

A.I.D. EVALUATION SUMMARY - PART I

PD-AAZ-179

- 1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS
- 2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>RDO/C</u> (ES# <u>538-89-02</u>)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Skipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>88</u> <u>Q 04</u>	C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
538-0147	St. Vincent Integrated Management Production and Marketing Project	FY85	12/88	2,150	1,803

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required Provide bridge funding for a short-term extension of the Project to conduct institutional and sustainability analyses	RDO/C	9/30/88 (Completed)

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) 8 (Day) 3 (Year) 88

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature	Rebecca J. Niec	N/A	Darwin Clarke	James S. Holtaway
Date	<i>[Signature]</i>		<i>[Signature]</i> 01/17/89	<i>[Signature]</i>

Larry T. Armstrong, D/DIR
3-29-89

Roy J. Grohs, A/C/PRM
[Signature]
3/11/89

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The Project was authorized on July 2, 1985 for five (5) years and \$1,500,000 and implemented through an OPG with the Pan American Development Foundation (PADF). The purposes were 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. ORD's management and operational capabilities were to be strengthened to deliver services more effectively.

The Grant was amended on June 24, 1986 to increase the funding by \$250,000, (to a new total of \$1,750,000) to provide assistance in cocoa production. On September 4, 1987 an Action Memo shortened the Project by 1 1/2 years (PACD revised to 12/31/88), simply consolidating the expenditure timeframe and leaving the objectives unchanged. The specific intent of the decision to shorten the Project was to consolidate the RDO/C portfolio. The Project was viewed as making sound progress toward meeting the objectives, and it was therefore thought to be a reasonable candidate for early termination.

A Final Evaluation was conducted in May 1988. The evaluation report stated that ORD is well on the way to combining service and business into a self-supporting institution that will benefit small farmers significantly. The most noteworthy recommendation was that USAID continue the financing for at least two more years to enable ORD to follow through on progress already made and not lose the benefits gained in the last 3 1/2 years. Achievements under the Project include improved management and accountability, computerized management systems and policy development in ORD.

ORD is, however, still far from financial self-sufficiency. It has continued administrative weaknesses and a lack of management depth, with information systems inadequately applied to decision making and planning.

One of the valuable lessons is the importance of enforcing sound management and financial practices from the onset as a condition to funding and not to rely on 'advisors' without authority to enforce changes. In addition, having a strong manager who can recognize losing operations and turn them around is critical to the success of small farmer organizations.

C O S T S

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Jim Pines	Independent Consultant	OPG 538-0147	\$15,000	OPG
Coleridge Pilgrim	" "	Subagreements		
2. Mission/Office Professional Staff Person-Days (Estimate) _____ 8 _____		3. Borrower/Grantee Professional Staff Person-Days (Estimate) _____ 10 _____		

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A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

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| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Mission or Office:

EDO/C

Date This Summary Prepared:

October 6, 1988

Title And Date Of Full Evaluation Report:

Final Evaluation of the St. Vincent Integrated Management Production & Marketing Project AID Project No. 538-0147 by Jim Pines and Coleridge Pilgrim July 1988

Brief Project Description

The purpose of the 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. The strategy is to attempt to resolve the constraints of agricultural endeavors through provision of technical assistance in management, agronomy and extension, operate an input credit fund and provide market and crop development assistance.

Outputs of the Project to date include: an established management information system and improved management skills; functioning revolving credit input fund; improved farmer services; capacity to deal effectively with international donor, business and banking institutions; and improved planning, implementation and marketing capacity.

Purpose and Method of Evaluation

The Project was evaluated in terms of project accomplishments as measured against project objectives and input/output targets as stated in the original OPG Program Description. Expected outputs in Section D of the original OPG Program Description were used as benchmarks in assessing performance.

The evaluation considered project modifications and revised targets and budgets made during the course of implementation and addressed 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 accomplished in Grenada. This activity will be evaluated as part of the HIAMP Eastern Caribbean Cocoa Rehabilitation and Development Subproject (538-0140.02) also implemented through PADF.

Findings and Conclusions

1. ORD has substantially institutionalized, to the extent that could be expected, almost all of the management systems necessary for effective operations. Financial reporting, membership records, sales and production data and loan information are for the most part available and reasonably well done. Although this is the case, it cannot be said that ORD operates in a 'commercially businesslike' manner.
2. With the current ORD leadership, there is a laxity in controlling and monitoring operations, in respecting planned budget levels and in acting upon 'advisors' counsel to improve decision making and efficiency.
3. Despite some significant accomplishments, the outlook for sustainability remains uncertain, even with outside management assistance.
4. The original goal of sustainability was unrealistic for the 5 LOP year Project. This was compounded when the Project was shortened to 3 1/2 years, especially in the absence of any systematic fund-raising plan for core support.
5. While ORD has no problem obtaining funding for specific activities, it desperately needs a bridge grant in gradually declining installments to be used for core support. This core support financing should be conditioned on:
 - a) controller certification that each expenditure is within budget,
 - b) overdrafts restricted to stated levels,
 - c) no more staff loans and enforce advance policy, and
 - d) preserve the financial integrity of the pension fund.

Recommendations

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. A bridge grant should be provided for core support, with gradually diminishing monthly disbursements, conditioned on ORD compliance with stated conservative financial practices.
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. ORD should appoint a General Manager or Chief of Operations, assign the person broad responsibility for all business and commercial operations.
4. The present program of lending for crop production should be substantially expanded to stimulate efficient large-scale production of marketable crops.
5. 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.

SUMMARY (Continued)

6. ORD management must develop the capacity to use the information provided by its accounting and monitoring systems for timely and efficient management decisions. Methods of arriving at yield and marketing projections should be refined to provide realistic figures, input outlets should be carefully assessed for profitability, controller's role in sticking to budget should be strengthened and sound financial practices should be implemented without exception.
7. Approval and implementation of the pending ORD proposal to HIAMP for support of a packing house project should be expedited as much as possible.
8. 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.
9. The Chief Coordinator and other senior management staff should seek opportunities for improving relations with government ministries, civil service staff and the general public.

Lessons Learned

1. The OPG experience 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.
2. Future projects should enforce donor perceptions of sound management and financial practices from the start. As "advisor", PADF could only encourage, and not insist, that ORD tailor spending to budget and observe conservative financial and management practices.
3. 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 brilliant ideas of others and make them work. 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.
4. The ORD experience emphasizes the importance of strengthening fund-raising and resource mobilization capability as part of institutional and sustainability development.
5. 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 repayments and are not distinguished for loans that were never extended.
6. USAID should not conclude that ORD and similar farmer organizations 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 socially useful.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Final Evaluation of the St. Vincent Integrated Management, Production and Marketing Project. AID Project No. 538-0147 by Jim Pines and Coleridge Pilgrim - July 1988.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The evaluation was basically on target and fairly documents the achievements and shortcomings of ORD, if it is perhaps a bit too positive on the durability of the successes. As we learned in succeeding months, the evaluation did not adequately emphasize the fragile nature of the organization and its total reliance on a few key individuals, without whom the organization could quickly revert to 1985 competency levels in financial reporting, etc. It addressed all the issues in the Scope of Work with regard to ORD, but failed to assess the roles of PADF and USAID in the Project implementation.

As a result of the Final Evaluation, PADF proposed a 2 1/2 year, \$672,714 extension to the Project, extending it from 1/1/89 through 6/30/91. After careful deliberation, RDO/C determined that the ORD merited continued support and undertook a review of the situation to determine how to structure it. The final outcome was a 6 month PACD extension adding \$200,000 to conduct an institutional analysis of ORD and make final recommendation for improving their services to farmers and their operational efficiency.

PADF and ORD accepted the evaluation report and had no major comments.