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IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>Mbabane</u> (ES# * _____)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>96</u> Q <u>1</u>	C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date fo the evaluation report.)		

Project No.	Project / Program	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
645-0229	Commercial Agricultural Production and Marketing (CAPM)	1989	05/96	\$10,833	\$10,833

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 1. Complete recommended project close-out activities. 2. Discuss evaluation findings with Swazi participants and beneficiaries. 3. Prepare packshed lease and management options for cooperatives.	S.Goertz, Proj Mnger D. Foster-Gross " " AGRIDEC consultant	5/96 4/96 3/96

APPROVALS

F. Date of Mission Or AID/W Office Review Of Evaluation: _____ (Month) _____ (Day) _____ (Year)
 02 14 1996

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
Signature	Don Foster-Gross, PGDO	Noah Nkambule	Valencia Msibi, PROG	Jack Royer, A/Dir
Date	5/23/96	P.S., MOAC	6/04/1996	6/4/96

ABSTRACT

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

The project, implemented by Chemonics International, aimed to help small-scale Swazi farmers, in selected areas, produce and market irrigated vegetable crops. This final assessment was conducted by a three person Agriculture Development Consultant (AGRIDEC) team, with USAID/Swaziland, on the basis of review of documents, site visits, assessment of beneficiaries, and interviews with private and public sector participants. In addition to assessing accomplishments, the team was asked to suggest final activities to enhance sustainability.

The major findings and conclusions are:

- In Swaziland, horticulture can be a profitable business for smallholders. The CAPM Project assistance to small farmers was a solid base for developing marketing strategies. The project created a general awareness and understanding of the potential for higher level of agriculture technology in Swaziland.
- CAPM's activities were highly beneficial to farmers who learned new practices and increased farm income.
- In the final phase, two years were not sufficient to complete cooperative development work.
- While almost all quantitative targets will be met, the farmer-owned cooperative businesses may not yet be viable.
- Despite professed support by the Ministry of Agriculture and Cooperatives (MOAC), field extension assistance to CAPM has been weak, thus limiting the potential for sustainability based on post-project MOAC support.
- The decision to use farmer organizations as marketing agents in Phase III was reasonable given past project experiences. However, in retrospect, a different model might have had a better chance of success.
- Support of the Agro-Industrial Advisor position at Swazi Business Growth Trust's loan program was successful and cost effective. It showed that expert business advice and credit can stimulate the sub-sector.
- The University of Swaziland/Ohio State University's Student Attachment Program (placement of student interns) has also been a solid success. The program is providing student career opportunities and useful linkages with business.

The evaluators noted the following lessons learned:

- Cooperative development is a long-term process that requires education, not merely training. In a space of only two years it is not possible to develop viable farmer-owned business organizations from groups generally composed of poor, semi-literate, subsistence farmers.
- CAPM farmers, after being shown the advantages and disadvantages of various options, chose to organize as farmer co-ops. While it is good for beneficiaries to participate in project strategy, co-op development under CAPM has had many problems and it might have been better if expert personnel had taken a stronger role in guiding farmers to other options.

The evaluators recommended that, before the PACD:

- CAPM should prepare documentation for cooperatives to lease packsheds to private operators. To give cooperatives a second alternative, CAPM should develop legal agreements for independent packshed management working under the general direction of the cooperative members.
- The CAPM team should continue to provide as much support as possible until the project ending date to help the two cooperatives prepare for their next production season.
- The MOAC and the respective donor agencies should try to link the two CAPM-supported cooperatives to ongoing agricultural development projects in Swaziland.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Tom Easterling AgEcon/Agribus. Keith Jamtgaard Sociologist Michael Colegrove Agriculturist	AGRIDEC	84	\$77,176	CAPM

2. Mission/Office Professional Staff
Person-Days (Estimate) 20

3. Borrower/Grantee Professional
Staff Person-Days (Estimate) 2

A.1. EVALUATION SUMMARY - PART II

SUMMARY		
<p>J. Summary of Evaluation Findings - Conclusions and Recommendations (Try not to exceed the three (3) pages provided)</p> <p>Address the following items:</p> <ul style="list-style-type: none"> <li style="width: 50%;">● Purpose of evaluation and methodology used <li style="width: 50%;">● Principal recommendations <li style="width: 50%;">● Purpose of activity(ies) evaluated <li style="width: 50%;">● Lessons learned <li style="width: 50%;">● Findings and conclusions (relate to questions) 		
<p>Mission or Office Mbabane</p>	<p>Date This Summary Prepared: March 1996</p>	<p>Title And Date Of Full Evaluation Report: Final Evaluation: CAPM Project</p>

Summary of Evaluation Findings

The final project evaluation was conducted in January - February 1996 by a three person AGRIDEC team, contracted by USAID/Swaziland. The team comprised a Team Leader/Agribusiness Specialist, an Agriculturalist, and a Sociologist who prepared their report after reviewing project documents, conducting site visits, and interviewing project participants and personnel. The purpose was to assess the final project status, note lessons learned, and make recommendations for any actions which might enhance sustainability of the project activities.

Goal and purpose: These remained unchanged throughout the life of the project (initial authorization August 1988 - PACD May 1996). The goal is: to increase the agricultural sector's contribution to the national economy of Swaziland. The project purpose is: to establish an environment that is stimulating increases in small-scale commercial agricultural production, other agribusinesses, and domestic and export marketing.

Background:

CAPM Phase I: This phase, initiated in mid-1989, emphasized analysis of constraints, program options, opportunities, and policies. Data and analyses generated the first two years by the implementing contractor, plus an interim assessment by REDSO/ESA, indicated that project implementation should be oriented more toward direct interventions in private sector development - providing technical assistance in field production and marketing of small farm, vegetable crops.

Phase II: A Project Paper Amendment (PPA) in September 1991 authorized project redirection. Phase II was designed to develop vertically integrated marketing firms and assist targeted farmers in the production of horticultural products. An interim assessment on Phase II was conducted by RONCO in June 1993. After the evaluation, USAID decided that a second project amendment would be necessary because production and marketing targets were not being met, partly due to effects of drought, hail, and frost, but also because of faulty design estimates. The reduced production output constrained the development of vertically integrated marketing companies but other problems also became apparent. Most firms were undercapitalized. They all had ongoing businesses, sourcing produce from South Africa, and did not display the interest and initiative needed to develop strong links to small producers in Swaziland.

Phase III: A second PPA was prepared based on lessons learned and project successes to date. The final project design focused on developing the capability of small farmer groups to expand production and to organize and manage the business of packing and marketing of horticultural produce. To achieve this, CAPM provided training, technical assistance and a modest amount of commodities. The contractor was directly responsible for developing the capability of small farmers to produce commercial quality and quantities of horticultural crops, and for developing the capability of farmer owned businesses to assemble, grade, pack and market horticultural crops raised by their members and other nearby farmers.

Progress in meeting Phase III EOPS Targets:

(1) Formation of farmer organization businesses effectively managing the production, grading, packing and marketing of horticultural crops:

Two cooperative societies are now legally registered but each has problems which endanger its sustainability beyond the life of the project. The KK Cooperative is the more advanced in terms of production, generating sufficient volume to sustain a packing and marketing business. However, it has severe management problems. Some key people among the membership have subverted management and finance principles, leading to inconsistent application of operating policies to the long-term detriment of the organization. The HFV Cooperative recently lost its packhouse manager and operations were disrupted when the packing operation was moved closer to a paved road facilitate transportation to markets. The new location, however, is a considerable distance away from a core group of producers. More importantly, there is some doubt whether HFV has sufficient production to make their packing operation profitable.

(2) 150 farmers on 120 hectares are capable of producing marketable horticultural crops to meet market demand:

CAPM has met or exceeded this target at one time or another during the last three years, depending on what data is used. The number of cooperative members has exceeded the target. However, the number of farmers who program their production through CAPM has varied widely from season to season. The variation of farmers from one crop cycle to the next depends on climatic conditions, availability of water, and the availability of credit to hire tractors and buy inputs. Another factor to be considered is the significant number of "nonmember" farmers in nearby areas who have sold vegetables through the cooperative owned packhouses. With all factors considered, it is likely that CAPM has had an impact on a larger audience than has been documented.

(3) Annual net income/hectare for participating farmers increased from about E 4500 to E 8000 through increased yields and improved returns from marketing two crops per year: (Local Currency, Emalengeni)

Although incomes/hectare have varied between the two cooperatives, and have varied with changes in market conditions, the average increase in net income/hectare for participating farmers has far exceeded the target. December 1995 data shows an average income per hectare of E16,603.

(4) In 1995, the total value of CAPM farmer produce exported to regional markets will reach E650,000 and E600,000 through domestic markets:

The target for domestic sales was nearly achieved in both years. The 1994 drought in Swaziland reduced yields considerably but also led to increased prices on local markets. Reduced crop yields precluded significant export supplies and limited export sale revenue. In 1995, climatic conditions were closer to normal and both production and sales estimates tracked closely with targets set. Both members and nonmembers also sell significant amounts of produce in the field to roving buyers. An estimated 40 percent is sold in this manner.

Achievement of meeting Phase III selected outputs:

Outputs for Phase III of the project can be roughly divided into three categories of objectives, although they are in many ways overlapping and complementary. These are: 1) Training of individual farmers to increase quantity and quality of production, 2) Develop farmer organizations as viable businesses to assemble, pack and market members production, and 3) Establish linkages from the farmer owned packhouses to local and regional markets.

The work with individual farmers has been the most successful aspect of the project. It was a direct continuation from Phase II of the project. Improved practices and the realization of the potential for increased income from horticultural crops seem to be well established.

The development of farmer organizations has been less successful. It is generally agreed that this output was overly ambitious for the short time available in Phase III. While the organizations, with intensive assistance, oversight and supervision from the project, were able to provide valuable services to their members, their ability to continue functioning without external assistance is questionable. The Ministry of Agriculture and Cooperatives (MOAC) has not taken a very active role in this and the effectiveness of continued support from the government is doubtful. Issues of sound business practices, management of transportation, and systems for efficient and timely payment to producers have not been fully resolved.

While the project advisors were able to find marketing channels for the cooperatives' produce, it does not appear that lasting relationships between regional and local markets and the farmer organizations have been established.

Project legacy:

A. Farmers and Farmer Organizations:

(1) Produce packing facilities, complete with sorting and grading equipment and cold rooms will be left to HFV and KK cooperatives. Policies, procedures and operating systems will have been carried out at each cooperative and personnel will have been trained in their use by the time the project ends. The sustainability of this effort will depend on the management and financial capability of the two cooperatives to carry on without further project support. The assessment of the evaluation team is that one of the assisted cooperatives has a reasonable chance of continuing to provide marketing services to its affiliated growers after the CAPM Project ends.

(2) CAPM has helped strengthen the National Marketing Board as an institution, and indirectly, to strengthen the fresh produce trading activity that the Board oversees at Encabeni market. CAPM helped organize a produce auction market at Encabeni market that shows promise for the future.

(3) CAPM has helped strengthen the MOAC as an institution. In particular its research and extension staff have benefitted from the technical knowledge gained in horticultural production. A comprehensive production manual will remain with MOAC after the Project ends.

(4) Of around 320 small horticultural producers who have benefitted from their exposure to CAPM, a core group

of possibly seventy producers will likely continue commercial farming operations after the Project withdraws. (5) During the second phase of the project, some twenty relatively large, private growers were actively involved with CAPM as fruit and vegetable producers. Approximately ten of these growers continue to produce fresh fruit and vegetables.

B. Swazi Business Growth Trust Agro-Industrial (AIM) position

Since the appointment of its CAPM-supported agribusiness advisor, SBGT has expanded rapidly into agribusiness loans and advisory services. Agro-related loans have increased by 300% since the advisor was named. Apart from the traditional agricultural lending activity of the troubled Swazi Development Bank, SBGT is the only financial institution that makes small scale "development" loans to agribusiness operators. Based on success to date, SBGT will maintain the AIM position without further project support.

C. University of Swaziland (UNISWA)'s Faculty of Agriculture Student Attachment Program (SAP)

SAP was a major focus of the USAID-funded UNISWA/Ohio State University linkage program. The SAP has had a significant impact on the students who have undergone the attachment experience. All the employers were happy with the SAP. All looked upon the SAP as a potential source of future employees, and finally all companies felt that the SAP opened communications and channels of technical interchange with the university faculty. The students indicated general satisfaction with agribusiness training received at UNISWA, but were particularly happy with the opportunity to use these skills in a company environment. The teaching calendar and teaching load limit the number of faculty members who actively participate in the program. Those who have participated suggested that this was a positive experience, suitable for incorporation into classroom teaching as well. It is likely that one of the critical reasons for the success of the SAP program has been the dedication and continuous involvement of the current (expatriate) outreach coordinator. The coordinator position needs to be considered as a full faculty position, with the coordinator's teaching load made up of the students in the attachment program and his research composed of the continual evaluation of the UNISWA/Luyengo curriculum compared with the needs of the potential employers (obtained as feedback from the attachment program).

The major findings and conclusions are:

- In Swaziland, horticulture can be a profitable business for small-holders. The CAPM Project's aid to small-holder horticultural producers provided a good base for further development. It created a general awareness and understanding of the potential for higher level of agriculture technology in Swaziland.
- CAPM's activities were highly beneficial to its 320 small-holder participants. The farmers learned new farming and business practices; farmer's income increased which helped improve their children's educational opportunities and farm employment was generated.
- In the final phase, two years were not sufficient to complete cooperative development work.
- While almost all quantitative targets will be met, the farmer-owned cooperative businesses may not yet be viable.
- Despite manifestations of support by the Ministry of Agriculture and Cooperatives, field extension assistance to the CAPM effort has been weak, thus limiting the potential for post-project MOAC support.
- The decision to develop farmer organizations as the means of carrying out Project Phase III was reasonable, given past project experience. However, given the history of cooperatives in Swaziland and the past performance of the MOAC cooperatives unit, a different model might have had a better chance of success.
- Support of the Agro-Industrial Advisor position at Swazi Business Growth Trust's loan program was successful and cost effective. It showed that expert business advice and credit, can stimulate growth in the sector.
- The University of Swaziland/Ohio State University's Student Attachment Program (placement of student interns) has also been a solid success. The program is providing student career opportunities and linkages with the community, and useful feedback from business to the university.

The evaluators noted the following lessons learned:

- Cooperative development is a long-term process that requires education, not merely training. In a space of only two years it is not possible to develop viable farmer-owned business organizations from groups generally composed of poor, semi-literate, subsistence farmers.
- CAPM farmers, after being shown the advantages and disadvantages of various options, chose to organize as farmer co-ops. While project beneficiaries should play a major role in designing project strategy, co-op development under CAPM has proved to be more difficult than anticipated and it might have been better if project implementors had taken a stronger stand to guide beneficiaries toward other options.

The evaluators recommended that the actions be taken before the PACD:

- CAPM should prepare documentation for the cooperatives to lease the two cooperative packsheds. To give the co-ops a second alternative, CAPM should also develop legal agreements for hiring an independent packshed manager, to work under the general direction of the cooperative members.

- The CAPM team should continue to provide as much support as possible until the Project ending date to help the two cooperatives prepare for their next production season.
- The MOAC and the respective donor agencies should link the two CAPM-supported cooperatives to ongoing development projects in Swaziland.

Project Manager's Comments (March 1996): Mission believes that the evaluators performed well and delivered a final version of the evaluation that incorporated USAID's perception of the project, while maintaining a professional, independent position. It is difficult for evaluators to assess a long-term project in roughly four weeks, and come up with findings and recommendations that have not been perceived earlier. Since the evaluation, USAID has followed up on several of the recommendations. These include preparing packshed leasing and management options for the cooperatives, contacting UNISWA concerning institutionalizing the SAP coordinator position, and meeting with the GOS on post-CAPM support.