

A B S T R A C T

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

The APS project aims to assist the Government of Senegal (GOS) to increase national cereal productions mainly through the privatization of cereal seed multiplication and agricultural input distribution. The project is managed by a host country project unit under the Ministry of Rural Development and Hydraulics (MDRH), aided by a technical assistance team from Chemonics International. The primary purpose of this mid-term evaluation is to analyze the validity of the project's underlying concepts and project design and to assess the need for modification of any aspects of the project. The major findings, conclusions, and recommendations are that:

- o The project shows very little progress towards its original goals and objectives -- for example, no credit has yet been extended by the project.
- o The design of the credit and seed components were based on numerous assumptions which have proved to be largely invalid.
- o The project's goals are overly ambitious and unrealistic.
- o It is recommended that the project be suspended and redesigned.

The principal lessons learned include:

- o Pressure to accelerate the project design and approval processes without verifying critical underlying assumptions should be strongly resisted.
- o The formulation of effective privatization policy and projects depends on a thorough understanding of the operations, constraints, needs, and preferences of any private sector organizations and actors involved.
- o If private sector firms are to actively collaborate in AID projects, these firms must be provided attractive incentives, clear yet not overly restrictive guidelines, and timely feedback.
- o Privatization per se is not a panacea for public sector problems. Even when the private sector is able to perform particular functions more effectively than public sector institutions, other conditions and/or supporting factors will be necessary to assure the success of privatization efforts.

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			
Chris Mock Bahman Azarm Ted Black Maxime Lesage Graham Owen David Van Dyk	Devres, Inc.	PDC-0085- I-00-9089- 00 Delivery Order No. 8	\$144,670	Project
2. Mission/Office Professional Staff Person-Days (Estimate) _____ 40		3. Borrower/Grantee Professional Staff Person-Days (Estimate) _____ 30		

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 |
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Mission or Office:

USAID/Senegal

Date This Summary Prepared:

December 14, 1990

Title And Date Of Full Evaluation Report:

Evaluation of the Senegal Agricultural Production Support (APS) Project, Oct. 1990

I. Project Goal, Purpose, and Design

The goal and purpose of the project are to assist GOS to increase national cereal production through the privatization of cereal seed multiplication activities and the marketing of cereal production inputs, as well as through support for private sector enterprises engaged in the marketing and processing of cereal products. The project includes four components:

- o support for quality improvements of seed production, as well as for the privatization of seed production, seed marketing, and the distribution of other inputs used in cereal production;
- o the provision of credit for cereal seed production, input distribution, and crop storage, marketing, and processing;
- o support to strengthen GOS data collection concerning cereals; and
- o funds for the implementation of a media campaign to disseminate information about cereal production techniques and other agricultural-related topics.

II. Evaluation Purpose and Methodology

The primary purpose of this mid-term evaluation is to analyze the validity of the underlying concepts and design of the Agricultural Production Support (APS) project and to assess the need for modification of any aspects of the project. The team was composed of six experts who spent approximately four weeks each in Senegal examining the goal and purpose of the project in the context of current Government of Senegal (GOS) and USAID/Dakar priorities; the design, structure, and functioning of the project as a whole; the objectives, activities, accomplishments, and problems of each of the project's components; and the current needs and priorities within each of the project's activity areas.

III. Major Findings

o The design of the credit component was based on numerous assumptions which have proved to be largely invalid. The most notable of these were: (1) that the commercial banks would be interested in and willing to lend to the target beneficiaries of the credit component, particularly small- and medium-scale enterprises engaged in cereals-related activities; (2) that the commercial banks would be willing to assume 100 per cent of the risk in lending to agribusiness firms; and (3) that intermediate input distributors would be willing to provide credit to cereal farmers.

S U M M A R Y (Continued)

o The design of the seed component was also based on several assumptions which were not entirely valid. These include: (1) that privatization of seed multiplication and seed certification would lead to significantly increased use of improved cereal seed and therefore a concomitant increase in national cereal production; instead the demand for improved and certified seeds among the vast majority of Senegal's cereal producers was found to be minimal; (2) that privatization of input supply would lead to increased farmer access to inputs and thus increased input utilization; instead it was found that most cereal farmers have neither the financial resources to purchase these inputs nor an interest in using them, due to the climatic and financial risks involved, as well as to their lack of knowledge concerning proper input use.

o The resources provided by the project design are insufficient to accomplish the project's multiple and vast objectives.

o The design of the project's management and decision-making structure is exceedingly complex and cumbersome, which has been a major cause for the many serious delays in key areas of project implementation.

o The project shows very little progress towards its original goals and objectives; for example, no credit has yet been extended by the project, the seed activities are concentrated in only one region and on one principal cereal product, only a few of the fifty-eight months of short-term technical assistance have been used, and \$17 million in USAID funding obligated for the project remain unutilized.

IV. Principal Conclusions

o The project's goals are overly ambitious and unrealistic, particularly concerning the nation-wide geographic focus of the project, the time envisioned, and the resources provided.

o The design rationale of attempting to integrate the project's diverse and multiple objectives and its various discrete components into a single project cannot be sufficiently justified conceptually and has been a major cause of the subsequent management problems which have developed.

o The linkages between the design and objectives of the project's individual components and the attainment of the fundamental goal of increasing national cereal production were not sufficiently justified.

o The credit delivery mechanism designated in the project design is an inappropriate vehicle for extending credit to most of the intended target beneficiaries, particularly small-and medium-scale agribusiness firms and seed multiplication operations.

o The credit needs which exist in the cereal-related agricultural and agribusiness subsectors cannot be met through existing supplier credit systems.

o The intensification of cereal production in Senegal's rainfed areas, which constitute the vast majority of the country's cereal producing areas, depends not on the privatization of seed multiplication and input supply, but on several other essential factors which have been lacking in this project. These include such factors as the availability of appropriate cereal varieties, effective delivery systems, extension and demonstration support, and efficient processing technologies.

V. Principal Recommendations

o The project should be suspended and redesigned. The project's goals and objectives should be narrowed and refocussed, and the project should be restructured with a more limited range of activities directly aimed at achieving these goals and objectives. Further, the reformulated project should be carefully designed in order to assure that the underlying assumptions are indeed valid and that the resources provided are sufficient to enable the project to achieve its fundamental objectives.

o Any remaining project resources not utilized in support of the development and implementation of the redesigned project should be reprogrammed for other activities aimed at the development and privatization of Senegal's agricultural and agribusiness sectors.

o The delivery of credit and other business support to private sector agribusiness firms represents an area of highest priority. GOS and USAID/Dakar should consider redirecting a portion of the remaining project resources for the development and implementation of a credit activity to deliver financing and other necessary support to agribusiness enterprises engaged not only in cereals-related activities but also in other economically viable agriculturally-related activities. The target enterprises should include not only the larger agribusiness firms, but also small- and medium-scale business, including commercial farming operations. Before the design of such a credit activity, a comprehensive analysis should be performed of the viability of various alternative delivery mechanisms and of the precise nature of the credit and other needs of agribusiness enterprises.

o The project's other three components should not be retained within a single project and alternative mechanisms should be identified for the financing of activities related to these areas.

VI. Principal Lessons Learned

o Pressures to accelerate the project design and approval processes without thoroughly researching and verifying critical underlying assumptions should be strongly resisted.

o Projects with multiple and diverse goals and objectives and which require the management participation of numerous different public and private sector institutions are extremely difficult to manage and require excessive time and effort to achieve effective coordination. Further, they are not appropriately suited to USAID/Dakar's management structure and operations.

o The formulation of effective privatization policy and projects depends on a thorough understanding of the operations, constraints, needs, and preferences of any private sector organizations or actors involved.

o If private sector firms are to actively collaborate in AID projects, these firms must be provided attractive incentives, clear yet not overly restrictive guidelines, and timely feedback.

o Privatization per se is not a panacea for public sector problems. Even when the private sector is able to perform particular functions more effectively than public sector institutions, other conditions and/or supporting factors will be necessary to assure the success of privatization efforts.

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.)

Evaluation Report.

COMMENTS

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

USAID/Senegal and the Government of Senegal (GOS)'s Ministry of Rural Development and Hydraulics are very satisfied with the overall quality of the evaluation report. The report meets the demand of the scope of work and provides answers to questions posed.

The report successfully focussed USAID and GOS attention on important issues, particularly:

- invalid assumptions underlying project design;
- insufficient project resources provided by the project design to accomplish the project's multiple and vast objectives;
- complex and cumbersome design of the project's management and decision-making structure;
- inappropriate credit delivery mechanism for extending credit to most of the intended beneficiaries, particularly small- and medium-scale agribusiness firms and seed multiplication operations; and,
- very little progress made towards the project's original goals and objectives.

Due to all of these problems, the evaluation recommended that the project be suspended or redesigned.

USAID and the GOS did not differ significantly on any major issue. Based on the evaluation findings and recommendations, USAID reviewed the options available with the Ministry of Rural Development and Hydraulics; and the Ministry of Economy, Finance, and Plan. A consensus was reached to proceed with (1) the termination of the project, and (2) the reprogramming of the remaining funds in support of the GOS's agriculture and rural development objectives.