replaced by less experienced people. In some cases, people with very limited experience occupy senior positions. The economics section of MINAG is understaffed, as is the Department of Co-operatives. The expanded University of Zimbabwe training programs should enable agencies to overcome these institutional deficiencies before long, although it also suffers from a staffing shortage.

VIII. BENEFICIARIES

The evidence available to the evaluators shows that the ZASA program is fulfilling its stated intention to support GOZ activities to develop the small scale farming sector. GOZ program directions are having beneficial impact, as shown by national statistics. The specific constraint areas for ZASA support are consistent with the findings of household studies.

INDICATORS OF PERFORMANCE

ZASA is designed to support a number of projects and activities which, taken together, are to bring about broad, beneficial change throughout the sector. Since the primary indicator of success is overall sector performance, analysis of benefits and beneficiaries of ZASA support must be more indirect and inferential than the type of beneficiary analysis usually undertaken for projects. Categories benefitting include farmers and their households; individuals in staff positions in a number of government institutions; students and trainees; and others, including small businesses.

The purpose of ZASA is to support the implementation of GOZ policies and programs that provide smallholders with greater access to and use of technologies that will enhance agricultural production and generate greater income. For the purposes of this evaluation, it is important to analyze the extent to which GOZ policies are appropriate to this purpose; the level and nature of GOZ program support to smallholder development; and, to the extent possible to date, the impact of these programs on smallholders.

Evidence elsewhere in this report and in the 1984 evaluation documents the reorientation of policies to meet smallholder needs, in particular the allocation of a greater share of institutional, human and financial resources since the beginning of the Program to the development of smallholder agriculture. This includes agricultural education to meet the needs of smallholders; the increased availability of credit; expansion of marketing and input supply; and agricultural research. ZASA is designed to focus on several areas of constraint inhibiting progress in smallholder production and productivity. The evaluation discusses performance in each of these areas. Criteria for progress toward sound sector objectives and policies, as identified in the PAAD, are noted as being satisfactorily met. Those which bear on discussion of beneficiaries include the level of allocation of GOZ resources; increase in research on crops and crop/livestock systems directed specifically to small scale farm conditions; increased number of intake points for marketing; and addition of sunflowers and millets to the official pricing scheme. Coordination has been noted to be excellent between research, extension and university education. The committee formed by DRSS and AGRITEX to jointly review research and extension bears special note.

Some nationwide program and production statistics can serve as indicators to document progress in meeting the needs of smallholders. The level of credit disbursed and GMB/CMB intake of maize and cotton have been employed as key indicators to measure this success. Similar measures might be cited for increases in volume of fertilizer sales to smallholders.

AFC Agricultural Lendings to Smallscale Farmers

Production Year	No of Clients	Total Value Z$ Million
1980/81	21,300	7.9
1981/82	44,600	14.0
1982/83	46,000	19.2
1983/84	60,800	38.8
1984/85 Est.	96,200	56.4

Deliveries of Cotton & Maize from the Smallholder/Traditional Sector

Harvest Year	Cotton Deliveries		Maize Production and Deliveries		
	'000 MT	% Total Deliveries	Production '000 MT	Deliveries '000 MT	% Total Deliveries
1978	43	27	516	64	7
1979	31	22	455	38	7
1980	33	22	738	86	11
1981	75	43	1054	363	18
1982	49	32	665	369	27
1983	61	36	308	152	25
1984	96	39	466	390	41
1985 Est.	110	37	1771	939	48

Credit to purchase inputs is now available to approximately 10% of the total number of small scale farmers, with a greater concentration in Natural Regions II and III. There was a marked increase in deliveries in 1981, the contributory factors being a cessation of social unrest following Independence, the wide distribution of crop packages to assist with rehabilitation, and ideal growing conditions during the 1980/81 rainy season. Although production, and therefore deliveries were affected by the succession of drought years, production is expected to attain all-high levels following the past favorable season. (The apparant anomaly of the increased maize intake in 1982 is attributed to an imbalance in producer/consumer pricing policies, which have since been rectified.) The reliability of total (maize) production estimates by the small scale sector is dubious, however. This subject is discussed more fully below.

SOCIOECONOMIC DATA ON SMALLHOLDERS

It is possible to assess the likely benefits of ZASA support through a closer examination of the steps taken by the GOZ to analyze specific problems in the constraint areas. Of particular concern are the steps taken to collect and/or use household and community level data, and to design and evaluate programs on the basis of findings. Included here are data on the interrelationships of technology, economy and social organization that are important to farming systems, and on the network of local and supralocal institutions involved in support to farmers. At Independence the data base on smallholders was extremely poor, but that is no longer the case. The last evaluation of ZASA noted the many socio-economic surveys relevant to agricultural programs. In general there has been a positive attitude on the part of the GOZ toward socio-economic studies and their use in planning and evaluating the impact of policies and programs. Work has been undertaken under University auspices, including by the Department of Land Management of the Faculty of Agriculture, as well as by researchers supported by government and by donors. At first, the emphasis was on getting a general understanding of socio-economic conditions, but since then studies have become more focussed.

Household data on smallholder constraints in agriculture has been the responsibility of two programs, Farming Systems Research (FSR) within DRSS, and the Monitoring and Evaluation Unit within AGRITEX. Researchers in each group collaborate both informally and formally with each other, and, taken together, results of these programs provide a sound basis for program design and evaluation.

FSR work began in 1982/83, and from the beginning it has stressed management and socio-economic, as well as technical, constraints to increases in production. Persistent is the concern that since production in the smallholder areas involves multiple linkages (between crops, livestock and off-farm activities), such linkages must be studied. Basic principles are that recommendations be based on on-farm, community and exogenous conditions,

including the definition of target groups within communities; that infrastructural and economic conditions such as market access and input availability must be considered when examining technological options; and that farmers must be consulted regarding the relevance and acceptability of innovations.

By the 1984/85 year there has been much progress in understanding smallholder production systems, using both primary and secondary data, with information on a number of geographic locations and land potential types. Based on this work, critical limiting factors at the level of the household have been described: quantity and quality of land, draft power, labor, cash, market facilities and technical information. To examine ways to increase the efficiency and productivity of smallholder farming systems, research is underway on ways to reduce the labor constraint and increase the efficiency of input use. These include plowing and planting techniques; seed bed preparation; and improved and more cost effective fertilizers and methods of fertilizer use. Much of the research is looking at ways to spread the labor burden by bringing operations forward into the dry season or moving them later into the rainy season. Research is aimed at production of drought tolerant or early maturing crops, which could contribute to food security as well as better nutrition. Another important research area concerns ways to offset falling draft power capacity. Draft availability affects timely land preparation and planting and, ultimately, farmer productivity and income.

Future activities will include greater emphasis on technical data upon which to examine management alternatives for grazing and livestock. There is also to be a greater focus on irrigation and vegetable production, and soil and moisture conservation, including labor-saving techniques for conservation.

Through AGRITEX, research will continue to be conducted on the effectiveness of different extension approaches. Training community "farm extension promoters" and extension through groups is being evaluated, as are programs for training extension workers. Alternative extension approaches, e.g. contact through individuals vs groups, or through women vs men workers, are being compared, as is the agricultural performance of farmers reached under different approaches. AGRITEX is also examining the impact of farmer groups on production. Through regular re-visits to a baseline farmer sample, the Monitoring and Evaluation Unit is able to examine the impact of different agriculture and rural development programs in specific smallholder areas.

Collaboratively with the University and with AGRITEX, FSR plans to undertake a household decision-making study. As part of this, existing socioeconomic information on smallholder household dynamics and local organization will be assembled, based on studies available from various sources. A field study is planned, to focus on household and community decision making concerning crop and livestock management and rights to disposition of outputs, including sex and age distinctions as they affect household decision making. Findings will be used to help plan further program and research directions.

DATA BASE: NEED AND POTENTIAL

The data base on the smallholder is good and improving, and clearly focused on program-relevant factors. There is excellent coordination, usually informal, among those in different agencies involved in data collection and analysis for agricultural development. In the future, however, more formal coordination to assign priorities for data collection would appear to be warranted, if duplication and inefficiencies are to be avoided, perhaps through a committee on the use of socio-economic data for planning. Also, the Evaluation Team found far more in the way of planning studies than (with the notable exception of AGRITEX) impact studies. In the future, program impact studies might be conducted in the key constraint areas, for example to document the impact of improved access to marketing channels.

Ideally, to show actual and expected impact of GOZ programs on smallholders, representative data should be available to indicate improvements in the status of smallholders. Unfortunately, the aggregate statistics, while reliable for marketed production, are less so for data on total production, and for production retained in the household. As a result, there have been noted to be large discrepancies between estimates of total production and likely actual figures. Without figures on the total production and its allocation and use, it is difficult to make firm conclusions about smallholder total production, farm income or well being. (The Zimbabwe National Household Survey Capability Program, underway through the Central Statistical Office, is a national sample survey including a number of modules to cover basic socioeconomic variables and on agriculture and livestock production. As the entire survey is subject to delays and other problems, its utility for planning may be less than anticipated.)

For example, it is known that the high level of maize deliveries in 1983 and 1984 were associated with record levels of maize sales onto the local market by GMB. This is largely explained by urban demand and the geographical locality of the favored production areas (as regards climate) in the north as opposed to the densely populated areas in the more arid southern regions. However, it is also known that considerable quantities of processed maize are returned to the production areas. Better data on the production, distribution and sales of maize and other foods produced by smallholders could assist the GOZ to better understand progress and continuing areas of constraint.

The methods of estimating production currently in use appear to need improvement in order to provide more statistically valid information. The method of using AGRITEX field agents to collect information on production, area under crop and yields, sales and retention, could be built upon and improved. The establishment of some kind of nationwide monitoring or area frame farm household sample might be one way to improve the data base in the future.

Certain topical areas appear to bear further field study. The first is a more precise definition of the status, at present, of the marketing and input supply constraint. Great improvements in this area have been made, and the impact of such improvements would warrant study. Ways to further reduce the problem, including options through organizational channels in addition to the official marketing boards, also warrant close scrutiny. These include further support for rural traders and small agricultural businesses, and support to certain kinds of local farmer organizations. Another area for further study and support is options, in addition to AFC channels, for increasing the supply of credit in rural areas. AFC progress is notable, as discussed elsewhere in this report, but reaches only a minority of farming households. In general, increases in business activity (grinding, bulk storage, input supply, credit provision, transport operation) in rural areas would have spinoffs beyond addressing these basic infrastructural constraints.

IX. SPECIAL COMMENTS

OPERATION OF THE ZASA PROGRAM

To improve the efficiency of the ZASA Working group and to facilitate the movement of ZASA funds, it is recommended that:

a. The operational and administrative capability of the ZASA Working Secretariat be reviewed.

b. Guidelines for preparation and submission of proposals to the ZASA Working Group for its approval be developed.

c. Each Ministry should ensure that their representatives on the ZASA Working Group be fully briefed on any and all proposals their organization is presenting for action.

d. To alleviate the problems encountered in preparing project documents, a fund be established whereby Ministries requiring assistance may call upon the private sector for consultancy support for the design, development and preparation of project proposals.

e. Concentrate on more comprehensive projects, thereby reducing the workload caused by review of many small projects.

FUNCTIONING OF PARTICIPATING AGENCIES

a. At the time of the last evaluation there were a number of activities essential to agricultural development where responsibility needed to be more clearly defined. Discussion with GOZ officials indicated that progress had been made in clarifying these issues. These include land and water use planning, small and medium scale irrigation development and operation, credit to cooperatives, conservation of agricultural resources, and agricultural development in resettlement areas. The Evaluation Team recommends that efforts be continued in this regard.

b. Last year's Evaluation Team recommended that measures be taken to ensure maximum utilization of rural input supply and marketing facilities financed by AID. Discussions with the Director of the Department of Co-operatives and the General Manager of the Grain Marketing Board indicate that joint action is presently being taken. The Evaluation Team recommends further co-ordination be given high priority.

c. It is recommended that continued support be given to the University of Zimbabwe Faculty of Agriculture. However, it is further recommended that it clearly define its goals for the utilization of ZASA funding in line with local manpower needs in the sector. Particular emphasis should be given to prioritizing the demands for graduates from various diciplines.

ZASA CONTRIBUTION TO SMALL SCALE AGRICULTURE SECTOR CONSTRAINT AREAS

In addition to reviewing the broader issues, the Evaluation Team was asked to advise on the future utilization of ZASA funds. The list of projects is by no means exhaustive nor binding, but highlights projects currently being developed which could be appropriate for funding.

a. In order to maintain maximum flexibility in the ZASA Program it is recommended that the seven constraint areas identified in the original PAAD remain the same.

b. Agricultural credit and input supply can both be best strengthened by substantially increasing the funding available to the AFC for on-lending to the cooperative Unions for purchases of input supplies.

c. Marketing could be improved by ZASA support for capital structures in the rural areas as well as possible support for local entrepreneurs who are or could be active in the assembly and processing of produce.

d. Irrigation research has tended to be neglected, and research into both water requirements and methods of application would greatly benefit from ZASA funding.

e. Addressing the identified constraint area of land and water use:

— It is recommended that ZASA funds be committed on a annual basis to the Irrigation Support Fund.

— Support is also recommended for the Department of Natural Resources' Extension Education Program software requirements. (ZASA funding assisted with the procurement of the hardware.)

— Funding is recommended for the expansion of smallholder tea production.

f. Major support from ZASA funding should be continued for agricultural manpower training.

   -- Innovative approaches to staff retention and development in agricultural education, extension and research should be developed. In the field of practical student training, the Farm Pupil Scheme should be funded. It is recommended that endowment funding be utilized for these purposes so as to avoid future recurrent cost problems and to maintain continuity.

   -- Continued support is recommended for a Faculty of Agriculture, University of Zimbabwe Phase II program. However, the evaluation team has reservations about some of the program directions and recommends that an agricultural curriculum study be conducted.

   -- Further support is recommended for Chibero Agricultural College, as well as assisting the sister college at Gwebi.

g. Funding should be made available for Private Sector Managerial Support for the training of Cooperative Union personnel, and other similar activities.

h. Additional funding should be made available for the agricultural short term training fund.

i. A systematic appraisal of local agribusiness and organisations allied to agriculture should be undertaken to identify ways that this valuable source of experience can be utilized in the area of manpower development and technology transfer. Once identified, maximum effort should be given to its utilization.

BUDGET FOR ZASA SUPPORT ACTIVITIES

Proposed Budgets for ZASA I BALANCE and ZASA II are detailed below. These are purely indicative budgets, based on identified projects, to illustrate that the level of funding can be absorbed by the agricultural sector.

ZASA I Balance

Endowment for MINAG and UZ Research and Training Fund	Z$2.000.000
Endowment for Farm Pupil Scheme	Z$4.000.000
Transfer to AFC On-Lending through Cooperative Unions	Z$3.000.000
Irrigation Support Fund (Z$300,000 per year)	Z$ 900.000
Private Sector Training for Cooperative Unions	Z$2.000.000
Chibero College Equipment & Library & Studies	Z$ 500.000
Pungwe Outgrower Tea Project	Z$5.000.000
Studies, Proposal Preparation, etc.	Z$ 500.000
	Z$17.900.000

ZASA II

Agriculture Credit AFC/Co-op Inputs	Z$10.000.000
G.M.B. Capital Development	Z$13.000.000 US$ 2.000.000
MINAG Multi-Purpose Depot Rural Storage & Processing	Z$ 4.000.000 US$ 1.000.000
Irrigation Support Fund	Z$ 2.500.000
Irrigation Research	Z$ 1.500.000 US$ 500.000
Department of Natural Resources Education Program Software	Z$ 4.000.000 US$ 500.000
University of Zimbabwe, Faculty of Agriculture	Z$ 3.500.000 US$ 1.500.000
Gwebi Agricultural College	Z$ 1.000.000 US$ 500.000
Agr. Short Term Travelling	US$ 1.000.000
DRSS Soils Lab	Z$ 500.000 US$ 500.000
	Z$42.000.000 US$ 6.000.000

Utilization of ZASA II CIP Funds - Agriculture Sector

New Tractors - US$3.000.000 per year Spare Parts - US$2.000.000 per year	US$25.000.000
Other	US$ 3.000.000

APPENDIX

EVALUATION METHODOLOGY AND SCOPE OF WORK

The current evaluation was initiated the first week of June 1985 with a team composed of Ms. Susan Mackenzie, provided under contract with PTA Consulting Services Ltd of Harare; Dr. Robert Armstrong, Dr. Robert McCorkle and Dr. Rosalie Fanale of REDSO/ESA; and Mr. David Ngalube of MFEPD of the GOZ.

The team spent four weeks working on the evaluation in Zimbabwe. During the first two weeks, programs and secondary data were reviewed. Public and private development activities were discussed with the ZASA Working Group, the Secretaries, Department Heads, and other Senior Officials of the Ministries of Agriculture and of Lands, Resettlement and Rural Development, AFC, Commercial Farmers Union, Zimbabwe National Farmers Union, ARDA and the University of Zimbabwe. Five days were spent outside Harare visiting GMB facilities at Chigutu, Chibero College, Henderson Research Station, the University of Zimbabwe Farm, smallholder farming areas, and both small scale and large scale commercial farming areas. The conclusions and recommendations of the team were distributed to and discussed with the ZASA Working Group before the team's departure.

The formal evaluation as required in the PAAD was based on the following Scope of Work.

STATEMENT OF WORK

A. BACKGROUND:

The Zimbabwe Agricultural Sector Assistance Program (ZASA) is a controlled resource transfer in the form of budgetary support to the Government of Zimbabwe (GOZ). The program is targeted to meet resource gaps to expand smallholder output in seven constraint areas:

(1) agricultural research
(2) agricultural extension
(3) agricultural credit
(4) marketing and input supply
(5) land and water use
(6) agricultural manpower training, and
(7) policy planning.

Resource allocations are made by an inter-ministerial ZASA Working Group. Actual releases of funds to the GOZ are contingent upon satisfaction of general criteria that program resources: (1) are directed at relieving the identified constraints; (2) have the potential to, or will directly, improve the welfare of Zimbabwean smallholders; (3) are reasonable in terms of the types of activities to be funded; (4) will help meet an identified budgetary shortfall; and (5) will not impose an unacceptable recurrent cost burden.

As a sector program, the primary indicator of success or failure is overall sector performance. As specified in the Program Assistance Approval Document (PAAD), regular reviews to evaluate sector performance are to be conducted and shall specifically: (1) assess the implementing agencies' continuing capability and actual progress in the implementation of GOZ agricultural sector programs; and (2) evaluate GOZ performance towards sound sector objectives and policies. Because the emphasis of the program is on smallholder performance, the reviews must examine GOZ performance in meeting the needs of this group.

B. OBJECTIVE

To provide a recommendation on whether or not the ZASA progrmm should be continued and suggestions on feasible methods of improving program operations. The detailed evaluation criteria are listed below.

C. SCOPE OF WORK

The evaluation shall address five general areas:

1. Overall performance of the sector.

2. Progress of the GOZ toward (as specified in the PAAD):

   a. allocation of a greater share of total GOZ resources to programs which beneficially affect low income smallholders;

   b. reduction and eventual elimination of consumer subsidies resulting from fixed producer and consumer prices;

   c. a land resettlement policy which recognizes availability, competing smallholder assistance requirements, and production export goals;

   d. application of commercial rates of interest in lending to smallholders;

   e. an increase in research on crops and integrated crop/livestock systems directed specifically to traditional/small farm conditions;

   f. extension of price stimuli, now applied to major commercial crops, to some present and new small farm crops;

   g. employment of market news and other innovative measures to extend technical information on production and marketing to smallholders, thus serving a large number of farmers with the number of available extension workers;

h. adequate government support of rural savings clubs as a mechanism for mobilizing rural savings for smallholder credit and for channeling loan funds at lower costs through groups to small-scale farmers;

i. development and adoption of measures to increase cooperation and linkages between research, extension, and university education; and

j. reduction of the costs of essential inputs by substituting lower cost items and more efficient methods of use, thereby easing the elimination of subsidies.

3. Actual and expected impact of GOZ programs on smallholders.

4. Significance and consistency of programs being supported by ZASA provided resources with general project objectives.

5. The continuing capability of the GOZ to plan and implement programs in the agricultural sector.

Utilizing the information on the above items, the evaluation team will be expected to reach conclusions regarding: (a) the performance of the agricultural sector; (b) the performance of the GOZ in the identified areas; (c) the degree to which smallholders are or will benefit from GOZ programs; (d) the appropriateness of ZASA resource use; and (e) overall GOZ planning/implementation capacity. In reaching these conclusions, it will be recognized that movement and progress will vary between areas and between years. Similarly, variation in planning and implementation capacity between government organizations will be expected.

The conclusions should lead to an overall recommendation on whether or not additional resources should be provided to the ZASA program. The team should also identify areas where program operations can be improved and provide reasonable suggestions on how any suggested changes might be implemented.

D. REQUIRED REPORTS

The evaluation team will provide a report complete with recommendations. The report must cover each item identified in the scope of work (C. above) and justify the overall conclusion(s). The report must be provided in final prior to departure of the consultants from Zimbabwe.

In carrying out the assigned scope of work and providing other outputs, the team considered several analytical tasks essential. These included:

- Review of the current agricultural sector performance.

- Review of ZASA funded projects to determine the progress made to date to meet resource gaps to expand smallholder output.

- Appraise the current appropriateness of the seven priority constraints cited in the PAAD paper.

- Appraise the ZASA program by applying criteria for measurement of progress.

- Analyze the institutional capacity to perform as anticipated in support of the ZASA Program as specifically requested by USAID/Harare.

- Anticipate the results of a "successful ZASA Program", keeping in mind that some of these results might have negative/undesireable impacts in the future.

- Make recommendations on future program operations and allocations of resources that should be anticipated.