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PROJECT ASSISTANCE COMPLETION REPORT
Rural Sector Grant Project No. 633-0077
(1980 - 1988)

USAID/BOTSWANA
APRIL 19, 1989

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I. PROJECT SUMMARY:

A. Project Financial Review

The Project (Phase I) was authorized for \$3,780,000 in 1980 and fully obligated for that amount in 1982. Subsequently \$587,000 of the original total was unutilized, hence deobligated. Phase II was authorized in 1983 at \$5,569,000, but only \$4,042,000 was ever obligated. Of this total obligation, a large proportion of funds were not used, hence deobligations through 1988 amounted to \$793,000. Further deobligations are currently underway, now estimated at more than \$800,000.

Summary: (Phases I and II)

Total Authorized:	\$9,349,000
Total Obligated:	\$7,822,000
Total Deobligated to date	\$1,350,000
Estimated further Deobs.	\$ 862,000

Estimated Net

Obligation and Expenditures: \$5,610,000

Percentage Expended of

Original Plan: 60%

B. Project History

The Rural Sector Grant was very much a product of the 1970's, the decade of new directions rural-based programs, and small scale equity concerns in development. Although it was initiated and implemented well into the 1980's, it faced a new development decade of increasing concern with policy dialogue, economic growth, skills development and private enterprise focus.

In response to the (1976-1981) National Development Plan, USAID/Botswana made a clear commitment to locally-based rural development. This was the result of AID's desire to promote greater equality of income distribution and to increase rural employment and production opportunities. However, the 1979 USAID/Botswana ABS clearly states that the USAID project approach was possibly in conflict with the GOB's desired development practices. The ABS goes so far as to state "Botswana does not want the U.S. to recommend priorities and initiate integrated action programs." Nevertheless, the 1979 PID (Botswana Rural Sector Study) and AID subsequently initiated an "integrated sectoral approach" under the umbrella of the Rural Sector Grant.

The Rural Sector Grant (RSG) was authorized in May 1980 and in July 1983 an amendment for Phase II was approved. It is of great historical significance that both the project and its amendment were conceived before the effects of a six-year drought in Botswana which commenced in 1982. Aside from significant administrative, sociological, and implementation constraints, the drought had an incalculable effect on the outcome of the project. As the GOB Coordinator of the Rural Development Unit stated: "The focus of the governmental ministries became survival, rather than production or employment." Phase II of the RSG was evaluated mid-term in 1986 and it is primarily Phase II which will be covered by this PACR.

COMPONENTS OF THE
RURAL SECTOR GRANT

1. Rural Industries Officer/Productive Enterprises Development Fund, Director of Industrial Affairs - Ministry of Commerce and Industry
2. Horticultural Estates, Ministry of Agriculture
3. Agricultural Small Project, Ministry of Agriculture
4. District Institutional Development, District Administration Ministry of Local Government and Lands. Initiated Phase II
5. Special Technical Assessment, Rural Development Unit - Ministry of Finance and Development Planning.

C. Goals.

The goal of both Phases of the Rural Sector Grant was "to stimulate rural development and a more equitable distribution of income in Botswana." The purpose of Phase II was to "provide the rural population with increased access to productive employment opportunities." To accomplish this, Phase II of the Rural Sector Grant was to fund sub-projects that had a direct impact on production and income at the district/village level or that addressed broader constraints that had to be overcome before production improvement interventions could be implemented. These sub-projects were:

1. Rural Industrial Officers' Cadre/Productive Employment Development Fund (RIO/PEDF).

This sub-project was designed to support the project purpose and goal achievement by assisting in overcoming rural training gaps, lack of information, and limited investment capital.

- a. The RIO sub-project was to train RIOs and ARIOs, thus leading to localization, and to provide housing, vehicles and equipment, trainers and advisors and a small projects fund.

b. The PEDF sub-project was to provide funds from the National Development Bank (NDE) to be used in the implementation of the Financial Assistance Policy (FAP).

2. Horticultural Estates

Project purpose and goal were to be supported by this sub-project through the establishment of several operational horticultural estates to provide employment, increase income to members of the estate associations and to partially meet the consumption requirements of urban markets with domestic production.

3. Agricultural Small Projects

This sub-project was intended to assist organized farm groups and village level initiatives to undertake small-scale infrastructure and production in activities such as small vegetable plots, poultry production, construction of storage facilities, etc. The participating farm groups were required to contribute at least 10% to the funding of each component.

In recognition that trained administrative personnel at the district level would affect the outcome of rural productive initiatives, Phase II would support:

4. District Institutional Development

This sub-project was a new initiative in the amended project. It was intended to increase the District Officers' capacity to plan and administer rural development programs, particularly those aimed at job creation and increasing rural incomes and to provide District Officers with advanced training.

In order to provide for administrative coordination of the sub-projects, Phase II would also provide support for:

5. Special Technical Assistance.

The Rural Development Unit of the Ministry of Finance would continue to receive technical assistance under an OPEX arrangement for the Communal Area Coordinator (CAC). Short-term technical assistance was to be used to address special problems and needs identified during project implementation.

II. PROJECT IMPLEMENTATION:

- C. External factors which effected the project included a devaluation of the Pula, (Botswana's currency) the six year drought, and the imposition of GOB budget ceilings on individual ministries. Internal factors included administrative personnel changes at both USAID and the ministries.

In the five years of Phase II, the project was administered by three different USAID project officers and one Communal Area Coordinator (CAC). The Rural Development Unit cited this lack of continuity as a major contributor to implementation difficulties; however, this turnover is usual in USAID missions. Lack of administrative continuity also characterized the three GOB ministries involved in monitoring project components. For example, when this PACR was being prepared, the only official who had direct implementation responsibility for the Horticultural Estates component had just departed for third country training. The Communal Areas Coordinator (CAC) position served as a crucial link between the Rural Development Unit and the sub-projects and between the Unit and USAID. The Coordinator departed in February 1987 and that signaled the end of effective monitoring and coordination between the Rural Development Unit, the sub-projects, and USAID. This position was not filled, partly because of the GOB job re-evaluation process which negated a counterpart being assigned.

In general, a satisfactory job was done in administering the RSG in the early years of the second phase of the project, but throughout both phases, more attention should have been paid to field activities.

Phase II of the RSG was evaluated in May 1986 and the USAID Mission and Government of Botswana signed off on the Project Evaluation Summary (P.E.S.) in February 1987. Twenty-six actions to be undertaken by the GOB and USAID were set forth. In terms of other actions, subsequent Project Implementation Reports (PIRs) (March/September 1987 and March 1988) illustrate what progress was made toward accomplishing outputs (e.g., 25% on baseline data, 10% on horticultural estates).

One recommendation was to extend the Project Assistance Completion Date (PACD) to June 1990, apparently made to accommodate project training goals, e.g. long-term participants.

However, by mid-1987 USAID was considering not extending the PACD since all participants had returned. Other reasons for this decision included a) there was no commitment undertaken by the GOB to replace the Communal Areas Coordinator, b) there was general recognition by USAID and the GOB that the project had significant implementation problems primarily as a result of the prolonged six year drought which undermined all rural sector activities in shambles, thus shifting emphasis to drought relief programs, and c) the GOB/USAID emphasis had effectively moved to other targets such as private sector growth leading to employment generation.

II. A. USAID Project Inputs

Total Phase II Life of Project expenditure was less than budgeted. Causes for reduced expenditures include devaluation of the Pula, inflated estimates at the beginning, GOB budget ceilings, and a lower level of activity for some sub-projects than planned.

1. Technical Assistance

Thirty-six person months of long term technical assistance was provided and this exceeded planned inputs. The short-term technical assistance requested by the GOB and provided by USAID was less than planned.

2. Training

Forty person years of long term graduate degree training in the U.S. were planned and in actuality 29 person years were achieved. This decrease in training was due to cases where some Masters Degrees were achieved in 18 months rather than the projected 24. Whereas 366 person months of in-country short term training for RIOs were planned, approximately 200 person months were achieved. There was difficulty in implementing this training component after the Communal Area Coordinator departed and alternative management plans were never put in place. A major input was contractor support which enabled the Academy for Educational Development (AED) to recruit for the OPEXer and to place long term participants in the U.S.

3. Equipment, Commodities, Vehicles. Expenditures in these categories were to total \$175,000. All planned expenditures were achieved in the RIO sub-project, but the Horticulture Estates sub-project was never completed. This resulted in reduced inputs for commodities and equipment. Residual funds amounting to nearly \$85,000 were among those deobligated.

4. Construction

A total of \$685,000 was projected for this category, but inputs were reduced due to implementation constraints of the Horticultural Estates sub-project. However, housing for the RIOs and ARIO's was completed on target (See Appendix A),

5. Local Costs/Administration

Some \$1,484,000 was planned for Local Costs, the largest components of which were to finance the PEDF and to finance the Training and General Support Fund. These funds went through the National Development Bank (NDB), which had difficulty in expending all monies it received, be it GOB, USAID, or another donor. Just as RSG started, the NDB increased its loan portfolio by ten fold. In retrospect this extended the institution beyond its ability to function effectively.

6. Evaluation

A total of \$90,000 was set aside for project evaluations; the mid-term evaluation was completed at a cost of approximately \$60,000.

B. GOB Project Inputs

The PEDF was adversely affected by the drought. There was a decline in absorptive capacity for additional small scale projects and few FAF projects were found suitable for funds. The connection between the RIO/sub-project and PEDF component was not clear to those involved.

Training

GOB long-term training inputs were to total \$621,000 and contributions to training in sub-projects were to total \$1,975,000. The GOB was fairly successful in meeting its projected expenditures for the long term training component but as discussed in II A.2, lack of staff had a negative effect upon implementation of all training activities.

III. Project Accomplishments and Impact

- A. 1. (a) Rural Industrial Officers (RIOs) - This sub-project was treated with enthusiasm by the ministries and was viewed as a special cadre with clear goals and objectives. A smooth transition was made to full localization.

Very satisfactory progress was made towards achieving the relevant End of Project (EOP) conditions. This sub-project is often cited as the most successful of the entire Rural Sector Grant. The current cadre deals directly with developing opportunities for rural income generation (non-agricultural). However, the amount of rural industrial development project work done by the RIOS was not as prodigious as hoped due to the amount of time required to implement FAP at each local level.

(b) PEDF utilization remained low and few of the projected number of jobs were created, due primarily to the weak institutional capacity of the NDB.

2. Horticultural Estates

This was one of the least successful of the project components. The drought was a major contributor to difficulties in achievement, as well as the number and complexity of interventions necessary to accomplish this; e.g. construction, agricultural extension, dam building and irrigation, transport and marketing, etc. The EOP condition that "the Ministry of Agriculture will have a successful model for commercial horticultural production based upon organised groups of small farmers" was not fully achieved.

3. Agricultural Small Projects

As the 1986 PIR states, "Botswana is experiencing poor implementation rates in virtually all rural projects, but especially those requiring some financial investment from the rural population...." This sub-project expanded the Phase II AID budget for this component and the Ministry of Agriculture then allocated Domestic Development Funds (DDF) to cover all GOB contribution, as agreed.

4. District Institutional Development

This sub-project was to upgrade the calibre of senior District Officers and thereby promote and support productive activities. Of the officers trained, some have since moved into the private sector or moved on to other government ranks; this was an expected loss to the project (but Botswana's general development remains well served by these trained individuals). However, those who did return to the District Officer ranks appear to have improved job performance and are generally regarded as outstanding officers with improved job performance. Credit goes to the Project.

5. Special Technical Assistance

The Communal Area Coordinator, an unplanned advisor in the original documentation, worked well with his GOB colleagues and was able to help achieve project objectives until the next to the last year of the Project. However, the premature departure of this technician left a gap in the last year's progress, and a replacement was not approved by the GOB.

IV. Conclusions

This was an unusually complex, long project (eight years) that involved many ministries and one parastatal. Several USAID project managers spanned a shift in the development philosophy. The project was severely effected by a six year drought. Despite all of these factors, the Rural Sector Grant still achieved some notable success, particularly in terms of advanced training and capacities. The RIO sub-project also provided some important lessons-learned for subsequent development efforts.

A. Project Evaluation Summary (1985)

1. Given the continued poor performance of the Horticultural Estates sub-project, one of the lessons stated in the mid-term evaluation remains accurate. That is, there is "danger in designing and attempting to implement a project without adequate appropriate technical expertise or follow through."

2. The 1986 mid-term evaluation contained 37 "Action Decisions." The recommended actions were both major and minor. Their objectives appear to have been to complete as many ongoing actions as possible using available resources, and to complete project outputs as best possible. Funds for those activities and components left uncompleted were to be deobligated.

B. Lessons Learned for USAID:

1. The project design underestimated the managerial requirements and TA required by this project. This was clearly demonstrated by the slowdown of project implementation after the departure of the Communal Area Coordinator, even after 6 years of implementation.

2. One of the most important lessons learned from the RSG is that project design should be preceded by complete baseline studies and economic analyses. In this project it appears that detailed implementation plans were drawn up before the necessary analyses were even considered. This appears to be especially true with regard to the PEDF, the weakness of the NDB and the Horticultural Estates components.

3. This project was extraordinarily complex, diversified and essentially non-integrated. It was designed and initiated at a period of AID operation which called for conglomerate, sector-wide activities. Regretably, it proved to be too diverse and without the necessary attention and involvement of the GOB. The project suffered because of severe drought which began simultaneously to the project and which absorbed so much interest and resources of the Government and People of Botswana.

C. Lessons Learned: GOB

The Rural Development Unit Coordinator acknowledges that rural development has by nature multi-sectoral responsibility and objectives, but this project was based upon a very broad, and somewhat weakly integrated concept.

Projects such as this do have the possibility of reaching segments of the poorest of the poor, but they are difficult to implement. There is certainly an art to selecting the correct institutions to implement project components. If they don't exist then one can be "developed" through substantial TA or training or the component specifically focused on "institution-building." But if such needed institutions repeatedly fail to perform, they should not continue to receive support.

memorandum

DATE: March 22, 1989

REPLY TO
ATTN OF: Pushkar A. Brahmhatt, ENG *Pushkar Brahmhatt*

SUBJECT: Botswana - Rural Sector Grant 633-0077 Completion Report -
Construction Component

TO: Barbara Belding, A/HRDO

Under this project activity the construction activities were divided under the following project sub-components:

LG31 - Community Related Activity

A two classroom block and a Health Post was built at Lepasha community center.

LG36 - Development of Land Institution

- OFDA office block at Gomare, and Kasane, Hunkuntsi and Goodhope
- Two staff houses at Gomare and 3 staff houses at Kasane, two senior and one junior staff house at Kanye and two staff houses at Goodhope
- Sub level board offices at Nata, Artesia, Mathebukawane and Letsweletatao

Rural Industrial Office

- RIO houses at Molepolole, Maun, Mahalapye, Masunga, Gumare, Mabutsane and Bobonong
- ARIO houses at Molepolole, Mochudi, Maun, Ramotswa, Kanye, Mahalapye, Tutume, Masunga, Gomare, Tsabong, Mabutsane, Serowe, Ghanzi, and Bobonong
- RIO office block at Mahalapye and Gomare

(A total of seven (7) houses for RIOs and fourteen (14) houses for ARIOs).

AE14 - Afforestation

A utility building at Ramatalamba.