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THE ST. VINCENT INTEGRATED MANAGEMENT

PRODUCTION AND MARKETING PROJECT

AID PROJECT NO. 538-0147

By

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EXECUTIVE SUMMARY

The Organization for Rural Development (ORD) is a private sector rural development agency founded in 1978 by small farmers as a result of their felt need for an island-wide program for themselves and their families. Amongst the early thinkers was Jethro Greene, a far-sighted, dynamic and articulate school teacher/farmer, who was chosen as leader of the group. He eventually became the Head of the organization with the title of Chief Coordinator, and he still holds this position.

With the assistance of financing obtained from aid donor organizations, ORD gained recognition as a social welfare agency and began taking a few tentative steps toward providing some very modest crop production and marketing facilities, firstly for its members and secondly for the rural small-farming community in general.

USAID staff in the Eastern Caribbean recognized the uniqueness of this small-farmer movement and its substantial potential for putting into place and managing systems of marketing and agricultural production with the capacity to substantially improve the financial well-being of the rural farmer and his family. Accordingly, in July of 1985, through the Pan American Development Foundation (PADF), USAID funded a project (AID Project No. 538-0147) to put in place ORD management and agricultural marketing and production systems designed to achieve, over a period of 5 years, the potential just described. The project life was subsequently reduced to 3 1/2 years with total expenditure remaining unchanged.

In May of 1988 two external consultants, one in the field of administration and the other in the field of agricultural marketing and production, were appointed as a team for the final evaluation of the Project. Their main findings are summarized as follows:

The Project achieved many of the outputs expected from the input activities intended to strengthen the management of ORD. The Organisation has in place, and has substantially institutionalized, all of the management systems essential for effective operation at the expected future level. Financial reporting, membership records, sales and production data, and other useful information flows regularly. Regarding agricultural marketing and production systems, adequate funding, time and implementation will substantially increase the volume and value of produce grown and marketed by farmers served by ORD.

Major management deficiencies stem from failure to collate information and use it effectively to manage and control operations. The absence of experienced managers with appropriate responsibility and authority compounds planning and control problems, because of inadequate direction and supervision of operations. ORD progress has nevertheless been very satisfactory, given pre-project lack of experience, the inherent risks of agriculture, and the difficulties of entering the commercial world. ORD continues to view itself primarily

as a service organization, which has hampered acceptance of some of the more rigorous controls and concerns necessary for business success.

ORD deals effectively with suppliers, customers and banks. Despite reservations about ORD goals exceeding financial and implementation capacities, private and public agencies interviewed regarded the organization quite favorably. Despite early difficulties in the relationship, ORD and the Ministry of Trade, Industry and Agriculture now co-exist in reasonable harmony. The Ministry should do more for ORD and the private organization should be more conciliatory in dealing with it.

Unrealistic initial projections, and compression of the five-year Project into 3 1/2 years, have left ORD with a financial gap that threatens maintenance of current operations. A USAID bridge grant, with declining monthly disbursements, would ease transition to self-sufficiency, if ORD uses the time for more systematic fund-raising, improved management of operations, and more realistic planning.

The Project experience emphasizes the need for similar projects to:

- a) acknowledge that building a profitable business operation, especially with an inexperienced, service-oriented group, inevitably takes longer than assisting agencies anticipate;
- b) underestimate income and overestimate costs, to provide a safety margin and avoid unrealistic income assessment of financial needs;
- c) initiate and enforce desired financial controls from project initiation;
- d) insist that a chief of operations or general manager be in place from the beginning;
- e) include commercially-oriented decision-making as a key aspect of training and technical assistance; and
- f) provide readily quantifiable benchmarks against which to measure progress.

ORD now needs to separate the financing and management of its commercial operations from its social welfare tasks and to substantially expand and carefully monitor its marketing and production service to small farmers. It should select a very few - preferably two - crops which have the greatest potential for the small-farmer sector and concentrate on the development and on-going refinement of the marketing and production processes for these crops. Production of large farms should be included, when required to provide volume and viability.

The Project concept remains sound and ORD is well on the way to combining service and business into a self-supporting institution that will benefit small farmers substantially. Continued transitional core financial support, strengthening of the management team, and further training in business planning and decision-making will accelerate the process.

INTRODUCTION

This document constitutes a final evaluation of the St. Vincent Integrated Management Production and Marketing Project funded by the United States Agency for International Development (USAID) through the Pan American Development Foundation (PADF).

Funding in the amount of US\$1.5 million was authorized for disbursement in July of 1985, to which was to be added the sum of US\$508,428 as counterpart contribution by the recipient agency known as the Organisation for Rural Development (ORD), PADF, the Hershey Foods Corporation and CARDI, collaborators in the St. Vincent Integrated Management Production and Marketing Project, USAID project number 538-0147.

The total LOP funding of \$2,008,428, including counterpart funding, was originally intended for expenditure over the five-year period from July 1, 1985 to June 30, 1990. Through Amendment number three, signed by representatives of USAID and the Pan American Development Foundation on October 29, 1987 and November 5, 1987 respectively, the completion date of the project was shortened from June 30, 1990 to December 31, 1988, thus reducing the length of life of the project from 5 to 3 1/2 years while allowing for the full quantum of project funding to be disbursed during the shortened period. The originally stated goals of the project remained the same. Little weight seems to have been given at that time to the fact that the substantial shortening of project life would make it difficult for the projected project benefits to be fully obtained in the shortened period and would also lead to a reduction in the counterpart financial input to be made.

By letters of May 3, 1988, two external consultants Messrs Jim Pines and Coleridge Pilgrim were appointed as Management Specialist and Agricultural Marketing and Production Specialist respectively, to constitute a team for conducting a final evaluation of the project. The evaluation was to be completed within a total of 36 man-days and commenced on Monday May 9, 1988.

HISTORICAL

The Organisation for Rural Development (ORD) is situated in the Caribbean island of St. Vincent, and performs functions which stimulate and assist in the development of the small-scale rural farmers and their families in that territory. ORD is a private non-profit organization established under the laws of St. Vincent in 1978. It has no political affiliation or aspiration. It originated out of the felt needs of rural small farmers and their families in St. Vincent for increased and more personalized assistance in overcoming the chronic disabilities of low incomes and the attendant problems of health, nutrition, housing and family life with which these families were faced.

The concept of an organization for addressing these problems originated in 1976 and a voluntary organization was soon established embracing small farmers on both the windward and leeward coasts of St. Vincent. By 1978 ORD had been established by small farmers for the purpose of assisting the Government of St. Vincent in its efforts to raise the levels of rural living. It launched programs in the areas of family health, nutrition, family planning, small-animal husbandry, back-yard gardening and community leadership. Other areas such as farm management, soil testing and providing credit for small farmers were later added. ORD expanded its operations with the help of substantial financial assistance from various international organizations.

By 1985, ORD was providing its services to small farmers (5 acres or less) through a staff consisting of 12 full-time paid workers assisted by 15 part-time voluntary workers. Farmers who joined the organization paid an annual membership fee of EC\$12 (\$1.00 per month) and received priority attention, but the organization also assisted any other farmers or farm families requesting such help as ORD could provide. Until 1985, ORD had done little direct processing or marketing of crops, though the need to help small farmers with these activities had become increasingly clear.

EVALUATION METHODOLOGY

The project was designed and funded for the purpose of (1) increasing the productivity and income of farmers in St. Vincent by providing marketing and production support to enable them to increase the quantity and quality of their agricultural produce; and (2) improving ORD's support services by increasing technical skills and introducing more effective management.

Prior to project implementation, no quantitative benchmarks were established against which the degree of success in project implementation in the areas of agricultural production and marketing could be measured. Some time has therefore been spent in identifying benchmarks wherever possible, as a basis for providing measurement of project progress. Attachments i and ii of the project Grant Agreement of June 27, 1985 do however list the inputs of staff, materials, equipment and funding through which the proposed improvements to ORD and its farming members were to be achieved. These attachments also set out, in mainly qualitative terms, the benefits to be derived from these inputs.

The evaluation therefore first lists the main components of (a) the inputs and (b) the expected project outputs, as contained in the Grant Agreement of June 27, 1985 with its subsequent amendments. An attempt was then made to determine and record the degree of success achieved in obtaining timely placement of the inputs and in deriving the expected outputs.

In pursuing this approach, the evaluation team completed the following program:

1. A review of project documents and files at PADF/Washington, USAID RDO/C in Barbados, and at ORD in St. Vincent.
2. In-country discussions with Mr. Jim Heinzen of PADF/Washington, Ms. Rebecca Niec of USAID RDO/C, and senior staff of ORD.
3. Subsequent discussions with ORD Head-Office Staff, PADF Consultants and with Senior representatives of organizations involved in or having influence on the implementation of the project (see Attachment ii).
4. Visits to ORD farmers, farm families, supply outlets and collection, storage and packing facilities (Attachment ii).
5. Collection, collation and interpretation of pre-project and with-project data, where feasible.

Project Inputs

Project manpower inputs consisted mainly of four (4) senior expatriate consultants (two long-term and two short-term), two (2) senior local ORD project staff members and eleven (11) junior ORD staff members. Further information showing increases in the senior staff is

given in Attachments iii and iv. Coupled with these inputs was the infusion of US\$1.5 million for the purpose of paying staff salaries and perquisites, purchasing supplies and equipment, and defraying in part the cost of utilizing this additional staff and equipment.

For purposes of project evaluation, the results emanating from the use of the project inputs have been divided into the two main categories of (1) Agricultural Production and Marketing, and (2) Management, and one member of the two-man evaluation team has been assigned to each category. It must be emphasized however that improvement in agricultural production and marketing is dependent on, and arises out of, improvement in the overall management of the ORD complex.

AGRICULTURAL MARKETING AND PRODUCTION

In evaluating the effects which the project has had on agricultural marketing and production it must first be noted that ORD, to date, has been able to exercise very little effect on the overall production and marketing of agricultural produce in St. Vincent as a whole. For example, in 1986, out of the total domestic agricultural exports of some 101.5 million kilos of produce valued at 139 million EC dollars, ORD collected and exported only 0.083 million kilos valued at 0.064 million EC dollars. With a somewhat increased collection and export figure of 0.099 million kilos valued at 0.174 million EC dollars in 1987, the situation has improved to some small degree for ORD farmers, but the effect on overall island production and export remains minimal.

ORD's influence on agriculture in the present and the immediate future must be gauged instead by the degree to which it has put in place systems of management, production and marketing which, with time, adequate funding and proper implementation, will result in a substantial increase in the volume and value of produce grown and marketed by the 830 "financial" or fee-paying member small farmers and other non-member small farmers (5 acres or less) whom ORD now serves. Then, because of its success, ORD may later extend assistance to the majority of small farmers in St. Vincent.

The project originally envisaged a requirement of 5 years of implementation before the full effects of the improvement generated by the USAID/PADF infusion of financial and technical assistance would produce the desired results. Now, after only three of the five years have elapsed, it is unrealistic to expect that the anticipated benefits would already have accrued to the extent originally conceived and funded, especially given the fact that the systems now in place required some time to be devised and put into effect.

Project Outputs

The attachments to the Grant Agreement of June 27, 1985 on AID project No. 538-0140, which is the subject of this evaluation, list some 17 major beneficial outputs which were expected to emanate from the implementation of the project. These are grouped in the text into:

- 1) outputs expected by the end of the second project year; and,
- 2) outputs expected by the time of project completion, which was then expected to be 5 years after the commencement of project implementation.

These expected outputs are stated in the text somewhat as follows:

Outputs Expected by End of Project Year 2

1. A full transfer of management skills and techniques from expatriate project staff to local staff - Expatriate team to be withdrawn.
2. Functions of Project Co-ordinator vis a vis Chief Co-ordinator to be established.
3. ORD to be operating in a commercially businesslike manner - Government and Multilateral agencies to be comfortable with ORD.
4. ORD's Agriculture, Supplies and Finance Division Chief (or chiefs) to have well established and well defined accounting and management systems institutionalized.
5. The field support system to have trained enough staff and farmers to ensure that improved agricultural production and marketing methods will continue to be used.

Outputs Expected by Project Completion

6. No outside management assistance required by ORD.
7. Substantial self-generated income will support salaries and marketing operations and also operate the loan fund - ORD to pay all costs of operation in year 5.
8. ORD income to come from 3% to 5% fees on value of produce marketed.
9. ORD Tractor operating costs to be borne by farmers served.
10. ORD to have capacity to help advise farmers on annual crop selection storage and processing options for reliable domestic and export market opportunities.
11. Market demand to dictate shipping and seasonal growing patterns for vegetable produce.
12. Annual value and volume of crops produced and marketed by Vincentian farmers to have increased significantly over pre-project levels.
13. Farmers to have access to the technology and the required inputs to sustain increased levels of productivity.
14. Cocoa - 200 acres of improved cocoa re-established
100 acres of new cocoa planted.
15. Cocoa - Sales to established overseas market showing farmers the potential high dollar earnings from this crop.

16. Cocoa - Added income being obtained from improved processing methods.

17. Cocoa - Continuing hybrid plantings and improved farm management to give tenfold increase in production over next 10 to 15 years.

With the shortening of the project implementation period from 5 to 3 1/2 years, it is not clear to what degree the benefits which were to occur initially over a period of 5 years are now expected to have been gained in the shorter period. In the absence of any statement to the contrary, however, it is assumed that anticipated project benefits have remained unchanged.

Arising out of information gathered and impressions gained during the course of the evaluation, the agricultural marketing and production specialist discusses those agriculture-related output targets which fall under his purview as follows:

The field support system to have trained enough staff and farmers to ensure that improved agricultural production and marketing methods will continue to be used (Output objective 5) - It is understood that before commencement of the project implementation, ORD was not in the business of marketing produce. Through the project, ORD staff members have been exposed to training both at home and abroad in the production and marketing of the major crops selected by ORD, and in cocoa production, through the field support system. A further period of time will have to elapse before it can be said with any degree of certainty that the improved methods will continue to be used or that their use will result in the desired levels of production and volumes of crops marketed, as actual production and marketing has consistently fallen far short of ORD projections.

Substantial self-generated income will enable ORD to become financially self-sufficient by project year 5 (Output objective 7) - No evidence has been found to suggest that ORD will either now or in the near future generate sufficient income to make itself financially self sufficient.

Firstly, even with an ostensibly sound production and marketing system already in place, ORD has found it impossible to obtain delivery of more than a small fraction of the volumes of crops which have been projected by the organization both in the submission which was incorporated in the project proposal and subsequently in its annual budgets. Consultant Jacqueline Smucker found that the total amount of produce marketed in project year 1 was approximately 5% of the originally projected volume and only 7% of ORD's revised projection for that year. No evidence has been provided to the evaluation team to suggest that there has been any improvement in that figure.

Secondly, an intake by ORD of 5% of the value of produce marketed, the maximum percentage suggested in the project document, could only

provide a small fraction of the funding required to make ORD financially self-sufficient. In 1986 ORD exported produce to the value of EC\$64,139 while exports for 1987 were valued at \$173,764. Five percent of these sums total only EC\$3,207 and \$8,688 respectively.

Thirdly, although a marketing system is now in place as a result of project funding, and can be made to function, the present quantum of packing house facilities, equipment, rolling stock and staff would be hard pressed to process, pack, transport and ship more than five hundred thousand (500,000) pounds of produce in any one year, bearing in mind the many other areas of endeavour in which ORD is engaged. In 1987 the Caribbean Agricultural Trading Company (CATCO) offered ORD a contract to supply 1 million pounds of ginger. ORD managed to supply only 129,000 pounds. If all of ORD's facilities were concentrated on the production and marketing of not more than two different crops such as ginger and turmeric which have a high potential for export in large volume it is possible that, with substantial effort, ORD might be able, with its present staffing and facilities, to move between 2.0 and 3.5 million pounds of produce. This would however require a complete rethinking of the role which the organization should play.

Finally, it is evident that ORD's estimates of anticipated sales have consistently been overly optimistic, and have been based on available market outlets rather than on capacity to perform.

ORD income to come from fees of 3% to 5% on value of produce marketed (Output objective 8) - This proposition has already been addressed in the previous paragraphs. Project funding has enabled ORD to move into the areas of crop production and marketing, but ORD cannot become financially self-sufficient on the fees which it can collect from this exercise at present.

ORD to have the capacity to help advise farmers on annual crop selection, storage and processing options (Output objective 10) - This project goal has been achieved in that the capacity to advise is present. The almost personalized extension service envisaged by ORD for its member farmers, and which the Ministry of Agriculture applauds as a good approach, and one that the Ministry itself cannot emulate, is now being developed.

Market demand will dictate shipping and seasonal growing patterns for vegetable produce (Output objective 11) - This is sound as a general principle. Its application in the ORD situation is, however, somewhat obscure. Seasonal growing patterns amongst ORD farmers are not at present being dictated by market demand, in that the ORD complex has not so far been able to react adequately to the demand. For example, CATCO has by letter of March 9, 1988, confirmed its willingness to purchase from ORD over 10 million pounds of 6 different crops. ORD has however projected production of 1.047 million pounds of some 10 different crops over that same period of time, in spite of the fact that CATCO has also stated that "the full marketing and technical

assistance resources of CATCO will be available to assist you with your plans for expansion, and, as discussed, we will continue to work with you to source additional financial and technical support for your growers".

The situation is therefore one in which the present market demand is far in excess of ORD's present ability to stimulate adequate production and/or to market that required production. Annual value and volume of crops produced and marketed by Vincentian farmers will have increased significantly over pre-project levels (Output objective 12) - This anticipated project output which apparently emanated from the original project proposal prepared by ORD, completely overlooks the fact that ORD at present only exercises its full influence over minor crops grown by a relatively small percentage of Vincentian farmers on very small acreages of land. ORD may have the potential for developing into an organization which controls production on large acreages of land. It should be noted, however, that the 1988 crop projections, as given to the evaluating team by ORD, envisage the cultivation of only 204.5 acres of land.

This statement of proposed project output also confuses all Vincentian farmers with farmers growing crops for marketing through ORD. Indeed the statement is a good example of the type of rather imprecise and rhetorical writing which is seen so often in the project proposal which was originally prepared by ORD and which states proposed action and/or results in terms which do not permit accurate quantification or evaluation.

Farmers will have access to the technology and the required inputs to sustain increased levels of productivity (Output objective 13) - This anticipated project output is stated somewhat like the previous one in that it defies accurate measurement. Most certainly, however, those farmers who are members of ORD, or for whom ORD permits some of the benefits derived from membership, should increase their production with respect to those crops which ORD promotes and markets.

The Cocoa development proposal (Output objectives 14-17) - Of the 200 acres of cocoa which were to be re-established and the 100 acres of new cocoa which was to be planted over a period of 5 years, only some 8,902 plants or the equivalent of approximately 20 acres of pure stand cocoa have been planted out on the holdings of 57 farmers.

It is unlikely that further plantings will be made in the near future because of a disagreement which arose between ORD management and the Chief Agricultural Officer of the Ministry of Agriculture. Their lack of accord resulted in the loss of 20,000 of the 30,000 hybrid cocoa seeds imported for germination and sale as seedlings.

The cocoa project is one on which ORD has made a very commendable effort. However, the Chief Agricultural Officer of the Ministry of Agriculture reacted unfavourably to what he considered to be a high-handed approach by ORD to the matter of importing cocoa planting

material at a time when the Ministry was not advocating development of the industry. As a result, the first and last of the 3 batches of 10,000 cocoa seeds each, which were imported, were delayed in Customs for a sufficiently long period to cause 100% spoilage.

The plants which have survived from the second importation of seed are in general growing well. ORD is hopeful that the impetus being given to cocoa production through the on-going Windward Islands project will eventually result in a continuation of the ORD project. However, ORD should reduce friction with the Ministry of Agriculture and at the same time improve its own short-term cash flow by concentrating on short-term cash crops and leaving cocoa expansion to the Ministry of Agriculture.

The Marketing Production Fund - Lending by ORD to its farmer members under this fund, for the purchase of agricultural inputs such as fertilizer, pesticides and fungicides, is at the rate of 1% per month on the outstanding balance of any loan. Full repayment is normally expected at the time of sale of the crop for which the purchased inputs were utilized.

There is an elaborate system in place with adequate documentation for the lending and recovery of those funds on a crop basis. Local farmer loans committees superintend the lending in their respective areas. This includes the taking of appropriate action on overdue loan repayments. Each borrower has to make a downpayment of 25% of the value of the inputs for which he requires the loan and the maximum total of the loan or loans to any one farmer at any one point in time is at present fixed at 600 EC dollars. Loans are given in kind and not in cash.

At present, there is a sum of EC\$116,804 tied up in outstanding loans which have passed the deadline for repayment. ORD management points out that loss of loan funds and delinquency in repayment have been caused mainly by crop spoilage, loss of markets and bad weather conditions including storms. Although there is provision for the re-scheduling of bad debts, this option has not yet been utilized, mainly because the ORD field workers are not yet fully trained in the required techniques. However, first and second warnings to delinquent farmers, along with field visits by the ORD field workers, are being tried as a means of loan recovery before proceeding further.

It has not been possible to obtain the data on this fund for analysis by product (crop) as requested under the scope of work of the Agricultural Marketing and Production Specialist. Nine ORD farmers stores which also double as loan distribution centres have been established (see Attachment v) and the raw data on these transactions are being recorded and submitted to the Head Office. However, collation and computerization of this data have not yet commenced, and ORD was unable to provide the information required on the form prepared by the specialist (Attachment vi).

The request of the specialist has stimulated commencement of work on the raw data and ORD is hopeful of providing the required information in another three weeks.

Overall Effect of Project on Vincentian Farmers - The first result of project inputs has been a broadening of the scope of ORD's work amongst small farmers, and the development of a more coordinated, better directed and more intensified approach to ORD's overall objective of stimulating small-farmer production, marketing the major crops produced, and otherwise catering to the welfare of the rural farmers involved. The effects of the new thrust are only just beginning to be felt in rural St. Vincent.

The setting up of the nine farm input distribution centres or farmers stores has certainly given a new impetus to the 830 ORD farmers and the approximately 400 other farmers who purchase from the stores. The availability of credit to ORD farmers has also stimulated increased production, and the farmers interviewed have been loud in their praise of the facilities being offered.

However, in the absence of quantitative benchmarks, and remembering that the actual functioning of the data gathering system installed by ORD is only just commencing, it is not possible at this point in time to put a satisfactory quantitative label on this general impression of overall improvement.

It must also be remembered that the 830 ORD farmer members and those other small farmers benefitting from the ORD program are still only a fraction of the total number of small farmers in St. Vincent. Estimates vary from 4,000 to 10,000 and Government sources claim, in the absence of any hard statistical data, that there are "well over 4,000" small farmers. Further, the annual volume and value of agricultural produce marketed by ORD to date has already been shown to be insignificant when taken in the context of the total Vincentian output.

Nevertheless, the overall ORD program is generally acknowledged in both Government and private sector circles on the island to be sound and breaking new ground, and deserving of further development. This recognition has been earned by ORD in spite of the fact that the real impact of the project on the farming sector is still in the future.

General Considerations

The detailed examination of the degree to which the anticipated project outputs have been achieved has led to the following conclusions and recommendations.

General Benefits From Project Funding - In general the funding provided by the project has enabled ORD to move from the position of being a very small organization engaged mainly in matters of social welfare to

one in which it has commenced to grapple with the problems associated with its new task of identifying markets for its members, stimulating them to produce for those markets, and providing the marketing channel through which their produce moves from the farm to the local wholesaler and the overseas shipping agent. The provision of the additional local staff positions within the organization, coupled with the provision of the expatriate specialists in the fields of administration and agricultural production and marketing, has enabled the development of administrative procedures, and a coordinated system of agricultural production and marketing, which are well documented and for which the relevant forms for the accounting and checking procedures are in place. Staff and farmers have been and are still being given training in their use.

There is however much to be desired in the actual working of the new systems and the goal of financial self-sufficiency for ORD is still far off. In spite of the presence of the staff and the systems, the required information which they should provide is not yet available and the action which they should engender is not yet taking place. A part of the problem may well be that, in reducing the length of the project from 5 to 3 1/2 years, systems have been hastily put in place, staff is still not fully trained, and more time is required in order to let the organization settle into the new routine and produce the desired results.

For this reason if for no other, it would be wise for PADF/USAID to provide funding for the process to continue for at least the extra two years as had originally been planned, while keeping a close watch on the performance of ORD during that period.

Commercial vs. Non-Commercial Activities - There should be a separation of the commercial and non-commercial activities of ORD, with an appropriate accounting system which monitors inputs and returns, especially with respect to the commercial activities on which ORD will eventually have to depend for its financing. The system should be so structured that each crop or livestock or other commercial enterprise is monitored as a separate entity, and it should enable measurement of viability indices such as break-even volumes and prices, as well as the cost of each step in the marketing process.

All future ORD project proposals, and indeed all major ORD activities which require funding, should have built into them adequate quantitative benchmarks for the monitoring of progress.

Arriving at Projections - Methods of arriving at projections of yields should be refined to the point where they provide realistic figures and do not lead to the enormous discrepancies between projection and performance which is now evident within the organization.

The Need For Crop Specialization - ORD should realize that it cannot be all things to all farmers and still attain the financial viability so necessary to its continuing existence and the welfare of its farmer

members. As a start and especially at this point in time, ORD should concentrate on the development of the production and marketing of just a few - perhaps two - crops and cease utilizing scarce resources on crops of minor importance with their time and money wasting problems of low volume and low value.

Volume Marketing And The Grading/Storage/Packaging Problem - It is evident that if ORD is to market even the volume of produce which overseas buyers and regional and local marketing groups such as CATCO and East Caribbean Agency Limited have been requesting, it will have to improve its performance in the areas of stimulating the appropriate crop production and managing the local marketing process. CATCO alone has ordered some 10 million pounds of produce for delivery in 1988-89 and an order of this magnitude is not unrealistically large when one considers that exports of just the two root crops, eddoes and dasheen from St. Vincent in 1986 totalled some 46 million pounds.

Crucial to ORD's achieving a volume of exports which will permit it to become financially self-supporting in its commercial projects will be the provision of at least one centrally located grading, packing and storage facility. It is understood that plans are far advanced for the erection of such a facility at Peniston in the Buccament Valley some 7 miles from the capital and seaport town of Kingstown. This facility would be much better placed in Kingstown as near to the docks as possible. It is understood that suitable warehouse space may well be available there. The Ministry of Agriculture might be able to help in this matter.

Failing a Kingstown site, a second choice would be the Arnos Vale area adjacent to the Airport and much nearer to Kingstown than is Peniston. Here again the shell of a suitable building may be available.

Following on this first central facility, and bearing in mind the required growth in the ORD marketing enterprise, it may well become necessary to have a subsidiary collection and grading centre on the Windward (Eastern) side of the island, possibly in the Georgetown area.

The Moving Of Produce From Farm Gate To Shipping Point - At present ORD collects all produce at the farm gate and transports this produce to the point of shipment using its own vehicles. This is possible because of the small quantities now being handled, although it is most certainly uneconomical bearing in mind the scattered and inaccessible sites on which small farmers plant their crops and also the very small volumes often moved.

As the ORD program gains momentum it will be necessary to find other methods of moving produce which do not involve the use of vehicles owned and operated by ORD. The systems of crop transportation now used by the major crops Associations such as the St. Vincent Banana Growers Association and the St. Vincent Arrowroot Association should therefore be examined by ORD with a view to their possible use in their

present or modified forms as and when the volume of produce to be moved by ORD reaches satisfactory proportions.

The Possibility of Government Financial Assistance - The St. Vincent Ministry of Agriculture has stated at Ministerial, Permanent Secretary, Agricultural Economist and Chief Technical Officer levels that ORD is performing a very useful development and welfare function for small which the Ministry itself is unable to perform. The Ministry has also stated that the ORD program for production and marketing complements and enhances that of the Ministry itself.

ORD on the other hand finds itself in a situation in which it has to be constantly seeking and obtaining outside financial assistance in order to maintain its central office and core staff, and the ever present need to avert the collapse of the central administration often diverts the attention of the Chief Coordinator and his senior staff from the main task of assisting rural small farmers.

It would be of considerable assistance to ORD, and especially so at this point in its development, if the Government of St. Vincent would find it possible to include in its annual estimates of expenditure a subvention to assist ORD in the cost of running its central administration without Government interfering in the running of the organization; thus giving ORD more time to concentrate on the funding and execution of its commercial operation and its welfare activities. St. Vincent could here follow the example set by its sister island Barbados in the assistance given to the Barbados Agricultural Society.

ORD MANAGEMENT

Assessment of progress and current status of ORD management requires distinguishing the installation of management systems from their operation and from the use of information generated by them. The Project helped ORD acquire a management structure, appropriate policies and procedures, financial and other reporting systems (e.g., inventory, membership), and other requisites for adequate management of the institution as it is now and is likely to be.

An examination of the ORD staff organizational charts of 1983 and 1987, as shown in Attachments iii and iv, along with the job descriptions developed for the various posts and the accompanying written management systems, indicates that the increase in staff and the restructuring of this staff made possible with project funding has enabled ORD to put in place a much more sophisticated and relevant structure to deal with its accounting and management. The system and the forms are in place. The difficulties which seem to have been experienced by staff in providing information for use by the evaluation team would however indicate that the system is not yet in full use or that its use has only recently commenced. It is possible that the shortening of the project implementation period from 5 to 3 1/2 years may have had a negative effect on the institutionalization of this project output before the date of project completion, as at this point in time only 3 of the originally proposed 5 years have elapsed.

Improved management systems contributed to a) increase of retail outlets from five to eleven, b) growth of dues-paying membership from about 500 to 850, c) installation of a crop grading system and d) development of soil testing capability. These are tangible manifestations of improved management that accompany the more general, but harder to measure, consequences of the Project.

Installation and operation of systems have improved substantially since Project inception. Some important, but remediable deficiencies remain, such as inventory accounting, but are being corrected. Use of the systems to produce information has also improved. ORD knows how funds are spent, how much stores are selling, and how these and other data relate to projections.

Nevertheless, the evaluation revealed some major gaps in ORD capacity to provide detailed production information. For example, the farmer loan program, with its well defined and carefully executed system for the lending and recovery of funds, falters when monies paid in by farmers are not carefully channelled into a definite reserve for further on-lending. In addition, although a system exists whereby ORD should be able to provide factual information on the volume and value of each crop purchased from farmers and the amount of profit or loss made by ORD in the processes which constitute the marketing of the crops, this information was not forthcoming when requested on an appropriate form (Attachment vii). The actual cost to ORD of the

various types of non-commercial activity in which it is engaged also seems to be unknown.

The St. Vincent environment makes management difficult. Uncertainty prevails and infrastructure constrains. Nevertheless, inexperience and inadequate skills have limited ORD use of management information, the weakest part of ORD management. What happens bears little resemblance to what has been planned and budgets are obsolete a week after being prepared. Despite the difficulties of prediction in agriculture, ORD can do a far better job of responding to available information. Cash flow projections and line item deviations from budgets, for example, eventually influence organizational response, but usually not until some crisis occurs. Store and inventory records show palpable deficiencies in purchasing decisions, inventory ratios, and markups, but the information receives inadequate attention. The planning system has been of little help in dealing with the turmeric venture, partly because lack of experience led to inaccurate predictions, but also because ORD did not use it to anticipate problems early enough.

The attitudes and skills required to use information effectively, including executive capacity to convert findings into new actions, take time to develop. There has been good progress, but there is still a long way to go.

This inability to use most information well contrasts sharply with ORD's impressive experimental approach to agriculture. Results of field trials have been incorporated into crop practices, with resulting improved yields. The PADF Extension Adviser successfully encouraged a useful research orientation in production. The Management Adviser, occupied primarily with getting systems installed, departed before appropriate use of them had been fully institutionalized.

These observations are intended to identify priority areas for improvement, not as criticism of progress to date. Management improvement during the Project period, though less than the impossibly ambitious goals described in the OPG proposal, has been substantial. ORD's current status inspires reasonable confidence that, with continued help, it will exceed reasonable initial expectations.

Structure and Procedures

The personality and ideas of Jethro Greene, principal founder and the only Chief Coordinator of ORD, dominate the Organisation. Nevertheless, ORD governance and management are more democratic and participatory than many similar groups. Greene's title of "Chief Coordinator," instead of "Director," reflects his commitment to member and staff participation in policies and management. Without idealizing Mr. Greene or ORD, the Organisation still reflects its grass roots origins.

Dues-paying members view ORD as theirs, meet regularly and have

their views taken seriously by the Chief Coordinator and staff. The General Assembly of Delegates, Central Committee and Rural Sub-Committees shown on the organizational chart convey an overly formal impression of how ORD is governed. Mr. Greene usually gets what he wants, as does any strong executive director. Nevertheless, Greene declares himself accountable to the members and clearly is. The members can get rid of him if they want and can also vote with their wallets by not paying their dues or by selling through others. There were no indications in interviews that members are dissatisfied, though some former members may have different views.

The Steering Committee formed as part of the Project has had little role in controlling ORD or keeping the Chief Coordinator accountable. It was not intended to be a governing factor and has fulfilled reasonably well the designated task of facilitating ORD liaison with other agencies.

Among paid staff, Greene's commitment to participatory management is also evident. Frequent meetings, decentralized decisions, and concern for field extensionists' views encourage extensive expression of opinions and exchange of information. Work plans emerge from discussion rather than direction. ORD staff describe their institution as "unique" and most seem well committed to it. Unfortunately, the alleged uniqueness too often becomes an excuse for ignoring sound recommendations from advisers who "don't understand how we work." Accepting the organization's view of itself, and giving it full credit for evolving an initially appropriate participatory model, it is still clear that the current structure and procedures do not fully meet the requirements of operating what has become, in part, a substantial business enterprise. ORD developed initially as a social welfare agency with funds which were not reimbursable and not intended to return financial profits to the organization. Although the project has put in place an administrative system and technical agricultural production and marketing systems and information which should enable it to operate on a commercial basis, there is still some confusion amongst both staff and farmers as to which of ORD's operations are or should be fully commercial, and how the commercial operations should be managed in order to make the required profits.

ORD's 9 stores, the lending activities and the marketing operation are businesses. Though, as ORD correctly insists, they are intended primarily to help small farmers, they must be run in a businesslike way or they won't last long enough to help much. As most advocates of participatory management agree, running a business can include broad participation, but also requires that someone have ultimate responsibility and related authority. Getting things done and increasing efficiency, for example, are best accomplished when there is a clear answer to "Who's running this business?" and individual parts of it. Nobody in ORD answers that question adequately for any of the businesses.

The Chief Coordinator acknowledges explicitly that he is no longer

operating head of ORD, though he continues to be heavily involved in operations. He recently hired a respected ex-official of the Government agricultural service who may help to fill the management gap. There will be a manager of the proposed new packaging plant, who can also contribute.

The Deputy Coordinator, though still inexperienced, should be part of any management team. Resignation of the Controller will temporarily aggravate the management gap. Although all of these considerations offer some promise, Greene and ORD need a business-oriented executive who can serve as chief of operations, so that the businesses will receive direction and the Chief Coordinator will be freed for the entrepreneurial tasks he performs so well. The current ORD management team will be far more effective when profit center responsibilities are clear and commercial guidance improves.

The present organizational structure of Administration, Production and Marketing departments is consistent with sound business management, if supplemented by clear designation of responsibility, accountability and authority for separate business operations. Supervision, guidance and followup are essential for converting ambitious plans into concrete actions. Interviews revealed widespread informed opinion that, as presently managed, ORD capacity for doing what is required falls short of organizational aspirations.

ORD's commitment to service and its tradition of participatory management call for special care in selecting managers. The distinctive combination of profit-making and social services implies some relaxation of rigorous business requirements. Nevertheless, as the experience of both businesses and non-profit groups has often shown, management of operations becomes critical as organizations grow.

Policies and Procedures

ORD staff assembled a Manual of Policies and Procedures that includes job descriptions, clear and appropriate guidance on major personnel questions, and well-defined procedures for planning, procurement, accounting and other relevant functions. The Manual is more than adequate and much of it has been institutionalized within ORD. The rules on staff loans, prompt liquidation of advances, and vehicle use appear to have been neglected sometimes, but a visitor receives a general impression that the Manual is taken seriously. The staff loan problem is already being addressed. Procedures for moving merchandise and crops are unusually complete, generally followed and adequate to their tasks. ORD needs only stronger day-to-day management and some more experience, to become the solid commercial operation needed to achieve its goals.

Financial Planning and Management

ORD now has an accounting system, monthly financial statements, and annual audits that meet rigorous professional standards. The PADF Management Adviser, the firm hired to design the system, and the competent but departing Controller, have moved the Organisation to a demonstrably higher plane of financial record-keeping. Attitudes and skills of the new Controller, now being recruited, will influence strongly future system performance.

In November 1986 the Peat Marwick accounting firm reported that it could not figure out how ORD had spent a \$305,000 InterAmerican Foundation grant. There was no suggestion of impropriety, but records were grossly inadequate. In July 1987 the same firm reviewed computerization of the ORD accounting system and stated that software was adequate, audit trails acceptable and user controls sufficient. A Peat Marwick contract accountant, working on an audit during the evaluation visit, said that his task was made easier because standard procedures had been followed and required information was readily available.

ORD prepares annual budgets and monitors monthly expenditures in relation to line item allocations. Cash flow projections are also prepared and revised regularly. On paper, ORD financial systems and procedures are excellent. In practice, they produce reasonably timely and accurate information. The value of all this effort, however, is far less than it should be, because there is little financial management, as distinguished from reporting.

Conversations with PADF staff, the ORD controller, and the Chief Coordinator revealed an absence of financial discipline and a disregard for the implications of financial planning that leaves ORD "flying blind" and limping from crisis to crisis. Mr. Greene has failed to realize that the kind of planning and discipline customary in a million dollar enterprise need not interfere with his admirable zeal to respond to targets of opportunity and have ORD do more.

While advisers and evaluators may consider ORD's financial practices unsound and not sufficiently conservative, that is not the real problem. Mr. Greene is not the first entrepreneur to take financial risks by (e.g.) relying on overdrafts, shifting designated funds to other uses, and pressing donors for advances. Such financial conduct hurts ORD's reputation, but would conceivably be justified if based on careful financial planning and use of resources already available. ORD's banks, for example, view overdrafts as acceptable temporary expedients for meeting legitimate working capital needs. The director of any active PVO or business needs some financial flexibility and access to risk money. However, these and other considerations can be built into sound financial planning and management. Decision-makers should also understand and prepare for the implications of what they propose to do. Financial plans can only be used effectively when treated as relevant. At ORD, the Chief Coordinator makes life difficult for himself and the Organisation by separating program planning from financial planning, and then ignoring both. Regularly

underestimating costs and overestimating income compounds the financial problem, assuring a constant cash bind and scramble for funds.

ORD's program planning suffers from similar drawbacks. The proposed packing plant, for example, involves working capital requirements that have not been identified, much less provided for. Sales commitments are made with inadequate regard for programmatic and financial implications.

Reasonable differences of opinion can exist about the degrees of acceptable business and financial risk appropriate for an organization in ORD's position. Even the pledging of pension funds, perhaps ORD's most dangerous move so far, might be supported as a last-ditch measure. However, all the experts agree that anyone taking the kind of risks ORD takes should be fully informed of program and financial requirements. Mr. Greene should use ORD's planning and financial tools more effectively, to maximize probabilities of success. ORD will then be better able to anticipate what needs to be done. Donors will then be more likely to believe that ORD can do it.

The recently completed five-year plan shows some promising efforts to identify realistic goals. However, it lacks a related estimate of overhead and working capital needs. There is also no indication of priorities and each proposed project requires a lot more detail before being presented to donors. Nevertheless, it is an important step in the right direction. A simple fund-raising plan, based on priorities that emerge from consideration of project, working capital and overhead needs, would help even more. Instead of constantly "scrambling for money" and "juggling" funds, ORD can direct proposals to the most promising donors, link raising of project funds with seeking of overhead and working capital, and design project budgets to maximize donor contributions to core support.

Because ORD has such high aspirations and is constantly venturing into new fields, maximum use of planning tools and conservative estimation of costs and revenues are especially important. Undercapitalized in relation to contemplated program, any bad break threatens survival. Realistic assessment of risk and appraisal of cash needs can improve the odds of success. It is probably futile to recommend that ORD not try to do so much. A recommendation that financial planning accompany programming may be accepted more readily.

Operational Management

Businesslike Americans too readily judge ORD against standards more relevant to General Motors. Some, more sensitive, may compare it with the St. Vincent Banana Growers Association, still an inappropriate standard. When viewed as an institution with little business experience, working in a very difficult context, progress and current performance deserve high marks. Conversations with staff and farmers,

for example, reveal impressive interest in, and knowledge about, technical and cost questions. ORD is at the cutting edge of technology and marketing of turmeric, for example, an achievement alone almost enough to vindicate the Project. There is a refreshing willingness to try things. With a consultant's help, for example, some staff spent a weekend, during the evaluation, building a drier. People pitch in to pack samples and contrive solutions to their many crises. There are undoubtedly better ways to run a business, and a lot does not get done, but ORD deserves credit for effort.

In general, the evaluation team was very pleased with the high morale and level of commitment exhibited by the members of ORD staff at all levels. Working long hours, sometimes without lunch, and assisting other staff members who might be temporarily overloaded with work, was all "part of the game", and there was always the desire to make ORD succeed. Staff allegiance to the organization appeared to be high. All this in spite of the fact that the senior staff was well aware of the financial difficulties facing ORD.

As Harold Jones emphasizes, an "adviser" is not a manager. He and PADF's Washington staff continue to give much useful advice, but they were not hired to run the business. A dozen advisers would be of little value unless the Chief Coordinator assembles a competent management team and backs them up. To "operate on a sound commercial basis," as the ORD Policy Manual mandates, the organization needs "tightening up." This can be accomplished only by the constant efforts of operating managers more sensitive to cost-saving than anyone now at ORD. The appropriate degree of rigorous attention to meeting realistic targets and deadlines, pricing to cover full costs, using cash well, and similar matters cannot be described easily. It is clear, though, that ORD's present degree can be improved without jeopardizing the Organization's vision of itself. Strengthening management of operations will also help to assure continuity of leadership in ORD, an important consideration whenever a strong director leads an institution.

Institution-Building

Although called an "Integrated Management, Production and Marketing" Project, the OPG proposal describes an institution-building effort that merits separate evaluation. Survival and prospering of ORD as the kind of institution it wants to be is the ultimate measure of Project success. By the widely accepted criteria for assessing institutional development, which emphasize constructive links with other groups and organizations, the Project has helped ORD become a thriving institution implementing a clear and useful vision, with good possibilities for further growth and effectiveness.

ORD's links with banks, donors, Government, the public and the membership are all strong and positive. While the Permanent Secretary of MTIA expressed concerns about ORD, he also made clear that the

Ministry respects much about about it. The Ministry could and should do more for ORD, but present relationships do not threaten survival. Although the Permanent Secretary did not mention it, an evaluation of USAID Project 538- 0101, an agricultural effort involving the Ministry and ORD, called ORD's revolving loan fund the "most successful sub-component." Despite early difficulties with the Ministry, ORD has clearly been accepted as a useful element in the agricultural development effort.

Banks, donors and technical organizations take ORD seriously, as do many current and potential customers. Reservations, primarily about financial management and operating capacity, were encountered, though a lag in perceptions explained some of them. For example, several people complained about ORD accounting but were not familiar with recent improvements. More experienced observers take ORD's ambitious projections lightly, but all acknowledged the Organisation's value. If ORD's turmeric venture works out well, much current skepticism will vanish. The ORD newsletter assures good publicity.

ORD survival still depends too much on the Chief Coordinator. A recent AID-sponsored evaluation report (Accelerating Institutional Development, ISTI September 1987) emphasized that sustainability depends on building organizational capacity to mobilize resources. Mr. Greene needs to transfer his fundraising and marketing skills, heavily responsible for ORD success to date, by helping others to imitate him.

ORD success in employing women and serving women farmers encourages survival by broadening funding sources and constituency. Women are well represented and share power within ORD staff and in local farmer groups. One of the two ORD Area Supervisors is a woman, and three of the four Area Program Coordinators are women. Further, in the staff meetings attended by the evaluation team, views and opinions from the female participants were equally as forceful and respected as those of the men.

The real danger to ORD as an institution is best described by observing that many profitable businesses fail as they grow, because they cannot finance and manage their many good ideas. Unless ORD consolidates recent gains and prepares more effectively for expansion, prosperity may destroy it. Expecting 50,000 pounds of turmeric, ORD received 200,000 pounds and has still not made all the arrangements necessary to assure a profit. The Organisation will survive this adventure, and with luck may even make some money, but luck can run out at any time.

For AID and PADF, attention to orderly transition is important to ORD survival. The abrupt cutoff of grant funds, though ORD knows it is coming, makes transition to self-sufficiency, through net income and grants, more difficult. Organizations rarely prepare for the blow and gradual reduction of support is more conducive to development of financial independence.

The Question of Public Relations

The Chief Coordinator of ORD is an intense and dynamic individual who has almost single-handedly brought ORD from non-existence some ten years ago to its present position in which it employs 37 staff members and pursues a line of rural development which has enabled it to gain acceptability from Government, at least two commercial banks, a small but growing core group of rural farm families and the public at large. Financing for this growth has come mainly from extra-regional aid agencies and has been obtained largely through the forcefulness and dynamism of the Chief Coordinator.

In developing and managing this organization, the Chief Coordinator has perhaps naturally stepped on a few sore toes and it is considered in many quarters that, for the good of the organization, he should be less strident in his promotion and defense of ORD and should give some credit to other organizations when and where this could be done and especially to the Ministry of Agriculture. Such a mellowing of attitude is well within the competence of the Chief Coordinator, and would probably do much good in his task of winning friends and influencing people on behalf of ORD.

The Need For a General Manager

Although he has had in the past to pay close attention to every detail of the work of ORD, the Chief Coordinator has stated to us the evaluating team and to others quite openly that the time has come when he should pass the general management of ORD on to some competent administrator, while maintaining his role as overall head and Chief negotiator responsible to the ORD membership for the continuing welfare of the organization. We are in agreement with this approach as we consider that one of the most urgent requirements is for ORD to have on staff a competent General Manager, who would ensure that the systems now in place are made to function with optimum efficiency. A mature individual with competence in the field of business administration would probably be the kind of person best suited to this post.

Conclusion

The expected outputs of the Project Description and aspects of stronger management mentioned in the Evaluation Scope of Work (both included in the Appendix) are not amenable to precise assessment. For example, ORD operates in a "commercially businesslike" manner in some ways and not in others. Some Government and multilateral agencies "feel comfortable" dealing with with it and others do not. Barclay's Bank is about to pay ORD EC\$30,000 to administer EC\$300,000 of small farmer credit, certainly an indication of confidence and comfort. The Managing Director of the Government-owned National Commercial Bank, though insisting on good security, expresses support for ORD and

praises past accomplishments. HIAMP, on the other hand, has been processing a packing plant proposal for almost a year, partly because of concern about ORD management and financial practices.

Accounting and management systems, the field support system and the crop research system now exist and perform well enough to be called successful. However, the heavy emphasis on systems taxed ORD management capacity and may have contributed to laxity in controlling and monitoring operations. Professional skills of field staff and farmers have improved greatly. All contemplated systems have been "institutionalized" about as well as could be expected for the time involved. ORD progress compares favorably, given the starting point, with that achieved under similar OPGs in the Caribbean Region and probably anywhere else.

Nevertheless, despite these impressive achievements, the outlook for sustainability, even with "outside management assistance" remains uncertain. ORD readily acknowledges the value of continued technical and management help. Indeed, though response to advice has sometimes been frustrating to advisers, ORD receptivity and interest are an important strength. Future assistance should be less concerned with installing systems than with the difficult and ill-defined tasks of improving decisions and efficiency.

Questions about sustainability stem first from the unrealistic goals of the initial grant proposal, as compounded by compression of the five-year Project to 3 1/2 years. All parties underestimated the difficulties of shifting a service organization into an operator in the complex world of commercial agriculture. Absence of any systematic fund-raising plan, especially for essential core support, is forcing ORD to scramble desperately to maintain its current level. An unfortunate habit of overestimating revenues and underestimating costs, common among new businesses, aggravates cash flow problems and distorts fund-raising priorities.

ORD needs and deserves a bridge grant (e.g. of US\$300,000 over three years) payable in gradually declining monthly installments, to be used exclusively for core support. Such a grant, if successful in institutionalizing fund-raising, planning and execution, could assure comfortable survival thereafter, barring natural disasters and declines in crop prices. In exchange for the grant, ORD should agree to: a) emit no checks without Controller certification that the expenditure is within line item limits; b) restrict overdrafts to a stated level, under penalty of disbursement suspension; c) make no more loans to staff; d) enforce the stated policy on advances; and e) preserve financial integrity of the gratuity (pension) fund.

Jethro Greene can get plenty of project money, but each new grant increases ORD working capital and overhead needs. The grants also tax management capacity. ORD needs somehow to establish a better balance among programs, funds and operating capacity. If USAID and PADF cannot make the proposed bridge grant, they should use their best efforts to

get it somewhere else. By doing so, they will simultaneously be publicizing one of their most impressive collaborations.

Most reassuring of all is the clear evidence that there is still a sound basis for expecting ORD business success. Achieving profitability will take a few more years but remains feasible. For example, if ORD can control costs of the turmeric operation, keep post-harvest losses within acceptable limits, and handle the many other problems likely to occur, it can make real money. Turmeric is still viewed as "yellow gold" in the food industry, according to the Guyanese consultant helping ORD with drying. When ORD can "mine" 2,000,000 pounds annually, and sell it at a price that covers the higher cost of working with small farmers together with a good profit, the Chief Coordinator will be able to fund new activities from profits, while continuing to finance social services through grants. Membership fees and interest income should, by that time, be enough to cover overhead.

Though this heady vision is in part a tribute to the persuasive powers of Jethro Greene, it rests also on economic appraisal and on the belief that Mr. Greene is smart enough to recognize that good planning and management are the key to turning visions into realities.

Lessons Learned

The ORD experience emphasizes the importance of strengthening fund-raising capability as part of institutional development. Despite ORD's many accomplishments, absence of a "resource mobilization" strategy, and the means to carry it out, jeopardizes the Organisation's post-Project future. Presenting donors with a five-year plan, a few months before the Grant runs out, is no substitute for a systematic fund-raising program that should have started with the Project.

Another lesson relates to projecting "sustainability" and "self-sufficiency." Unless a grantee is only a business, independence involves profits and more grants. Service organizations are notoriously poor at business, so it is not surprising that ORD earnings are negligible or non-existent. USAID should not conclude that ORD and others cannot make money, but should recognize that it takes them longer. It is worth the extra time and money, because the profits are more likely to be used for socially useful purposes.

Future grants to ORD and others should involve gradual reduction of funds. AID phases out of Title II food donations by decreasing commodities gradually and has been more successful than when making abrupt cutoffs. AID also uses Title I concessionary commodities to assist transition to self-sufficiency. For ORD and others, smaller and more demanding grants or loans should replace initial generosity.

AID should emulate careful investors by overestimating costs and underestimating income when appraising investments. Murphy's Law, whatever can go wrong will, exaggerates to teach an important lesson.

When reviewing investment proposals, such as the OPG, assume the worst. If it still looks promising, make the investment and enjoy being wrong as something better occurs.

ORD members will fare better if their organization surprises them with unexpected returns, instead of the present system of promising too much and then pulling back. Good cooperatives and good businesses pay their dividends after the profits are made. Doing so reduces member and stockholder disappointment, provides a cushion against error, and makes the organization look good. St. Vincent farmers sell their bananas for a stated price and, when the market is good, enjoy bonuses. ORD and others should buy in the same way.

The OPG experience also emphasizes that management systems are a necessary, but not sufficient, condition for effective operation and financial management. Being "commercially businesslike" involves more than turning out monthly reports and financial statements. Future AID projects should point out that systems are only one of many indicators of good management, often less important than getting things done profitably.

Future projects should also enforce donor perceptions of sound financial practices from the start. As "adviser", PADF could only encourage, and not insist, that ORD tailor spending to budget and observe conservative financial practices. Banks are more stringent and, if ORD and others expect to deal effectively with them, they should start observing the rules from the beginning.

Perhaps the most important project lesson is "If you're going to do business, be sure you have a good manager," someone who will take the ideas of others like Jethro Greene and make them work. Good entrepreneurs take risks, but only when they have favorable odds and good managers to see things through. When qualified managers are not available, there needs to be a trainable management team and advisers who know how to get things done. Business advisers too easily wind up "doing it themselves," instead of being patient as others learn, so they must be chosen with great care. However, without them, the systems will be in place but nothing will happen.

The ORD cocoa debacle suggests that future projects should limit the number of crops introduced simultaneously. Cocoa required management time that was needed for improving stores, the lending operation and marketing. It is clear from the current experience with turmeric, which has placed heavy burdens on ORD management, that concentrated effort to assure success with one or two crops offers more promise than excessive initial diversification.

Future revolving loan fund activities can benefit from the ORD experience of "re-scheduling" payments when farmers suffer from natural disaster. It is now difficult to assess delinquency among borrowers, because extensions and rescheduling have taken place with little

realistic assessment of likely payments. The analogy to U.S. banks and Latin American debt is too close. Underestimating delinquency will not serve ORD or any organization with similar concerns.

The ORD experience with MTIA offers useful lessons for AID and ORD. It is clear, for example, that ministries are less enthused about encouraging complementary services by private groups than AID. The competition for AID and other resources influences ministry attitudes, no matter how effective PVOs may be. ORD and others need to be far more conciliatory in dealing with the ministries. It may be true that private services are more efficient than governmental work in some cases, but governments do not like to hear it. AID can reduce the impression of competition for resources by emphasizing additionality of PVO funding. By not challenging ministries, but offering to make them stronger by providing complementary services, the PVOs can improve the tone of dialogue and increase likelihood of successful collaboration.

RECOMMENDATIONS

Agricultural Marketing and Production

1. USAID should continue its financial assistance to ORD for at least a further two years to enable ORD to follow through on producing the practical results in the agricultural marketing and production of small farmer crops for which the funding from the present project has provided the required administrative structure and systems. A bridge grant should be provided for core support, with gradually diminishing monthly disbursements, conditioned on ORD compliance with stated conservative financial practices.
2. ORD should confine its commercial crop activities to a very few and preferably not more than two crops and make every effort to reach break even volumes in the shortest possible time. At present ginger and turmeric appear to be two crops well suited to achieve this purpose.
3. Methods of arriving at yield and marketing projections should be refined to the point where they provide realistic figures and do not lead to the enormous differences between projection and performance which are now evident within the ORD organization.
4. ORD should seek early funding (grant and/or soft loan) for the obtaining of a centrally located collection/grading/packaging/storage facility, with adequate cool storage, sited preferably in Kingstown or alternatively in nearby Arnos Vale.
5. In anticipation of the required substantial increase in crop production and marketing, thought should also be given to the provision of a subsidiary collection/storage/grading facility in eastern St. Vincent, preferably in the Georgetown area.
6. Plans should be made for the replacement of the present uneconomic farm-gate collection of the present small volumes of produce by a system capable of moving large volumes at economical rates.
7. The present program of lending for crop production should be substantially expanded to stimulate efficient large-scale production of marketable crops.
8. The cocoa expansion program should be returned to the Ministry of Agriculture. ORD should be wary of investing in long-term crops at this point in its existence.
9. ORD should seek Government financial assistance by way of an annual subvention for central services, and grant or loan assistance for the expansion of suitable projects.

10. Because all ORD financed crops are and should remain for some time short-term annually planted crops, the concomitant problem of controlling excessive soil erosion should be actively and adequately addressed by ORD. A soil erosion control project would be of great long-term benefit to ORD farmers and to St. Vincent.
11. All future ORD project proposals, and indeed all major ORD activities which require funding, should have built into them quantitative benchmarks adequate for the monitoring of progress.

Management

1. ORD management must train itself to utilize the information provided by its accounting and monitoring systems for the taking of timely and adequate management decisions.
2. USAID should make funds available for extension of service by the PADF Extension Adviser for at least one more year, if he and ORD remain willing to continue their relationship.
3. Approval and implementation of the pending ORD proposal to HIAMP for support of a packing house project should be expedited as much as possible.
4. All commercial activities should be run along strict business lines with a view to making profits for ORD member farmers and for ORD itself.
5. ORD should identify a person responsible for management of each profit center operation (retail sales, credit, crop production, marketing) and give each manager appropriate authority. Each center will have its own accounting and monitoring system, so that profitability and the problems of leakage or mismanagement at any point in the production and marketing chain can be readily and accurately determined.
6. ORD should appoint a General Manager or Chief of Operations, assign the person broad responsibility for all business and commercial operations. This would free the Chief Coordinator for his main tasks of fundraising and public relations, and entrepreneurial efforts, and solving of specific problems as identified by the General Manager.
7. The Chief Coordinator should take immediate steps to try to transfer his fund-raising and marketing skills to others by, for example, observing them on specific assignments and praising them to his personal contacts, since his sudden departure, for any reason, would leave a complete void in this important area of activity.
8. ORD should seek help on management of retail operations, if needed

- by a new manager, to broaden store services and increase profits.
9. The cost of operating each of the 9 ORD small-farmer shopping outlets should be carefully monitored, and ways and means sought to increase and broaden sales and improve viability.
 10. ORD should develop a fund-raising plan based on conservative assumptions about income, working capital and overhead, identifying priority projects, core support needs and donors.
 11. ORD should prepare a plan for temporary contraction of operations, in case reduction of services becomes necessary when OPG funding ends.
 12. ORD should make no more staff loans, enforce prompt liquidation of travel advances, end inter-fund transfer and terminate use of the gratuity fund as security for overdrafts or loans.
 13. ORD should regularly revise budgets to reflect current spending patterns and fund availability.
 14. ORD should issue no checks without controller certification that the proposed expenditure falls within budgetary line item limits.
 15. ORD should retain profits within profit centers until adequate reserves have been established.
 16. ORD should separate its commercial operations from its social welfare activities and provide separate funding and accounting for each.
 17. ORD should set prices for farm production conservatively, to provide a safety margin, avoid farmer disillusionment and make the Organisation appear more responsible.
 18. ORD should acknowledge that management of business and commercial operations requires operating and financial controls, even though the Organisation also seeks to provide subsidized services to farmers.
 19. The Chief Coordinator and other senior management staff should constantly seek ways and means of improving relations with Government Ministries, Civil Service staff and the general public. Refraining from disparaging criticism, even when considered valid, and giving credit where credit is due - or even not fully due, are of the essence in such situations. The Ministry of Trade, Industry and Agriculture in particular is no longer threatens ORD survival and can eventually be an important source of core and project funding.

LIST OF INDIVIDUALS CONTACTED

Ministry of Trade, Industry and Agriculture

Marcus De Freitas, Minister of Agriculture
 Randolph Cato, Permanent Secretary
 Hugh Phillips, Senior Economist

Organisation for Rural Development (ORD)

Jethro Greene, Chief Co-ordinator
 Neville Abraham, Deputy Co-ordinator
 Kenneth Bonnadie, Prospective General Manager
 Alison Green, Administrative Co-ordinator
 Hector Lawrence, Financial Controller
 Norris Samuel, Marketing Co-ordinator
 Annette Abraham, Area Field Production Supervisor, Windward (East Coast)
 Ricardo Drayton, Area Field Production Supervisor, Leeward (West Coast)
 Alida Cordice, Area Program Co-ordinator, North Windward
 Ashley Latchman, Area Program Co-ordinator, Lower Windward
 Vernon Cunningham, Acting Area Program Co-ordinator, South Leeward
 James Clarke, Field Officer
 Ersie Brown, Office Manager
 Glaston Lavia, Storekeeper, North Windward, Georgetown
 Cleophas Glynn, Soil Testing Specialist

St. Vincent Marketing Corporation

Gilbert Telesaque, General Manager

United States Agency for International Development (USAID)

Rebecca Nlee, Agriculture Development Officer and Country Coordinator,
 St. Vincent

HIAMP/USAID

Joseph Tokar, Island Advisor, St. Vincent

St. Vincent National Commercial Bank

W.B. Brisbane, Manager
 Claude Samuels, Former Manager

Caribbean Agricultural Research and Development Institute

Gerald Proverbs, Head of Unit, Barbados

Inter-American Institute for Cooperation on Agriculture

Gerry Le Gra, Information and Program Officer
Cecil Rodriguez

The Parliamentary Opposition, St. Vincent

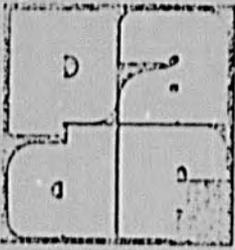
Vincent Beache, Leader of the Opposition and Former Minister of
Agriculture

Pan American Development Foundation

Jim Heinzen, Project Officer
Harold Jones, Senior Extension Consultant to ORD
Oleen Hess, Cocoa Project Co-ordinator, Windward Islands

ORD Small Farmers

Emerald Prince, Lauders
Dennis Cordice, Overland
Simeon Edwards, Orange Hill
Rennie Child, Orange Hill
Osborne Bracken, Fancy
Peter Ballantyne, Fancy/Owia
Gladstone Clarke, Waterloo
Anne May, Waterloo
Welford Young, Perseverance
Florence Coombs, Hilland Hill
Darius Pynoe, Penniston
Stanley Joseph, Vermont
Efford Velox, Vermont (not an ORD member)
Clarence James, Prospect/Brighton
Florence Davis, Marriaqua Valley



Pan American Development Foundation

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 Phone: (202) 458-3969 • Cable: FUPAD • Telex: 64128 • FAX: (202) 458-6316

FINAL EXTERNAL EVALUATION

SCOPE OF WORK

Project: St. Vincent Integrated Management, Production and Marketing Project

AID OPG No.: 538-0147

LOP Dates: July 1985 - December 1988

LOP Funding: AID \$1,500,000
 Counterpart \$ 508,428

I. Evaluation Purpose and Objectives

The final evaluation should be completed at least six months prior to the Project Assistance Completion date of December 31, 1988 and before the departure of PADF long-term Senior Extension Advisor.

The evaluation will be conducted to assess overall project effectiveness, impact and sustainability; to document the project for purposes of future replication; and to develop a set of recommendations and lessons learned to be used as a guide by the Organisation for Rural Development and for future similar development efforts.

II. Project Purpose and Background Activities

The purpose of the Project is to 1) increase the productivity and income of farmers in St. Vincent by providing marketing and production support to enable them to increase the quantity and quality of their agricultural produce; and 2) improve the support services offered to farmers by the Organisation for Rural Development (ORD), a non-profit indigenous organization engaged in agricultural development. ORD's management and operational capabilities will be strengthened so that the organization will be able to deliver its services more effectively.

III. Evaluation of Project Goals

The project will be evaluated in terms of project accomplishments as measured against Project objectives and input/output targets as stated in the original OPG Program Description. This document will be the legally binding description of what PADF was to accomplish under the grant. Expected outputs in Section D of the original OPG Program Description will be used as benchmarks in assessing Project performance.

The evaluation will consider project modifications and revised targets and budgets made during the course of project implementation and discuss these changes with respect to the project purpose. These changes include reduction of the life of project from 5 to 3 and one half years while maintaining overall level of funding; extension of PADF's Senior Extension Advisor for 11 months beyond original contract; and increase of PADF/Washington time in support of the project.

This evaluation does not cover OPG Amendment No. 2, Attachment III (Program Description: Grenada Cocoa Production and Management), which added US\$250,000 for six months of cocoa start-up work to be completed in Grenada. This activity will be evaluated as part of PADF's regional cocoa project.

IV. Evaluation Team Composition and Responsibilities

Two external consultants will be selected to conduct the final evaluation, a Management Specialist, and an Agricultural Marketing and Production Specialist.

1. The Management Specialist should possess a broad background in institutional development, management strengthening, and management systems.
2. The Agricultural Marketing and Production Specialist should be experienced in agricultural production and marketing, agricultural credit, farmer input supply operations and extension services. The Agricultural Marketing and Production Specialist should be Caribbean-based, or have extensive prior experience in the region.
3. Both consultants should be familiar with agricultural sector PVO or cooperative operations having broad-based citizen participation.
4. An evaluation Team Leader, with overall responsibility for the final report, will be selected after the Management and Agricultural Specialists are identified.

V. Evaluation Questions for Review

1. The Management Specialist will be responsible for assessing the impact of the Project on ORD in the following areas:

Strengthening of ORD Management

ORD management will be reviewed in terms of

- (a) its ability to manage a development assistance program, including a credit revolving fund, to deliver agriculture-related services to farmers;
- (b) its ability to negotiate independently with Government, national and international organizations on a sound commercial basis;
- (c) institutionalization of its accounting and management systems, and the transfer of management skills and techniques, targeted for completion before the withdrawal of the Senior Management Advisor at the end of Year II of the Project;
- (e) its ability to continue as an ongoing effort not requiring outside management assistance after project completion; and
- (f) whether substantial income is being self-generated towards salaries and marketing operations, as well as to operate the loan fund.

2. The Agricultural Marketing and Production Specialist will be responsible for reviewing the impact of the Project on both ORD and St. Vincent farmers in the following areas:

Improved Agricultural Marketing and Production

- (a) ORD will be reviewed in terms of the effectiveness of its system to identify markets and then develop appropriate production capabilities to supply the market need. System effectiveness will be analyzed in terms of the ability to develop markets for both traditional as well as newly identified crops.
- (b) The marketing production fund will be analyzed by product (crop), and reviewed in terms of the number of transactions made and number of producers affected.
- (c) An analysis will be made of the ability of St. Vincentian farmers to produce crops more efficiently as a direct result of training received through workshops, on-farm supervision, farmer access to faster and improved outputs, more reliable markets, and a technical assistance apparatus not available previously.

(d) ORD's capability to advise farmers on annual crop selection, timing, and storage and processing options for reliable domestic and export market opportunities will be evaluated.

Small Farmer Cocoa Production Assistance

Effectiveness of reestablishing and expanding acreage in cocoa production will be studied according to original targets to re-establish 200 acres of improved cocoa and plant 100 acres of new cocoa with an established market.

VI. Methods and Procedure

Primary data sources will include interviews with host country government officials, USAID Mission staff, ORD staff, project beneficiaries, PADF field advisors and PADF home office staff. Secondary data sources will include project records and data, including original OPG Program Description and AID/PADF Cooperative Agreement, project files (narrative progress reports, monthly financial reports, home office trip reports, farmer records, etc.), previous periodic impact and process evaluation reports and interim evaluation report prepared by Jackie Smucker, the project's on-going evaluator contracted by PADF. The OPG Program Description will serve as the legally binding description of targeted accomplishments under the grant.

VII. Reporting Requirements

The final evaluation report will include:

- (a) Executive Summary stating the development objectives of the activity evaluated; the purpose of the evaluation; study method; findings, conclusions, and recommendations; lessons learned about the design and implementation of this type of development activity.
- (b) Project Identification Data Sheet (see attachment from AID Evaluation Handbook)
- (c) Table of Contents
- (d) Body of the Report including discussion of:
 1. evaluation purpose and study questions
 2. economic, social and political context of the project
 3. team composition and study methods (one page maximum)
 4. findings as relate to evaluation questions

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5. conclusions drawn from findings
6. recommendations based on findings and conclusions, stated as actions to improve project performance, or for follow-on activities or future similar development activities

(e) Appendixes, including the evaluation scope of work, list of documents consulted, individuals and agencies contacted, discussion of methodology or technical topics if necessary.

VIII. Evaluation Steps/Timetable

1. Review of files by Management Specialist (Pines) at PADF/Washington (1 day, Friday, May 6)
2. Review of files by Agricultural Specialist (Pilgrim) at USAID RDO/C in Barbados (1 day, Friday, May 6)
3. Review of files by Agricultural Specialist at ORD in St. Vincent (1 day, Monday, May 9)
4. Evaluators and PADF Project Officer arrive in St. Vincent for evaluation Tuesday, May 10
5. In-country team orientation with PADF/Washington, PADF Advisor, USAID, ORD (1 day, Tuesday, May 10)
6. Evaluation conducted remainder of May 10 through May 18
7. Draft report sections completed by evaluators will be available on Thursday, May 19 for discussion in country. (Second evaluator to depart St. Vincent Friday, May 20)
8. Draft evaluation documents completed by May 31 by Team Leader (6-7 days of work) and distributed in duplicate by fast-pack to 1) PADF/Washington (one copy for second evaluator) 2) ORD in St. Vincent and 3) delivered to RDO/C in Barbados
9. Comments and feedback on major questions and factual input from PADF/W, USAID, ORD and second evaluator (by June 17, 1988) (Note: Only corrections of error will be made by PADF, USAID and ORD; the evaluation report will stand. Comments from PADF, USAID and ORD will be bound with the report if so desired.)
10. Evaluation report finalized and submitted to PADF/Washington for reproduction and distribution by July 15, 1988

PROGRAM DESCRIPTION

A. Project Purpose

The purpose of this Project is to: (1) increase the income of farmers in St. Vincent by improving the marketing of farmers' produce, and (2) to improve ORD's support services to farmers by strengthening the management and operational capabilities of the Organization for Rural Development (ORD), a non-profit indigenous organization engaged in agricultural development.

B. Specific Objectives

The Pan American Development Foundation (PADF), an AID-registered PVO, will assist the private sector in St. Vincent by providing ORD with technical assistance to resolve the constraints of agricultural production by:

1. Strengthening and improving ORD's management capability to a level where it can negotiate independently with Government, national and international organizations on a sound commercial basis; and improving and expanding its capabilities to manage a development assistance program, including a credit revolving fund to deliver agricultural related services to the farmer.
2. Improving and expanding the expertise of Vincentian farmers to produce crops more efficiently.
3. Developing markets for traditional and newly identified crops.
4. Re-establishing and expanding, at modest levels, acreage in cocoa production.

C. Project Activities

1. Strengthening ORD Management

The Project will provide support to ORD to hire a Deputy Coordinator who will serve in a senior management capacity; functionally he will be deputy to ORD's Chief Coordinator. PADF's experience in institutional strengthening with PVOs throughout the Region will be used to assist ORD improve its administration capabilities.

ORD will receive financial and planning assistance from PADF to manage a small revolving fund made available under the USAID-funded St. Vincent Agriculture Structural Adjustment Project (No. 513-0101) and budgeted at \$100,000 to support crop production and marketing. Its loans will be available to individual farmer production inputs such as fertilizer, seed, materials, small farm implements.

2. Improved Agricultural Marketing

PADF will collaborate with specialists in agricultural marketing in the Caribbean to implement the marketing aspect of the crop production and marketing component. The objective will be to develop adequate and reliable markets for the annual fruit and vegetable crops produced by the small farm families of St. Vincent.

The underlying strategy of ORD is to identify markets and then develop the production capabilities to supply the need. This seems a sensible and realistic approach which appears acceptable and preferable to buyers with whom this has been discussed.

AID Project No. 538-0101 and this Project will complement each other. A primary implementation technique of this Project is to identify and establish markets for whatever crops can be grown on St. Vincent which are familiar to farmers and to support production of these crops for market. It is emphasized that farm crops of sweet potatoes, peanuts, carrots and onions, covered by AID Project No. 538-0101 will be included in any marketing development as the new Project moves forward.

ORD has a strategy and a developed system for assisting production and providing marketing assistance to farmers. This Project is designed to strengthen that system and to help ORD overcome its trial and error efforts in this area.

3. Small Farmer Cocoa Production Assistance

PADF has obtained agreement from the Hershey Corporation to provide technical assistance in cocoa production in St. Vincent. In addition, Hershey will provide training based on research, at its Hummingbird Farm in Belize to ORD field workers and farmers, in new production methods of growing cocoa and processing it (fermentation and drying).

Consistent with its corporate decision to promote development of cocoa in the Caribbean and Central America, Hershey has committed itself to buy production from St. Vincent and/or guarantee the market for production at world market prices, similar to its commitments to a Project PADF recently undertook in Belize.

D. Expected Outputs

1. By the end of year two of the Project it is anticipated that the transfer of management skills and techniques will have been accomplished and the expatriate team can be withdrawn except for periodic visits. The Project Coordinator will have established his functions as related to the Chief Coordinator. ORD will operate in a commercially businesslike manner with enough management depth for Government and multilateral agencies to feel comfortable in dealing

with it. ORD's Agriculture, Supplies and Finance Division chief will have a well established and well defined accounting and management system institutionalized. The field support system will have trained enough personnel and farmers so that improved agricultural production and marketing methods will continue to be used.

After Project completion, ORD should not require outside management assistance. Substantial self-generated income will support salaries and marketing operations as well as to operate the loan fund. This is projected to begin in year three with ORD paying all costs of operation in year five. Income will come from market fees paid at the time of marketing through the buyers (ORD will receive 3% to 5% for value marketed) and interest generated from loans to farmers. These estimates are based on market weight and projections of loan amounts, turnover, and interest rates. Payments by farmers will cover operating costs of an ORD tractor to prepare land for planting.

2. ORD will have gained the capacity to help advise farmers on annual crop selection, storage and processing options for reliable domestic and export market opportunities. Market demand will dictate shipping and seasonal growing patterns for vegetable produce. The annual value and volume of crops produced and marketed by Vincentian farmers will have increased significantly over current levels. Moreover, farmers will have access to the technology and the required inputs to sustain increase levels of productivity.
3. Re-establishment of 200 acres of improved cocoa and planting of 100 acres of new cocoa with an established market will demonstrate the value to the farmer of potential high dollar earnings for this crop. In addition to the several hundred hectares of cocoa now in production, continuation of planting of new acreage in superior, hybrid trees and improved farm management can result in a tenfold increase in production over the next 10 to 15 years. Added income will result from the introduction of improved processing methods for cocoa to guarantee better quality.

E. Project Implementation

1. Management Strengthening

Management strengthening will apply to ORD's organizational structure. PADF will provide technical assistance with a Senior Management Advisor to develop and strengthen top level management of ORD. Assistance will also be provided to strengthen ORD's financial and commodity management skills. PADF will supervise installation of an improved accounting method that will provide accountability throughout the system.

2. Improved Marketing

PADF will provide technical assistance through an experienced Marketing Advisor with Caribbean experience and a technical background in tropical fruits and vegetables. In addition to developing markets,

the advisor will be responsible for training ORD field personnel in the proper selection and preparation of produce for shipment to market. Possible development of an inter-Caribbean market will be limited to one or two crops the first year so that ORD may become acquainted with the different requirements of different countries and shipping problems.

3. Cocoa Rehabilitation

The main component of the Project will be a pilot effort focusing on the rehabilitation of approximately 200 acres of cocoa, plus planting of another 100 acres of new production during the next 5 years.

From an organizational standpoint, it would be best for ORD to recruit a local person knowledgeable in cocoa production. He should have the educational background to be able to respond to special training to improve his technical competency in cocoa production. The Hershey Corporation most likely will provide this at the Hummingbird farm in Belize.

The local hire cocoa field technicians will have an opportunity to study new hybrid varieties of seed, improved techniques regarding new planting, pruning, shading and cultivation methods. Upon his return from this specialized training, he will be qualified to provide training to other ORD employees and to farmers. During Project implementation, Hershey will provide technical assistance, whose travel expenses will be funded by the Grant.

F. Reporting

The PADF Senior Management Advisor will be responsible for periodic reports on Project activities including an annual report which will summarize results, identify special problems and opportunities, recommendations, describe workplans for the next year and account for Project expenditures. The PADF Advisor will incorporate as part of his responsibilities familiarizing ORD management with the reporting requirements and assure that upon the PADF Advisor's departure from St. Vincent, that the ORD Coordinator or his/her deputy has had adequate preparation and will assume the reporting responsibilities under this Grant.

The Steering Committee, including representatives from the Ministry of Agriculture, CADI, ORD, PADF, participating farmers and RDC/C, will review Project activities and recommend changes in activities, management, personnel and expenditures as necessary.

During the life of the Project, the Grantee shall submit quarterly reports to AID prior to the end of each quarter (i.e. March 15, June 15, September 15 and December 15). As suggested in Attachment I, The Schedule, Section

H.5. entitled: "Special Provisions", the Steering Committee should meet on a periodic basis to coincide with and prior to the submission of quarterly reports.

The quarterly report will include Project activities and full fiscal information. It should include a Project status summary, discussion of the activities accomplished during the quarter, problems and/or delays encountered, recommendations and planned activities for the next quarter.

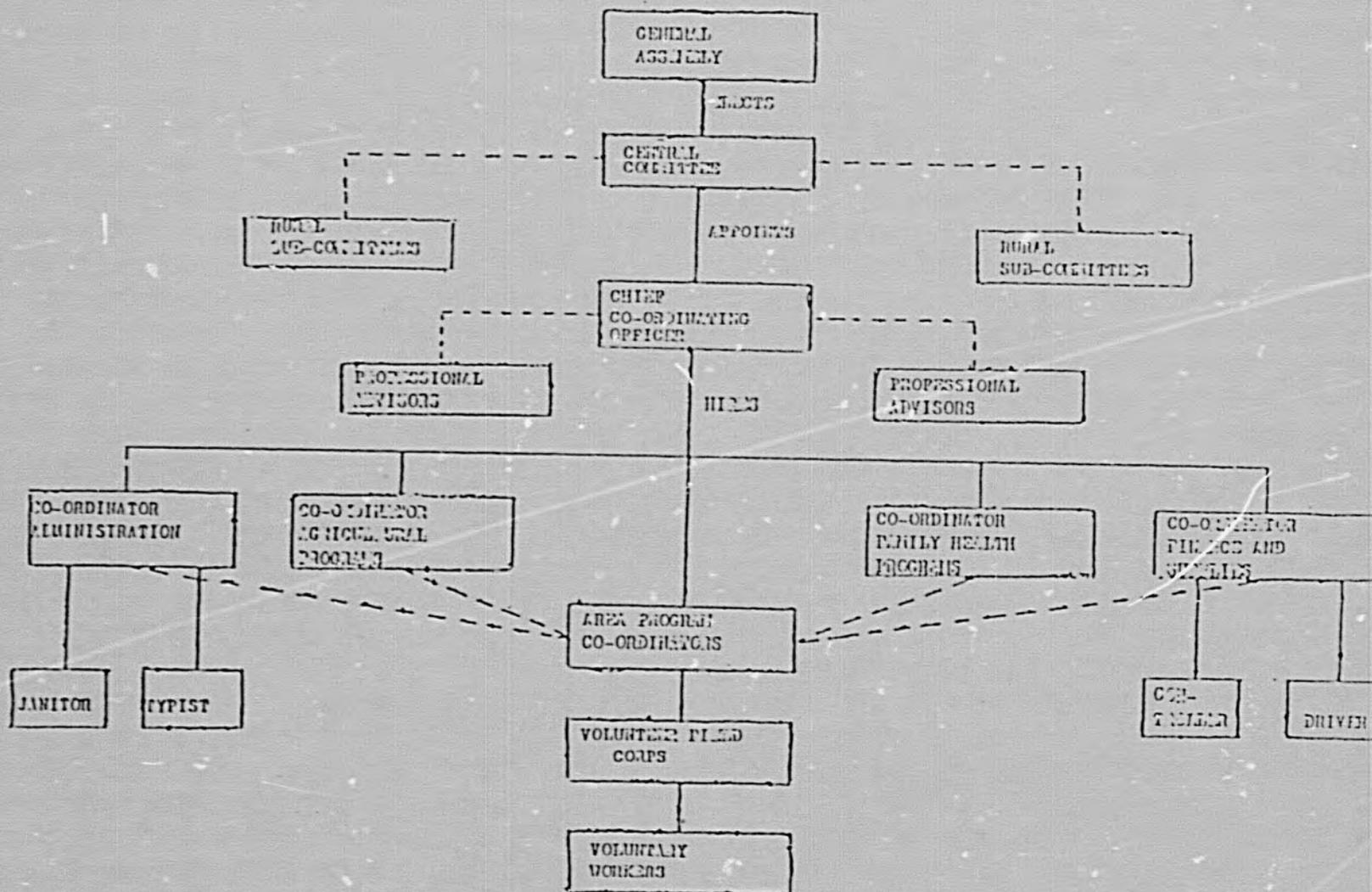
G. Evaluation

Progress of the Project supported by this Grant shall be the subject of the evaluations which will be carried out cooperatively among AID, PADF, ORD, Ministry of Agriculture and outside consultants, as deemed necessary. The first evaluation will be conducted within 24 months after the signing of the Grant Agreement. It will focus on the Project progress to date, including the effectiveness of the working relationship between and among PADF and the participants. It will also assess the effectiveness of the Project in working toward the Project purpose, and in meeting the outputs set forth in the first year implementation plan. A final evaluation will be conducted six months prior to the Project Assistance Completion Date.

As described under Section D, Reporting, a quarterly review is suggested by the Steering Committee, consisting of representatives from each of the implementing institutions. Annual progress reports prepared by the Senior Management Advisor will summarize results, identify problems/opportunities, describe workplans for the next year and account for Project expenditures.

ORGANIZATION FOR RURAL DEVELOPMENT

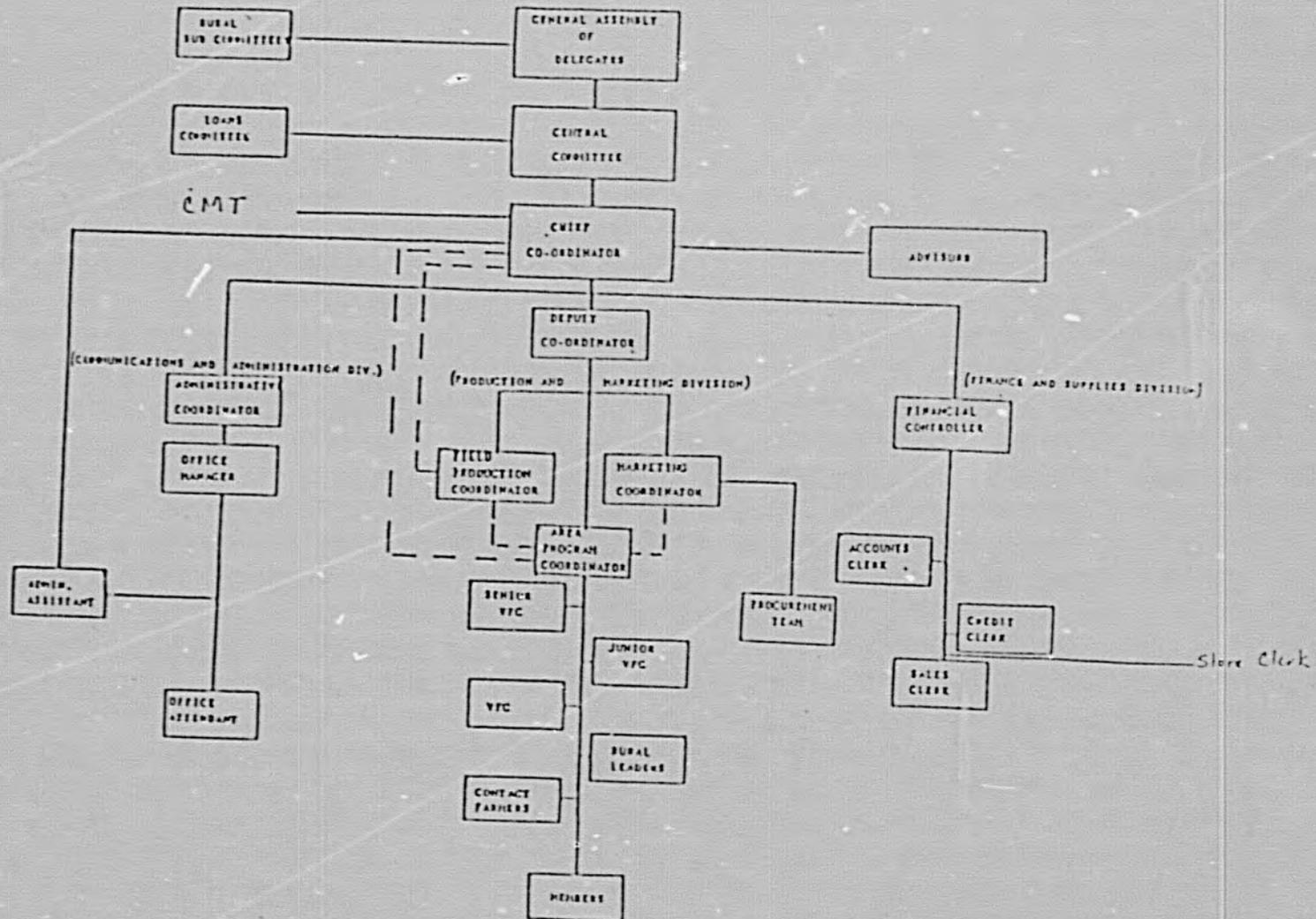
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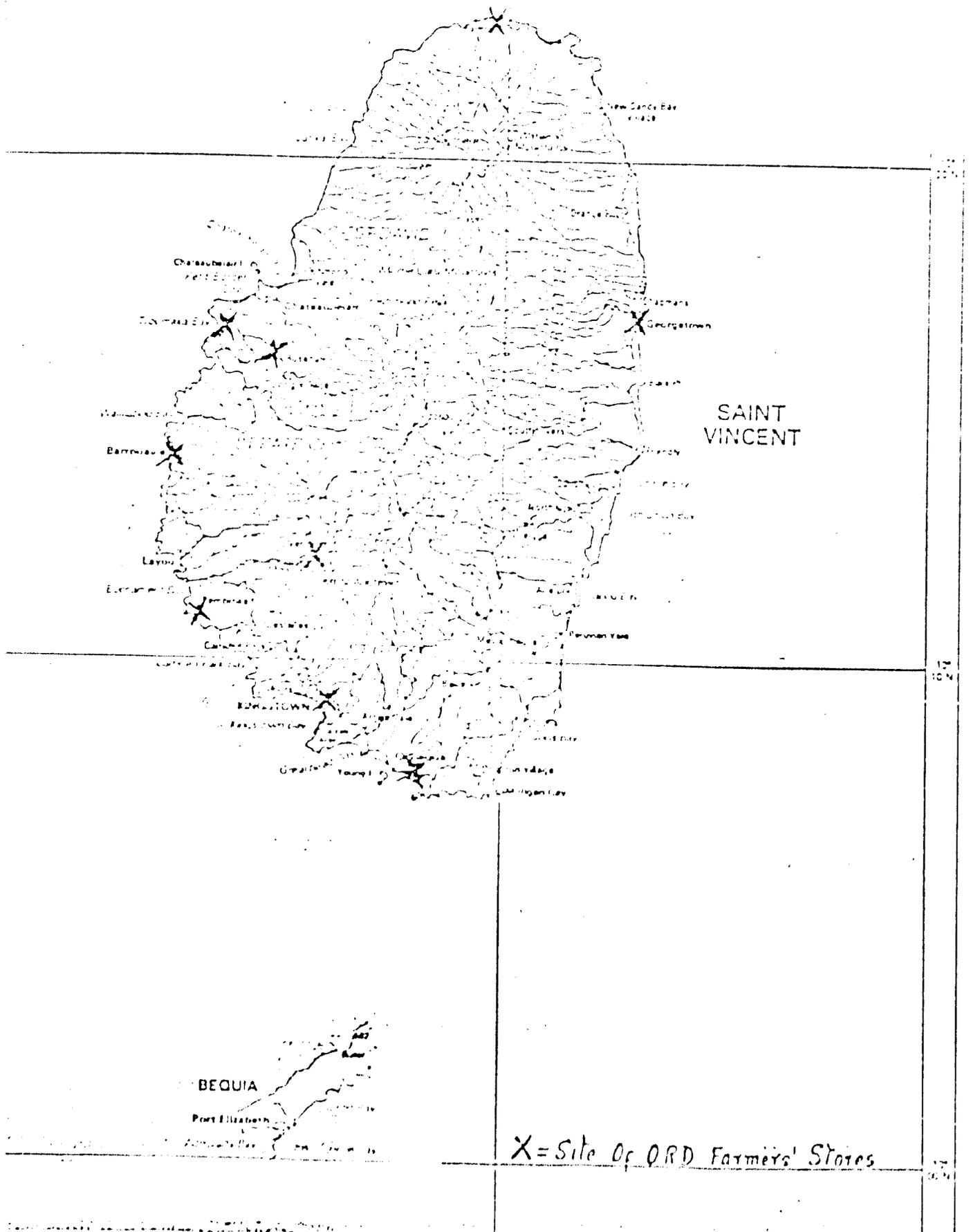
ORGANIZATION FOR RURAL DEVELOPMENT

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ATTACHMENT IV

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V

BEQUIA

Port Elizabeth

X = Site Of ORD Farmers' Stores

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USAID AGRICULTURE REVOLVING FUND

YEAR	CPOP	No. OF TRANSACTIONS MADE (LOANS)	No. OF MEMBERS AFFECTED	TOTAL LOANED (E.C.\$)	TOTAL AID (E.C.\$)

