

PD-ABD-911

ISA 76211

PROJECT ASSISTANCE COMPLETION REPORT

CONFIRMED COPY

Project Title: Regional Cocoa Rehabilitation and Development

Project Number: 538-0140.02

Funding Period: 8/31/86 - 7/30/91

LOP Funding: \$2,973,000

Implementing Agency: Pan American Development Foundation (PADF)

PACD: 7/30/91

I. PURPOSE

The purpose is to increase the annual export revenues from the sale of cocoa from the Windward Islands using intensified management practices. To attain this objective, a collaborative agreement was executed with Pan American Development Foundation (PADF) to assist the cocoa industry by: (1) accelerating the transfer of improved cocoa propagation, management, processing, and marketing technologies to key growers on the islands of St. Vincent, St. Lucia, Dominica and Grenada; (2) promoting private sector involvement in the production, management processing and marketing of cocoa; and (3) seeking investors willing to form joint ventures to use advanced cocoa production practices.

II. BACKGROUND

On August 31, 1986 Cooperative Agreement No. 538-0140-G-00-6061 was signed with the PADF obligating \$1,000,000 to implement the Project. On March 27, 1987 Amendment no. 1 increased the amount of funding by \$1,000,000, to a total of \$2,000,000. In amendment No. 2 of August 17, 1987 the financial plan was revised so that PADF could employ local staff to monitor the Project. Amendment No. 3 signed November 13, 1987 added the balance of \$973,000, fully funding the agreement.

The purpose of Amendment No. 4 of December 15, 1987 was to have the title to property acquired under the Agreement vested in the cooperating countries participating in the Project. Amendment No. 5 revised the financial plan so that PADF could extend the term of service of the two long-term field advisors. Amendment No. 6 incorporated the latest indirect cost rates agreed to by USAID and on November 30, 1990, Amendment No. 7 revised the financial plan to extend the services of one long-term advisor.

St. Vincent was originally to be involved in the Project, but failure to negotiate a Memorandum of Understanding (MOU) with the MOA resulted in St. Vincent being dropped from the Project.

CONFIRMED COPY

A mid-term evaluation was completed in November 1989 and a final evaluation was done in June 1991.

III. SUMMARY OF INPUTS AND ACCOMPLISHMENTS

Inputs and Outputs

Planned Project inputs were specified to be: 1) US\$2,973,000 from AID to finance the cost of implementation of Project components, 2) CIDA support to the Grenada Cocoa Association (GCA) (in the amount of \$6.9 million), and 3) owners equity.

Distribution of AID funding as planned and realized (projected EOP) is as follows:

Item	Planned (US\$000's)	Achieved (EOP PROJECTIONS) (S\$000's)
1. PADF personnel and indirect costs	2,023.2	1,716.0
2. Commodities and equipment	79.8	75.0
3. Participating country demon- stration, training & outreach	665.0	395.0
4. Other direct costs	205.0	131.0
5. TOTALS	2,973.0	2,317.0

CIDA continued its programmed assistance through 1989. A follow-on five year CIDA-funded Cocoa Rehabilitation Project (CRP) Phase II for CND\$7.0 million (grant plus counterpart) was approved and began implementation in 1990.

"Owners equity" input was quantified by the Log-Frame at \$500,000 from private investors and \$100,000 from groups/coops. It is not possible to determine whether these planned amounts were achieved, since no system was put in place to obtain the necessary data. Given the failure to achieve any joint ventures, and the less than anticipated production increases, it is likely that owners equity fell considerably short of planned amounts.

The magnitude of the primary LOP output specified (a 30% increase in Grenada cocoa production) was unrealistic in terms of what the Project could reasonably be expected to achieve or even influence. The call for such a rapid increase in output obviously did not consider the time-lag between production interventions and full harvest output. Failure to achieve this output should not be a criterion for measuring Project achievements.

Other planned and achieved outputs were:

<u>Output</u>	<u>Planned</u>	<u>Achieved</u>
1. Acres of Contract Demonstration (C-D) plots established	200	210
2. Joint ventures using hybrid production technology	2	0
3. Establishment of Research-demonstration field to determine flavor/quality and optimum clonal/hybrid mix	1	1

In addition to planned outputs specified by the Sub-Project Paper, the respective MOU's included planned LOP outputs as follows:

<u>COUNTRY</u>	<u>TARGETED PRODUCTION INCREASE (ANNUAL LBS.)</u>	<u>TARGETED TO BE REHABILITATED/ PLANTED/RE- PLANTED (ACRES)</u>	<u>ACHIEVED (C-D PLOTS PLUS FARMER INITIATIVE) (ACRES)</u>
GRENADA	30%	3,340 (hybrid seedlings and/ or clones)	1,460 (rehab/ replant. 210 (new planting)
ST. LUCIA	yields of 1,000 lbs.dry/acre	300 (rehab./ replant) 300 (new planting using hybrid seedlings).	474 (rehab/ replant) 510 (new plantings)
DOMINICA	with potential to increase to 1,000 lbs. dryacre	200 (rehab./ replant) 100 (new planting)	65 (rehab./ replant) 60 (new planting)

Since no monitoring system was established to collect objective data, the achievements indicated above are based on estimates made by PADF long term advisors. No information is available on production or yield increases. The data shows that St. Lucia substantially exceeded targets for rehabilitated acreage while Grenada achieved only half of the acreage and Dominica about one-third.

IV. DEVELOPMENT IMPACT

The Project served to maintain an interest in cocoa production at a time when cocoa prices in general were falling and major emphasis was being placed on banana production to the exclusion of other crops. There is little doubt that cocoa yields and production would have declined even further without the project.

At least partially as a result of the contract demonstrations and training financed by the project, cocoa producers in Grenada, Dominica and St. Lucia are poised to take advantage of improved prices in the flavor cocoa niche market and to eventually substitute cocoa for at least some banana production.

V. RECOMMENDATIONS FOR CONTINUING MONITORING

1. The Project should be terminated on the 7/31/91 PACD and the unspent funds deobligated.
2. A follow-on activity should be designed jointly with the participating countries as a priority diversification activity examining the entire cocoa production, processing, management, marketing and institutional framework. The activity should be incorporated into the on-going West Indies Tropical Produce Support (TROPRO) Project (538-0163) and the remaining funds reobligated to the said Project.
3. The follow-on activity should provide TA and training to compliment the proposed Dominica ESF activities for a privately controlled commercial fermentary/marketing enterprise, maximizing the use of E.C. TA complimented with external short-term TA.
4. The follow-on activity should have a 8-10 year horizon, staged and evaluated in 3-4 year segments.

VI. LESSONS LEARNED

1. The constraints in the overall production, processing, marketing and demand systems should not only be considered in the design analysis directed to production improvement, but components should be included to address the constraints in all of the systems. Designers should examine the perceptions of all target groups (i.e., farmers, processors) regarding the markets, risks, prices, etc. and design measures to respond to any constraints.
2. If regionally based projects are to reach maximum effectiveness, full-time, in-country advisory linkages are necessary, but perhaps not sufficient to guarantee maximum effectiveness.

3. Attention should be given to maximize the use of local people to carry out administrative, monitoring and promotional activities wherever possible in place of high cost senior long-term technical assistance.

4. Use of short-term technical assistance should be optimized in lieu of long-term in order to maintain flexibility as to timing and range of expertise that can be brought to bear.

Drafted:7/29/91:ANR:RJNiec:rjn:Doc.2512b p1-5
Revised 8/23/91 ALM:aaw

Info copy: DIR:MHJordan

Clearances:

C/ANR:RStyker (Draft)
PDO:JCashion (Draft)
C/PRM:PLerner (Draft)
CONT:JSanford (Draft)
D/DIR:LArmstrong ~~4~~

Cleared Original to PDO:LFrost