

PD-ABQ-446

97258

NCBA/CLUSA

COOPERATIVE LEAGUE OF THE USA

MOÇAMBIQUE RURAL GROUP ENTERPRISE  
DEVELOPMENT PROGRAM

656-0217-G-5030-00

INTERNAL EVALUATION

FINAL VERSION

Nampula

November 3, 1997

A

## CONTENTS

INTRODUCTION .....	1
EXECUTIVE SUMMARY .....	4
I. PROJECT PARAMETERS .....	8
A. FUNDING AND PERIOD OF IMPLEMENTATION.....	8
B. END OF PROJECT OBJECTIVES .....	9
C. BASELINE STUDY.....	9
1. General	
2. Associations Baseline Indicators	
3. Beneficiaries Baseline Indicators	
II. GENERAL PROJECT STRATEGY .....	11
III. DETAILED IMPLEMENTATION STRATEGY .....	12
A. THE PROBLEM.....	12
B. THE SOLUTION.....	13
C. ASSOCIATION OPERATIONS.....	13
1. Functions	
2. Management and Control	
IV. AREAS AND BENEFICIARIES SERVED.....	14
V. SERVICES PROVIDED .....	15
A. TYPES OF SERVICES PROVIDED.....	15
1. Training and Counseling for Producers	
2. Linkages and Information for Producers	
3. Training for Development Partners	
B. VOLUME OF SERVICES PROVIDED.....	16
1. Training for Producers--Institutional and Business Development	
2. Training for Producers--Literacy and Numeracy	
3. Training for Staff and Producers--Natural Resource Management	
4. Training for Development Partners	
5. Linkages and Information for Producers	

VI. PROJECT ORGANIZATION AND MANAGEMENT-----	19
A. INTRODUCTION-----	19
B. PROJECT STRUCTURE-----	19
C. STAFF FUNCTIONS-----	22
D. RECRUITMENT AND SELECTION-----	23
E. STAFF TRAINING-----	24
F. LITERACY AND NUMERACY-----	25
VII. PROJECT RESULTS-----	25
A. ECONOMIC OUTCOMES: INCREASES IN PRODUCERS' INCOME-----	25
1. Campaign 1995/96--Maize and Peanuts	
2. Campaign 1996/97--Maize, Cotton, Cashew, Pigeon Peas	
3. Combined Producer Results 1995/96--1996/97	
B. ECONOMIC OUTCOMES:ASSOCIATION RESULTS -----	28
1. Campaign 1995/96	
a. Operating Results Maize and Peanuts	
b. Balance Sheet Results December 1996	
2. Campaign 1996/97	
a. Operating Results Maize, Cotton, Cashew, Pigeon Peas	
b. Balance Sheet Results June 1997	
3. Combined Association Operating Results 1995/96--1996/97	
C. ECONOMIC OUTCOMES:STATUS 1995/96 VS. 1996/97 -----	30
D. ACCESS TO GOODS AND SERVICES -----	30
E. ACCESS TO CREDIT -----	32
F. ENHANCED SKILLS -----	32
G. EMPOWERMENT -----	34
H. STAFF DEVELOPMENT -----	35
I. OPINIONS -----	35
1. Beneficiaries	
2. Government	

3. Buyers
4. Other Development Organizations
5. CLUSA Staff

VIII. OPERATIONS ASSESSMENTS-----	37
A. PROGRESS IN REACHING OBJECTIVES AND OUTPUT TARGETS ---	37
B. PROGRAM MANAGEMENT-----	40
C. UNINTENDED OUTCOMES-----	40
D. IMPACT ON WOMEN-----	41
1. Associations and Groups	
2. Participation in Training Services	
3. CLUSA Staff	
4. Participation in Increased Producer Income	
IX CONCLUSIONS AND RECOMMENDATIONS -----	42
A. CONCLUSIONS-----	42
B. RECOMMENDATIONS-----	42
1. Objectives	
2. Project Strategy	
3. Institutionalization	
4. Expansion	
5. Legal Issues	
6. Operations	

*d*

## INTRODUCTION

### A. GENERAL OBJECTIVES

This report constitutes a mid-course appreciation of the CLUSA program in Moçambique financed by USAID. Its two broad objectives were:

To determine how well the project is doing in terms of meeting the goals and objectives set out in the basic grant agreement and subsequent documentation.

To make recommendations for improvements in current and future operations.

### B. SPECIFIC TASKS

More specifically, the consultant's scope of work required the following:

1. The evaluation will assess the extent to which:
  - a. CLUSA's assistance resulted in increased and more regular income flow for the targeted beneficiaries;
  - b. CLUSA's assistance resulted in increased flow of goods and services for the targeted beneficiaries;
  - c. CLUSA's assistance resulted in improved access to credit for the targeted beneficiaries;
  - d. CLUSA's assistance resulted in enhanced skills among the targeted beneficiaries in production, management, literacy and numeracy, and organizational dynamics;
  - e. CLUSA's assistance resulted in an enhanced sense of empowerment among targeted beneficiaries through the creation of locally controlled organizations; and,
  - f. CLUSA staff was formed and trained in group business development and management, problem resolution and other related skills."
2. The evaluation will also:
  - a. Assess the progress of outputs and targets as listed in the program extension proposal and Grant Agreement with USAID;
  - b. Assess the efficiency and effectiveness of program implementation, including cost effectiveness;
  - c. Discuss the unintended, both positive and negative, results attained; and,
  - d. Assess the overall impact of grant funded activities on women.

### C. PRODUCT OF THE EVALUATION.

"A document describing the findings of the evaluation, as outlined above, will be produced." This document is that product.

### D. STRUCTURE OF THE REPORT.

The report is structured as indicated in the table of contents. The first six parts constitute a description of project goals, strategies and activities carried out to meet those goals. Part VII. PROJECT RESULTS and Part VIII. OPERATIONS ASSESSMENTS are basically answers to the questions stated in the consultant's scope of work as indicated above.

### E. METHODOLOGY

This report was prepared during the period September 15--October 14, 1997. The information and observations contained here come from five main sources:

Review of project documentation.

Meetings with representatives of roughly one third of the beneficiary groups, the field staff responsible for them, local government representatives.

Review and analysis of data from field reports and the project reports based thereon.

Individual interviews and group sessions with key personnel of the central office: Project Director Alex Serrano, Marketing Advisor Raul Tapulua, Operations Managers Lili Cossa and Haje António, and Rute Monjane of Monitoring and Evaluation.

Meetings with the director of the provincial Department of Agriculture and with the directors of the Dutch Cooperation, the Swiss Cooperation and World Vision. Also meetings were held with four commercial buying and processing companies currently doing business with associations.

Field visits were carried out by a team composed of the consultant, a representative of the Ministry of Agriculture (Tomás Lambucene), the appropriate Operations Manager (Lili Cossa or Haje António) and, during the latter half of those visits, we were joined by Rute Monjane of Monitoring and Evaluation .

### COMMENTS

1. This is not the most appropriate time of year for carrying out the tasks outlined: Of the four main crops involved in the marketing activities for 1997 (cotton, maize, pigeon peas and cashew), final returns were in for only one (cotton). The others will not be available until December or January. Thus it was necessary to make estimates for the three crops with marketing activities still in progress. In the future, evaluations should

perhaps be carried out at the end of the marketings season, i.e. during the first quarter of the calendar year.

2. Some difficulties were encountered in developing data for this report. These difficulties should in the main disappear with implementation of the recommendations contained in Section IX of this report.

3. All persons with whom I dealt during the preparation of this report were unfailingly courteous, helpful and forthcoming. To them, my thanks.

Louis L. Miller  
Cooperative Development Advisor  
Nampula, Moçambique  
October 14, 1997

## EXECUTIVE SUMMARY

This executive summary of the main report presents the project results and the major conclusions and recommendations. In each case reference is made to the section in the main report where more detailed information and discussion on the issues can be found.

### I. PROJECT OUTCOMES

#### A. AREAS AND BENEFICIARIES SERVED (SEE SECTION IV.) AND PROGRESS IN REACHING OBJECTIVES AND OUTPUT TARGETS (SEE SECTION VIII. A.)

Field operations began in February 1996. The initial proposal called for the training of 48 associations and 2,880 of their members in six districts to be completed by September, 1997. These targets were revised for the third year extension to 130 associations and 5,220 members which were to be met by September, 1998. By September 1997 the results were as follows:

District	Associations Number	Members		
		Men	Women	Total
Monapo	27	913	160	1,073
Meconta	8	221	86	307
Mogovolvas	20	332	188	520
Ribaue	24	901	193	1,094
Malema	36	1,361	365	1,726
Moma	29	756	167	923
<b>TOTAL</b>	<b>144</b>	<b>4,484</b>	<b>1,159</b>	<b>5,643</b>

COMMENT: These project objectives were met or exceeded.

#### B. ECONOMIC OUTCOMES (VII. PROJECT RESULTS, A., B. and C.)

Economic outcomes for the 1995/96 and 1996/97 Campaigns are summarized as follows:

COMPONENT	1995/96	1996/97	Increase (Decrease)	Percent
<b>Producers</b>				
Number	3,081	4,812	1,731	56.2%
Total Net Income (Mts '000)	842,627	3,078,568	2,235,941	265.4%
Average Per Producer (Mts '000)	273	640	367	134.4%
<b>Associations</b>				
Number	27	117	90	430%
Gross Sales (Mts '000)	1,008,957	4,010,803	3,001,846	252%
Profits (Mts '000)	65,387	285,697	220,560	296%
Member Equity	30,442	250,000	219,558	721.2%

NB: 11,500 Mts = \$US 1

COMMENTS:

1. No project objectives were formulated in terms of economic outcomes, sales, profits to producers or associations, so no comparisons are possible at that level.
2. Base line indicators with respect to association outcomes were all developed at zero. The outcomes summarized above are impressive in total; more impressive still is the great jump in results between the first production and marketing cycle in 1996 and the results to be obtained in 1997.
3. Base line indicators for producer income suggest a per producer average prior to the project in the range of 186,000.Mts. Results for 1996 were approximately 47 % higher than the indicator. It is anticipated that , those for 1997 will be something like 344% of base line. Many producers are doing much better than the averages indicated, particularly those in cotton.
4. All information available suggests that results for the 1998 cycle will be several times higher in overall production and sales levels.

C. ACCESS TO GOODS AND SERVICES (VII. PROJECT RESULTS, D.)

The total value of goods and services consumed by beneficiaries is estimated as follows:

Inputs and Production Credit (Mts '000)	709,350
Association Retail Sales (Mts '000)	48,822
Other Retail Purchases (Mts '000)	3,872,373
Total Goods and Services Consumed (Mts '000)	4,630,545

COMMENT: There is no way at present to directly measure or describe increases in availability of goods and services, and probably the cost of developing such a mechanism would be prohibitive.

D. ACCESS TO CREDIT (VII. PROJECT RESULTS E.)

Credits in the form of cash and/or input advances from buyers are summarized as follows:

Associations Number	Producers Number	Value (Mts '000)
50	1,527	709,350

COMMENTS:

1. Buyer supplied credit will probably triple for the 1998 season.
2. Association access to commercial bank credit must remain in abeyance at least until a large minority of associations have achieved registration and legal status.

D. IMPACT ON WOMEN (VIII. OPERATIONS ASSESSMENTS D).

CLUSA has made important efforts in this area, as indicated below.

1. Associations and Groups	Number	% of Total
Women Members of Associations	1,125	21%
Women's Groups	26	19%
Members of Women's Groups	380	NA
Business Activities by Women's Groups	22	NA

2. Participation in Training Services		
Number		99
% of Total Participants		22%

3. CLUSA Staff		
Number		10
% Of Total		22.3 %

4. Participation in Producer Income		
Number		1,744
Total Share to Date (Mts '000)		784,239
Average per Producer (Mts '000)		450

COMMENT: All goals were met or exceeded.

E. LITERACY AND NUMERACY (V. SERVICES PROVIDED, B., 2)

It is estimated that by the end of 1997 overall results will be as follows.

	Men	Women	Total	%
Participants Entering	537	457	994	100.0 %
Participants Completing Program	368	295	653	65.7 %
Participants Attaining Objectives	278	187	465	46.8 %

COMMENT: No specific objectives were fixed for this component. It is estimated that by the time current activities are completed in 1997, the illiteracy rate among beneficiaries will be reduced from about 80 % to 73 %.

F. PROJECT STRATEGY. (See II. GENERAL PROJECT STRATEGY, and, III. DETAILED IMPLEMENTATION STRATEGY).

The CLUSA strategy is to focus on producing immediate increases in producer income and association profits through mechanisms for improved marketing. In order to carry out this strategy, CLUSA has created a unique community based structure. Events have proven the strategy and the implementing structure to be appropriate and effective.

G. OTHER OUTCOMES: ENHANCED SKILLS, EMPOWERMENT, STAFF DEVELOPMENT, PROJECT MANAGEMENT.

COMMENT: The best indicator with respect to outcomes in these areas is the overall success of the program as indicated in preceding sections: Without enhanced skills, producers could not manage the associations which they have formed, or administer the complex marketing activities in which they are engaged. Without a sense of empowerment they could not effectively negotiate contracts with buyers. Without an effective staff organization, the results produced, and the gains made by producers would not have occurred. And without very sound management of resources, nothing of importance could have been produced. For more detailed information and comments on these issues see:

- VII. PROJECT RESULTS, F. ENHANCED SKILLS;
- VII. PROJECT RESULTS, G. EMPOWERMENT;
- VI. PROJECT ORGANIZATION AND MANAGEMENT;
- VIII. OPERATIONS ASSESSMENTS, B., PROGRAM MANAGEMENT.

G. OPINIONS (VII. PROJECT RESULTS, I.)

COMMENT: Beneficiaries, government, buyers, other development organizations, and the CLUSA team are uniformly and usually effusively positive about the impact of the CLUSA program on producers.

II. CONCLUSIONS AND RECOMMENDATIONS (See Section IX. CONCLUSIONS AND RECOMMENDATIONS)

A. CONCLUSIONS

1. This program has produced significant results. Many objectives have already been met a year before the end of the program and the others are on track to be met by September, 1998.
2. CLUSA's "market first" strategy has produced solid results. That strategy should be continued in areas in which the project is already working and in any new areas of operation.
3. Consolidation of the gains already made and the development of mechanisms by which such gains become sustainable is going to require at a minimum another three years.

4. Based on these results, expansion of the program beyond 1998 into new areas is fully justified.

## B. RECOMMENDATIONS

1. End of Project Objectives: CLUSA and USAID should review End of Project Objectives to eliminate possible confusion between those stated in the CLUSA proposal and those stated in the grant documents. For example, CLUSA's initial proposal called for 48 rural group enterprises to be trained while the grant document makes no reference to this.

2. Strategy: The CLUSA "market first" strategy should be continued and linkages should be built with other organizations to fill the technical needs beyond CLUSA's current capability.

3. Institutionalization: If the CLUSA program is extended beyond September 30, 1998, CLUSA and USAID should define objectives for the sustainability/institutionalization of CLUSA's training and market development services.

4. Expansion: Any expansion should be carried out in a fashion which ensures adequate resources for maintenance of services in existing areas as well as quality operation in new areas.

5. Legal Issues: Action should be taken by USAID and other agencies interested in association development to reduce or eliminate current barriers to obtaining legal status on the part of associations, and to ensure that association legislation does not impose structures or requirements negative to their development..

6. Operations: In order to ensure better management at the association level and to better assess economic impact of the project, CLUSA should review and modify current financial record keeping and reporting systems for associations and provide training to staff on revised systems.

## I. PROJECT PARAMETERS

### A. FUNDING AND PERIOD OF IMPLEMENTATION

The project was originally funded at the level of \$ 1, 413, 691 for the period September 11, 1995 through September 30, 1997. (PIO/T 656-0217-3-50007)

A request for a funded extension (\$ 1,061,434) to provide for expansion of the program and continued operation through September 30, 1998, has been approved but not yet signed.

Thought is now being given to expansion of the program and extension through the year 2001.

## B. END OF PROJECT OBJECTIVES (EOPs)

Based upon an initial baseline study to be conducted within the first three months of the Grant, the following indicators will be used to assess impact:

End of Project Status:

1. Increases in farmers' agricultural and non-agricultural earnings and diversification of income sources as a result of improved technology, access to inputs, higher proceeds for crops from internal marketing and reduced expenses from lower priced goods and services provided through farmer organizations.
2. Increased financial self-reliance of farmers as a result of their increased ability to mobilize savings and access credit and business financing with lending institutions.
3. Increased literacy and numeracy rates among farmers.

Assumed but not here stated are two more terminal objectives the attainment of which is vital for long term project success:

4. Achievement of sustainability through the creation of a network of autonomous, self managed farmer associations capable of continuing to provide the above benefits to farmers after the end of the project. (Stated as an EOP in CLUSA's proposal but was not in grant document.)
5. Achievement of sustainability through assisting beneficiaries to obtain title to the lands they farm.

## C. BASELINE STUDY

1. General. The baseline study referred to above was duly prepared. The results of the study may be summarized as follows:
  - a. Essentially no farmer organizations established as farmers reluctant to form and enter into such organizations due to negative experiences in the past with government formed cooperatives.
  - b. Virtually no ownership of land being farmed.
  - c. Mixed cash cropping and subsistence agriculture.
  - d. Poor access to markets and market information.
  - e. Low prices for cash crops.
  - f. Little or no access to consumer goods.

- g. Limited or nonexistent transportation services.
- h. Use of inputs limited mostly to cotton and tobacco (provided by buyers).
- i. Low yields for all crops.
- j. Access to credit only through in-kind advances of inputs by tobacco and cotton buyers.
- k. Very limited processing of agricultural products and value added.
- l. Poor infrastructure and community services (health, education),
- 2. Associations Baseline Indicators

**RURAL GROUP ENTERPRISES /ASSOCIATIONS BASELINE INDICATORS**

BASE LINE INDICATOR	Monapo	Meconta	Ribaue	Mogovolas
# of Associations	0	1	0	0
# of Women's Associations	0	0	0	0
# of Associations Registered	0	0	0	0
# of Association Members (M/W)	0	36m, 6w-42	0	0
# of Economic Activities	0	0	0	0
# of Assocs. with Marketing Activities	0	0	0	0
Volume Marketed Products (M/Ton)	0	0	0	0
Value of Marketed Products	0	0	0	0
Total Sales of Associations	0	0	0	0
Total Profits of Associations	0	0	0	0
Total Association Assets	0	0	0	0
# Assocs. with Bank Accounts	0	0	0	0
# Assocs. Accessing Credit	0	0	0	0
<b>Infrastructure Improvements</b>				
# Storage Facilities Built	0	0	0	0
Roads Repaired (kms)	0	0	0	0
# Bridges Fixed/Built	0	0	0	0
Other Infrastructures Built	0	0	0	0
Functioning Literacy Centers	0	0	0	0

### 3. Beneficiaries Baseline Indicators

#### BENEFICIARIES BASELINE INDICATORS

BASE LINE INDICATOR	Monapo	Meconta	Ribaue	Mogovolas
Avg. Farmed Area (ha) per HH	2.78	2.38	3.51	1.5
Total Production per HH (kg)				
Maize	557.8	447.8	479.8	na
Peanuts	132.6	136.7	42.7	na
Tobacco	--	.8	200	--
Cotton	800.1	597.5	176.1	na
Cassava	225.3	258.0	33.5	na
Beans	365.5	329.6	167.6	na
Avg. Income/Adult				
Equivalent (Mts '000)	218.6	202.8	136.8	na
Access to Financial Services (M/W)	1 M	0	0	0
Producers with Land Title (M/W)	1 M	36m, 6w-42	1 M	0
Regular Market Information	0	0	0	0

In addition, the study reports the following prices for the 94/95 production cycle.

Cotton	1500 Mts/kg
Corn	300-850 Mts/kg
Beans	600-1100 Mts/kg
Cassava	200-300 Mts/kg
Peanuts	2500 Mts/kg
Tobacco	9,000-13,000 Mts/kg

Although not indicated in the study, illiteracy is high. Data from other sources indicate a rate of 80% for 1980 and there seems to be no grounds for supposing any major improvement since then.

While the second table of indicators shows average area farmed and average production per household, it would be risky to attempt to estimate yields of different crops/hectare.

## II. GENERAL PROJECT STRATEGY

When all baseline indicators are very low or zero, the first problem facing project management is determining where and how interventions are to be undertaken. Not all important elements of the existing problems can be dealt with simultaneously as limited resources can be stretched just so far.

The strategy initially decided upon by CLUSA/Moçambique is based on the following:

1. Concentration on marketing of crops producers are already growing or have grown and for which demand exists.

2. Concentration on identifying reliable buyers and establishing linkages between buyers and producers which will result in economic gains for the latter.
3. Concentration on development of farmer associations as the essential link between individual producers and buyers and as the mechanism by which sustainability is to be achieved.

This strategy assumes that marketing is the best, easiest and cheapest way to produce immediate economic gains and further assumes that the issues involved in productivity gains and diversification can be resolved by establishing linkages with other organizations which have the technical capability required. Certainly this strategy permits the project to assist far more groups and beneficiaries than would be the case if project resources were to be invested in technical production services. The same applies to the possibility of direct provision of credit to farmers and associations.

As a result, selection of target areas is based upon the existence of, or potential for, production of crops already in demand and upon the willingness and ability of beneficiaries to create and operate effective marketing associations. Factors such as distance and availability of transport are also taken into account.

So also, this strategy assumes that gains from more effective marketing will provide the capital necessary for associations to become sustainable marketing enterprises and furnish the initial capital required for undertaking other activities such as processing and community stores.

### III. DETAILED IMPLEMENTATION STRATEGY

#### A. THE PROBLEM.

Prior to initiation of the CLUSA project, small producers marketed their crops individually, selling to traders who would come to the area, pay cash, and transport the commodities to the main market center in Nampula where most of the commodities would be exported directly or through other higher level intermediaries. Some producers, particularly those in cotton, sold directly to larger "concessionary" enterprises operating in their areas. The wide dispersion of producers, the small quantities produced, and wide variation in quality, created a situation in which costs of collecting products from the field were high for buyers and producers received reduced prices. In the case of cotton, buyers were hesitant to advance inputs, technical services, and equipment to producers because of the costs of dealing with a large number of small producers and uncertainties with respect to recovery of those advances. In all cases the negotiating power of producers was nil.

At the time the project was initiated, all producer groups identified marketing as their number one problem; not so much prices as the fact that they had no buyers at all for their surplus products.

## B. THE SOLUTION.

To date CLUSA has been successful in creating marketing mechanisms which have produced benefits to the associations' member/producer. The critical elements in success to date have been:

1. A market in which demand is now greater than current supply, with rising prices;
2. Grouping of producers into marketing associations capable of dealing as a block with buyers and in some cases grouping of associations into still larger blocks called "forums" for the same purpose;
3. Negotiation of contracts between buyers and sellers where quantities, qualities and prices are specified, buyers commit to provision of inputs and/or services, and sellers commit to meet delivery conditions; and,
4. Provision of benefits for both buyers and sellers. Buyers are assured of more reliable supplies that meet their quality standards, their costs for buying and collection are reduced, and the price to be paid is fixed at the time the contract is negotiated. Sellers get guaranteed prices higher than those available to individuals and credit in the form of money, inputs or services.

## C. ASSOCIATION OPERATIONS.

### 1. Functions.

In terms of CLUSA's work, half the task has been to identify reliable buyers and the other half has been to help the associations and forums to become reliable suppliers. The former is basically leg work and persuasion while the latter has entailed the development of management systems and the training of association members to operate them. The main functions within those systems are:

#### Planning and Production.

- a. Development of production plans (cotton only) in which area to be planted, inputs and services needed, and yields are projected. The production plan serves as the basis for the negotiation of contracts with buyers.
- b. Ensuring that inputs and services are provided on a timely basis, warehoused and distributed to producers with adequate recording of these transactions.
- c. Ensuring that areas planted conform at least generally to the projections and that inputs and services are being utilized in timely fashion.

#### Harvest and Delivery.

- a. Collection and warehousing of individual harvests, weighing, quality review, security

and recording of amounts delivered by each producer.

b. Delivery to buyer in one or more lots, verification of quality and quantity, recording of amounts and quality delivered on the basis of receipts.

#### Collection of Payments and Distribution of Proceeds.

a. Ensuring that payments by buyers conform to contract with respect to price/quality and verifying deductions for inputs or services provided.

b. Distribution of proceeds to buyers in accordance with amounts/quality delivered, less deductions for inputs or services received.

There have been problems with respect to compliance by both buyers and sellers, but on the whole the system has worked well and to the general satisfaction of both sides:

Buyers want to expand the amounts they purchase and new buyers wish to do business with the associations. Existing associations wish to continue and expand operations, and more sellers wish to be included in the program.

#### 2. Management and Control.

For purposes of internal management and control, associations have created a special structure apart from the normal association organization. It consists of a manager, treasurer and inspectors. The manager coordinates overall activities, the treasurer keeps track of money and goods, and the inspectors (*fiscals*), of whom there are generally several, are responsible for verification of all transactions. So far, internal control has been good, as there is a notable absence of money and other assets being, lost, misplaced or stolen: A great achievement considering experience in other times and places.

#### IV. AREAS AND BENEFICIARIES SERVED

Field operations began in February 1996. By the end of that year areas and beneficiaries served were as follows:

District	Associations Number	Members		
		Men	Women	Total
Monapo	8	303	36	339
Meconta	8	306	90	396
Mogovolvas	17	351	162	513
Ribaue	15	290	146	436
TOTAL	48	1,250	434	1,684

By September 1997 areas and beneficiaries served had grown to the following as a result of adding increased staff capability (See VI. PROJECT ORGANIZATION AND

MANAGEMENT, below):

District	Associations	Members		
	Number	Men	Women	Total
Monapo	27	913	160	1,073
Meconta	8	221	86	307
Mogovolas	20	332	188	520
Ribaue	24	901	193	1,094
Malema	36	1,361	365	1,726
Moma	29	756	167	923
TOTAL	144	4,484	1,159	5,643

## V. SERVICES PROVIDED

### A. TYPES OF SERVICES PROVIDED

#### 1. Training and Counselling For Producers.

Institutional Development: Creation, legalization and operation of a democratic community based institution.

Business Development: Creation, planning, organization and management of cooperative business activities including crop marketing, retailing and rudimentary processing, credit utilization.

Literacy and Numeracy: Basic skills, particularly those relating to beneficiaries' ability to carry out roles in associations' development.

Natural Resource Management: Training in issues important to conservation of the environment, including safe handling of dangerous chemical in puts.

#### 2. Linkages and Information For Producers.

Marketing: Identification and qualification of buyers, market information--prices, demand.

Input Supply: Identification of suppliers, specifications, prices.

Transportation: Identification of sources, availability, costs.

Credit: Identification of sources, eligibility, terms and conditions.

Technical Services: Identification of sources, qualification.

Note that establishing linkages involves a great deal of explanation and persuasion of both providers and producers, the former sometimes becoming training resources for beneficiary groups.

### 3. Training for Development Partners.

Training services are provided to other development organizations working in the province upon request. The content may include any of the topics referred to above, plus general orientation in the CLUSA strategy described above.

## B. VOLUME OF SERVICE ACTIVITIES

### 1. Training for Producers--Institutional and Business Development.

Association Promoters	980
Business Managers	744
Board Members	245
Audit Committees	180
Other Association Members	2,093
Non-members	89
TOTAL	4,695

### 2. Training for Producers- Literacy and Numeracy

#### Phases 1 and 2

	Number	%
Associations Participating	17	12.6%
Community Trainers		
Men	44	93.6%
Women	3	6.4%
Total	47	100.0%
Participants Entering Program		
Men	291	54.0%
Women	248	46.0%
Total	539	100.0%
Participants Completing Program		
Men	196	67.4%
Women	158	63.7%
Total	354	65.7%
Participants Achieving Objectives*		
Men	163	56.0%
Women	89	35.9%
Total	252	46.8%

\* Reflects only groups which have completed the phase. Three associations with a total of 107 enrollees have not yet completed the cycle; total number of persons

reaching objectives will be larger when these groups complete the program.

### Phase 3 In Progress

Associations Participating	15	11.5%
Enrollment	455	
Achieving Objectives (Est.)	213	46.8%

By the end of Phase III, the literacy component will have provided services to a total of 994 association members and produced about 364 literates and numerates at the second grade level. If, as estimated, illiteracy runs to 80% among the 5,291 association members, the total number is about 4230, which means that by the end of Phase III the illiteracy rate among members will have been reduced to about 73%.

For technical evaluation of the literacy component, see "Functional Literacy Component, Mid-course Evaluation", 10 March 1997.

### 3. Training for Staff and Producers--Natural Resource Management.

Activities carried out in this area since inception of the unit in April 1997 have been as follows:

- a. Preparation of a background document on natural resource management for use by field staff.
- b. Training for 30 field staff in general concepts of natural resource management and dangers of handling of agricultural chemicals by producers.
- c. Similar training sessions for 34 community literacy trainers, incorporating basic concepts of natural resource management in literacy training activities reaching 461 participants in 15 associations.
- d. Establishment of linkages with other organizations interested in the environment and participation in a seminar on environmental impact organized by the Ministry.
- e. Preparation of case study on fertilization of soils for use in all regions in which CLUSA is working.
- f. Development of a monthly bulletin on Environmental Management.

### 4. Training for Development Partners.

Training for development partners to date is summarized in the following chart.

DATE (1997)	CONTENT	NUMBER OF HOURS	ORGANIZATION	NO. OF PART.
2/24-3/4	Training of Trainers Techniques and CLUSA Approach	75	WVI/NPL CONCERN AEF DPAP LOMACO	2 1 2 1 2
4/1-4/8	Orientation on the CLUSA Approach/Visit to Associations	30	FHI/Sof. WVI/Sof. DPAP/Sof.	4 1 3
6/27	Market Information System	6	WVI/Sof.	2
7/1	CLUSA Approach	8	Helvetas	4
9/9-9/11	CLUSA Approach Marketing Association Management Information Systems	24	WVI/Zamb.	25
TOTAL		143		46

In addition, requests for further training sessions have been received from CARE/NPL, Oxfam/Niassa, Lomaco and Concern/NPL for training of their staff in the CLUSA Approach, the tools of association organization and the development of marketing activities.

#### 5. Linkages and Information for Producers

Staff Activities: There is no way to pin point the amount of staff time devoted to establishing linkages and distributing information, hence the following are estimates only:

Director	30%
Marketing Advisor	75%
Operations Managers	40%
Natural Resource Advisor	20%
Field Trainers	20%

Note that networking is not limited to buyers and potential buyers, it also extends to government with which good relations are maintained and with other project organizations such as World Vision, CARE, Swiss Cooperation, Dutch Cooperation, Techno-serve, and others. These latter relationships are likely to produce important collaborative arrangements in the near future.

## Publications:

1. The project now produces and distributes among beneficiaries on a regular basis a publication called SRIM-RAPIDO, which provides current information on demand, prices, and buyers for various crops, including new crops which may represent more profitable alternatives for producers.
2. Also distributed on a regular basis is the Ministry of Agriculture publication called Quente-Quente which also contains market information.

## VI. PROJECT ORGANIZATION AND MANAGEMENT

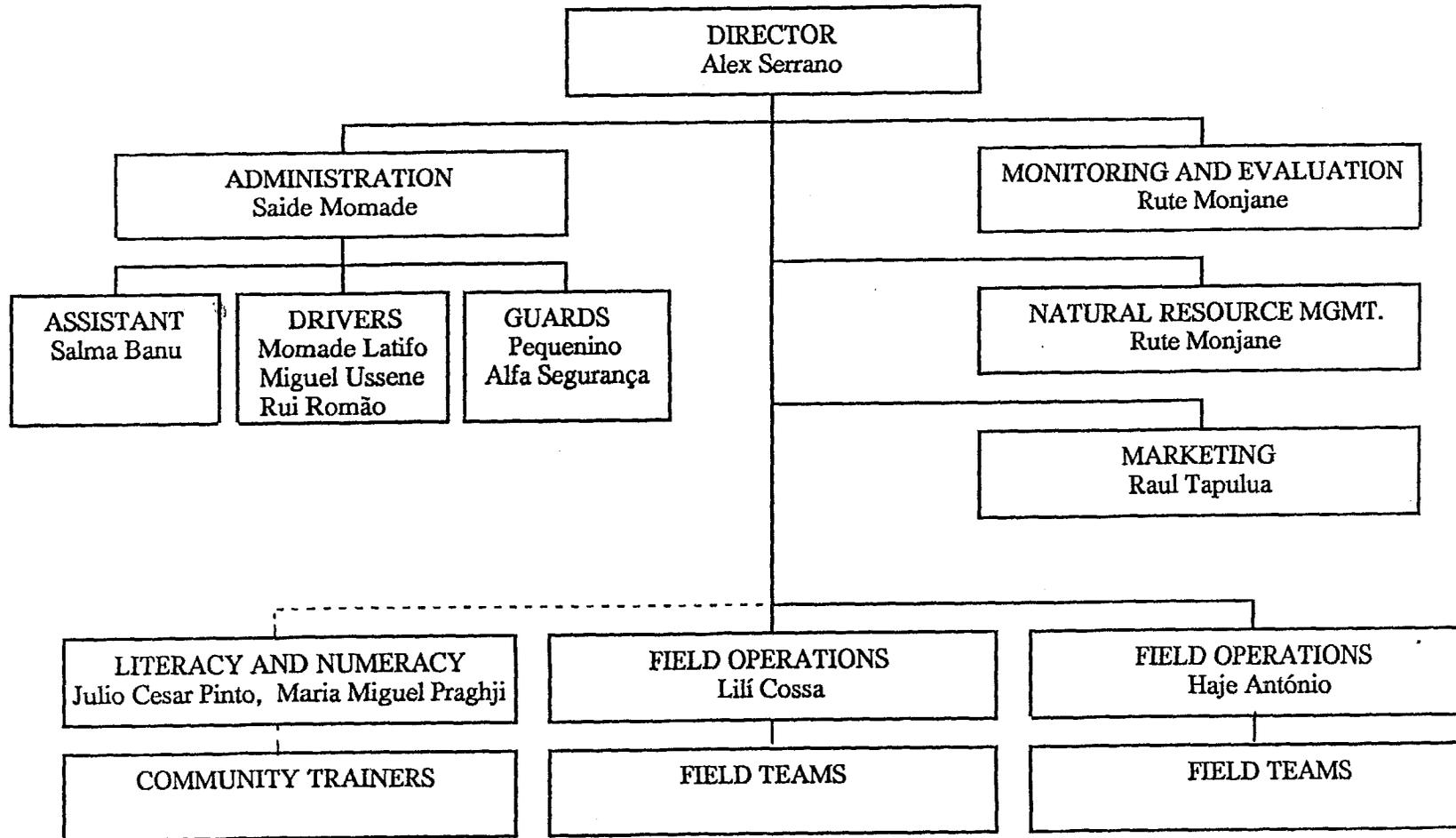
### A. INTRODUCTION

As in other CLUSA programs in Africa, the Moçambique program is aimed at assisting in the development of a network of viable member owned and managed rural group businesses. The set up phase of the program began in September 1995 and field operations began in February 1996. The program is now operating in 6 districts of Nampula province which is located in the northern part of the country. The six districts cover three different agro-ecological regions, each of which is 2 to 5 hours distant from the provincial capital where the central office is located.

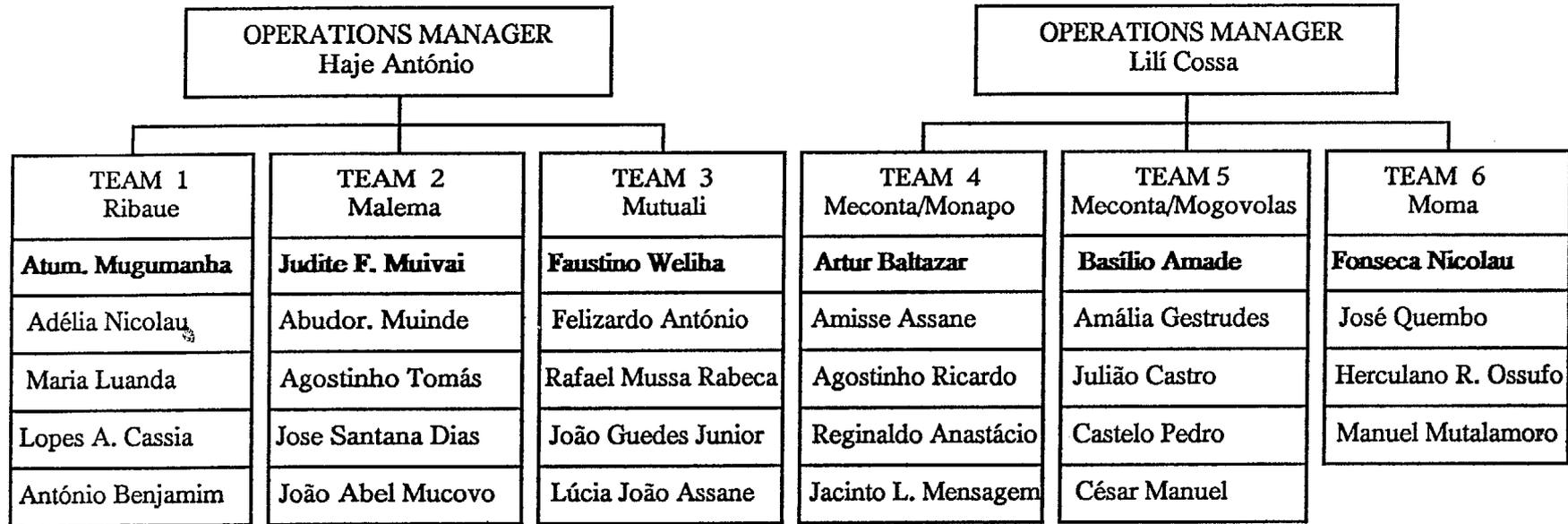
### B. PROJECT STRUCTURE

The staff consists of 30 first line field workers and team leaders and 2 operations managers. Support staff in the central office includes four professional level persons, not including the Director. Also physically located in the central office are the two coordinators of the Literacy Component operated by the Centro Mutuanha under contract with CLUSA. (See following organizational charts.)

PROJECT ORGANIZATION  
CENTRAL OFFICE



FIELD OPERATIONS



## C. STAFF FUNCTIONS--DIRECT OPERATIONS

### First Line Field Workers.

Key actors in the structure are the first line field workers (assistentes ) who provide services directly to beneficiary groups within a zone, who live within that zone, and only rarely are brought to Nampula. The close and almost daily contact between these field workers and those they serve provides a knowledge of local groups and their culture and is the basis for a close relationship between beneficiaries and the project which can be achieved in no other way.

Although not part of the CLUSA staff per se, each association has one or more "promoters" (animadores) who are volunteer representatives of each group or community. These individuals receive basic training from CLUSA and serve as on-the-spot linkages between field workers and beneficiary groups. These promoters are especially important during the initial phases of association development in each area.

### Team Leaders.

Spreading a relatively large number of staff over a large geographic area with difficult communications is a formula for disaster unless adequate mechanisms for coordination and support are established. Hence, the individual field workers in given areas are formed into teams and one of their number is designated as leader (animador). The team leader is generally the most skilled of the field workers. He or she provides services directly to one or more associations and in addition provides coordination and communication among team members, serves as a link to operations managers, provides on the job coaching and training to other members and ensures quality of services. Team leaders also work with "forums", groupings of associations created to facilitate negotiations with buyers.

### Operations Managers.

Various field teams have been combined to form two larger groupings, each of which has a designated operations manager (conselheiro em gestao). As of this writing, one of these groupings has dealt mainly with associations producing and marketing cotton and the other with associations producing corn and peanuts. Operations managers spend about 75% of their time in the field ensuring coordination and communication among the field teams, and between field teams and the central office. Operations managers also provide support in the negotiation of contracts with buyers, are responsible for ensuring the flow of reports from first line field staff into the Monitoring and Evaluation system, and for ensuring overall quality of operations within their specified areas.

### Marketing.

This individual (conselheiro em comercializacao) constitutes a support unit responsible for development of marketing contacts and information, assisting in the formulation of

contracts for sale of produce and for provision of information to operations staff for distribution among producer groups.

#### Natural Resource Management.

This individual (conselheira em gestao de recursos naturais) also constitutes a support unit responsible for providing information and staff training with respect to environmental issues met in the field (this position added February 1997).

#### Administration.

The administrator (administrador) is responsible for control of money and goods, for provision of logistic support to the project staff and for provision of financial reports as required by CLUSA/W. The administrative assistant carries out support functions as indicated by the administrator.

It is worth noting that the drivers of CLUSA/Moçambique are far more than mere chauffeurs. They perform a vital service in maintaining communication with field teams by providing them logistic support. They also are responsible for ensuring that such activities as field visits by evaluators and others are properly scheduled and set up.

#### Monitoring and Evaluation.

This individual (conselheira em acompanhamento e avaliacao) receives and processes field reports, produces data necessary for management and for the preparation of reports to USAID.

#### Project Director.

The project director (coordenador de equipe) is responsible for overall management of the program and for reporting to CLUSA/W and USAID. It is worth noting that he has also functioned as the main source of training know-how, the main trainer of staff, and is heavily engaged in the identification of buyers and their qualification.

### D. RECRUITMENT AND SELECTION

#### 1. Central Office Staff.

The six key staff positions were advertised and candidates selected from over 100 applicants.

#### 2. Field Workers.

The current staff of 30 field workers is the result of two intakes, one in January 1996 and the other in March 1997. Positions were advertised with over 300 applicants responding to each announcement. The selection process consisted of four phases:

Screening of resumes to eliminate those obviously not meeting minimum requirements.

Administration of a test designed to assess math ability and attitudes towards rural enterprise development.

Interviews by a committee composed of three CLUSA staff and two representatives of producers.

Following this initial screening, two lots of 22 candidates each were selected to participate in a 75 hour training program, on the understanding that final selection would be based on performance during that program.

The result of this process was the hiring of 15 field workers in January 1996, and 21 in March 1997. Six of the initial intake proved inadequate and were released to be replaced out of the second.

The intensive selection process has resulted in a staff with appropriate experience, attitudes and intellectual potential. Nevertheless, it needs to be understood that the availability of quality candidates for staff positions is extremely limited and represents a significant constraint on the number of areas, groups, and beneficiaries which can be covered and on the quality of service which can be provided. That field staff must live in the areas in which they work and share the living conditions of beneficiaries may also have effected the number of quality candidates.

#### E. STAFF TRAINING

Although there have been variations in the staff training carried out at different times and for different groups, the process, in general, is as follows:

##### 1. General Background--

- CLUSA Strategy and Methodology.
- Project Objectives
- Project Structure
- Performance Requirements and Expectations

##### 2. Participatory Training Techniques

##### 3. Structure and Operation of Community Based Democratic Associations.

##### 4. Planning, Management, and Administration of Rural Group Enterprises.

##### 5. Basic Concepts of Natural Resource Management.

##### 6. Work Norms, Reporting Requirements.

##### 7. Logistics and Administrative Support.

All of these topics are covered in initial intensive training activities totalling

approximately 75 hours. Thereafter additional training is provided as needed, particularly in items 2, 3, and 4. For the first group of field staff (15 asistentes) 336 additional hours were provided, and for the second (21 asistentes) 176 hours. In addition, a very great deal of the work done by team leaders, operations managers, and the marketing advisor are, in effect on the job training. So also, training activities are mounted to help prepare staff deal with specific issues such as the drafting and negotiation of contracts with commodity buyers.

The best indicator of the effectiveness of this training is the fact that almost all project objectives have been reached or surpassed. Another is that all of the beneficiary groups consulted could and did articulate the services (including training) provided to them by staff, and articulated the benefits received as a result of those services. Considering the starting point for staff development, a very effective job has been done.

Nevertheless, staff development is never complete. There are signs that some staff are still struggling to master basic concepts of business planning and administration and not all field workers are completely competent and confident with respect to participatory training techniques. Beyond that, the program is not static. The future is likely to bring needs for more complicated beneficiary activities and structures, which in turn means that staff will have to be prepared to help beneficiaries operate at a higher level.

#### F. LITERACY AND NUMERACY

The literacy component is carried out by the Centro Mutuanha, under contract to CLUSA. As indicated in the organization chart two full time staff have been designated to coordinate this component, and function out of the central office of CLUSA. Their functions include training of the volunteer community level trainers, materials development and monitoring and evaluation. Support and coordination in the field is provided by CLUSA staff.

### VII. PROJECT RESULTS

Project results are discussed below under headings established in the consultant's scope of work and in the same basic order. Added to those elements there specified are two: Economic results at the association level and opinions of beneficiaries, government, development partners, buyers, and CLUSA staff with respect to project outcomes.

#### A. ECONOMIC OUTCOMES--INCREASES IN PRODUCERS' INCOME

Exact calculations of increases are not possible given gaps in base line data, the lack of a system which would capture data on all production costs and the lack of a system which would capture data on income sources other than project activities. Nevertheless, the data available leaves little room to doubt that such increases have occurred, a conclusion shared by all producer groups consulted. In analyzing this

outcome only data from marketing activities for major crops--maize, cotton, peanuts, cashew, pigeon peas--will be considered since marketing activities for other crops and other types of activities such as retailing are too small in scope to affect general conclusions.

#### 1. Producers Campaign 1995/1996--Maize and Peanuts

During the first marketing cycle of the project the main crops dealt with were maize and peanuts.

Operating Results were as follows:

PRODUCT	MAIZE	PEANUTS	TOTAL
No. Associations	14	13	27
Producers			
Men	1,647	819	2,466
Women	410	205	615
Total	2,057	1,024	3,081
Volume (Kegs)	872,296	48,154	920,450
Average Net Price (Mts '000/Kg)	.838	2.32	na
Total Net Income (Mts '000)	730,673	111,954	842,627
Average Net Income/ Producer (Mts '000)	355	109	273

Notes:

1. At the time the project began operations, producers had essentially no market, hence, virtually all the returns to producers represent increases in income over what they would have received without assistance from the project.
2. Returns to producers are if anything understated since deductions have been made to cover unreported costs which probably producers did not have.
3. For most groups marketing maize, returns were considerably higher than indicated, the average being lowered by poor results in five of the associations.
4. The same may be said for peanuts where 3 associations did poorly.
5. Baseline producer income for Ribaue from which most maize came is 127,000 Mts.. Income from CLUSA assisted maize marketing was approximately twice that amount.
6. Baseline producer income for Monapo/ Meconta from which part of the maize came is 203,000 Mts to 219,000 Mts. Returns with CLUSA are about 150% of that number.
7. Prices stated for products represent prices received by the marketing associations. Net to producers is less due to discounts reflecting operating expenses of the

associations, and any profit taken and retained by the associations.

8. Baseline prices for maize are stated as 300 to 850 Mts per kilo which means that CLUSA not only created a market, but the producers received much better prices than average prices received in the prior cycle.

9. Yields and returns per hectare cannot be estimated since data on areas planted was not collected.

10. Net income to women was approximately 168,525,000 Mts, or 273,000 Mts per producer.

## 2. Producers Campaign 1996/1997

### Producers Operating Results for Maize, Cotton, Cashew and Pigeon Peas

PRODUCT	MAIZE 1	COTTON	CASHEW 2	P. PEAS 2	TOTAL
No. Associations	50	31	28	15	124
Producers					
Men	1,880	972	712	520	4,084
Women	470	0	128	130	728
Total	2,350	972	840	650	4,812
Volume (Kgs)	1,400,000	528,199	150,000	130,000	2,208,199
Average Net Price*	.685	3.51	4.00	.850	na
Total Net Income*	959,000	1,409,068	600,000	110,500	3,078,568
Average per Producer*	408	1,450	714	170	640

(\* Mts '000)

#### Notes:

1. Estimate--Final returns from all associations on maize marketing activities are not yet available but estimates given are close to reality. Note that compared to 1995/96, volume increased by 60.5% and average net income to producers by 14.9%.

2. Estimate--The marketing of cashew and pigeon peas is just now beginning, final returns should be available before the end of the year.

3. Due to relatively less attractive results, most producers switched from peanuts to cotton. The average net income to cotton farmers, 1,450,000 Mts represents about 8 times base line indicators.

4. Total net income to women from maize and cotton was approximately 465,752,000 Mts or 640,000 Mts per producer

5. Total net income to women from cashew and pigeon peas will be approximately 142,000,000 Mts or 477,000 Mts per producer.

6. Many, if not most, producers of maize and cotton are also producers of cashews so that total impact will in many cases be the sum of results in these crops.

### 3. Combined Producer Results 1995/96--1996/97

CAMPAIGN	1995/96	1996/97	TOTAL
No. Associations	27	124	151
Producers			
Men	2,465	4,084	6,549
Women	616	728	1,344
Total	3,081	4,812	7,893
Volume (Kgs)	920,450	2,208,199	3,128,649
Average Net Price (Mts '000/Kg)	na	na	na
Total Net Income (Mts '000)	842,627	3,078,568	3,921,195
Average Net Income/ Producer (Mts '000)	273	640	498

### B. ASSOCIATION RESULTS

Results for associations are based on outcomes of marketing activities for main crops and are therefore understated by the small amount of sales and profits generated by minor activities of the associations.

#### 1. Associations Campaign 1995/1996

a. Associations operating results were as follows:

PRODUCT	MAIZE	PEANUTS	TOTAL
No. Associations	14	13	27
Producers			
Men	1,646	819	2,465
Women	411	205	616
Total	2,057	1,024	3,081
Volume (Kgs)	872,296	48,154	920,450
Average Price (Mts '000/Kg)	1.0	2.84	NA
Total Sales (Mts '000)	872,296	136,661	1,008,957
Cost of Goods Sold	798,586	128,607	927,193
Margin	73,710	8,054	81,764
Operating Expenses	13,273	3,104	16,377
Profit (Mts '000)	60,437	4,950	65,387

b. Balance Sheet Results at the end of 1996 were as follows ( 13 associations):

	MTS '000			
CURRENT ASSETS	123,574		CURRENT LIABILITIES	101,672
FIXED ASSETS	8,640		EQUITY	30,442
TOTAL	132,114		TOTAL	132,114

2. Associations Campaign 1996/1997

a. Operating results for the four main crops are as follows:

PRODUCT	MAIZE 1	COTTON	CASHEW 2	P.PEAS 2	TOTAL
No. Associations	50	31	28	15	124
Producers					
Men	1,880	972	712	520	4,084
Women	470	0	128	130	728
Total	2,350	972	840	650	4,812
Volume (Kegs)	1,400,000	528,199	150,000	130,000	
	2,208,199				
Average Price*	.853	3.74	4.75	1.00	na
Total Sales*	1,194,200	1,974,103	712,500	130,000	4,010,803
Cost of Goods*	959,000	1,855,333	600,000	110,500	3,524,833
Margin*	235,200	118,770	112,500	19,500	485,970
Operating Exp.*	143,304	12,219	37,500	7,000	200,023
Profit*	91,896	106,551	75,000	12,500	285,947

(\* Mts ' 000)

Notes:

1. Estimate--Marketing activities for Maize are almost complete, but final returns from all associations not yet available.
2. Estimate--Marketing activities for cashew and pigeon peas are just beginning but will be complete before the end of 1997.

b. Balance Sheet Results June 30 1997.

CURRENT ASSETS	342,381	CURRENT LIABILITIES	305,631
FIXED ASSETS	16,625	EQUITY	53,476
TOTAL	359,006	TOTAL	359,006

Notes: Balance sheets reflecting results in maize and cotton will only be available at the end of October or early November and balance sheets reflecting results in cashew and pigeon peas in late January or early February.

### 3. Combined Association Operating Results 1995/96--1996/97

CAMPAIGN	1995/96	1996/97	TOTAL
No. Associations	27	124	151
Producers			
Men	2,465	4,084	6,549
Women	616	728	1,344
Total	3,081	4,812	7,893
Volume (Kegs)	920,450	2,208,199	3,128,649
Average Net Price (Mts '000/Kg)	na	na	na
Total Sales (Mts '000)	1,008,957	4,010,803	5,019,760
Cost of Goods Sold (Mts '000)	927,193	3,524,833	4,452,026
Margin (Mts '000)	81,764	485,970	567,734
Operating Expenses (Mts '000)	16,377	200,023	216,400
Profit (Mts '000)	65,387	285,947	351,334

### C. ECONOMIC OUTCOMES--COMBINED CHANGES IN STATUS--1995/1996 VS. 1996/1997

COMPONENT	95/96	96/97	Increase (Decrease)	Percent
Producers				
Number	3,081	4,812	1,731	56.2%
Total Net Income (Mts '000)	842,627	3,078,568	2,235,941	265.4%
Average Per Producer (Mts '000)	273	640	367	134.4%
Associations				
Number	27	124	97	459%
Gross Sales (Mts '000)	1,008,957	4,010,803	3,001,846	252%
Profits (Mts '000)	65,387	285,697	220,560	296 %
Member Equity	30,442	250,000*	219,558	721.2%

\* Estimate based on equity as of June 30, 1997 plus earnings to be retained from profits from marketing activities to be completed by the end of the calendar year.

### D. ACCESS TO GOODS AND SERVICES

There are three elements to be considered here:

1. Increases in goods and services relating to production. These have come mainly from cash and in-kind advances from buyers as indicated in the following:

District	Assocs. Number	Prods. Number	Source	Type of Advance	Value (Mts '000)
Muatua	11	405	LOMACO	Inputs/Services	131,500
Itoculo	6	152	SAMO	Inputs/Services	83,705
Netia/Namialo	6	288	SODAN	Inputs/Services	52,645
Muatua	3	128	VICTOR	Cash	32,400
Ribaue	5	198	ICM	Cash	260,000
Malema	19	356	CICOMA	Cash	149,100
			HANIFO		
TOTAL	50	1,527	xxxxx	xxxxx	709,350

2. Consumer goods provided to communities through association retail operations.

(Mts '000)

Fish	1,840
General	27,580
Bakery	1,514
Meals	126
Sun Flower Seeds	350
Salt and Kerosene	238
Kerosene	150
Salt	13,627
Ceramics	80
Fuel	1,967
Salt and Flour	1,350
TOTAL	48,822

3. Consumer goods and services obtained through channels outside the community:  
Since it is unlikely producers are saving at any significant level, it seems reasonable to assume that all net income produced through marketing activities is going into consumption.

Total Producer Net Income	
1995/1996	842,627
1996/1997	3,078,568
Subtotal	3,921,195
Purchases in Association Stores	48,822
Purchases Elsewhere	3,872,373

4. Sum of the above is:

Inputs and Production Credit	416,450
Association Retail Sales	48,822
Other Retail Purchases	3,872,373
Total Goods and Services Consumed	4,337,645

There is no baseline indicator against which to compare the above, but the fact that credit and income have increased should have resulted in proportionate increases in goods and services obtained by beneficiaries.

#### E. ACCESS TO CREDIT.

Total credit received by beneficiary groups to date is indicated in the following chart. Since very few producers had received credit prior to the initiation of the program, virtually all of the credit indicated is increase. To date, the recovery rate of such advances and credits has been 98%. It should be noted that at this moment producers are negotiating contracts with buyers for the next cycle and cash and input advances from existing buyer sources will probably triple the numbers given. Further, additional buyers have expressed strong interest in working with and through associations on the basis of some form of credit or advance against future deliveries.

District	Assocs. Number	Prods. Number	Source	Type of Advance	Value (Mts '000)
Muatua	11	405	LOMACO	Inputs/Services	131,500
Itoculo	6	152	SAMO	Inputs/Services	83,705
Netia/Namialo	6	288	SODAN	Inputs/Services	52,645
Muatua	3	128	VICTOR	Cash	32,400
Ribaue	5	198	ICM	Cash	260,000
Malema	19	356	CICOMA	Cash	149,100
HANIFO					
TOTAL	50	1,527	xxxxx	xxxxx	709,350

Over a longer run the project goal should be to qualify associations for bank credit. However, at the present time that cannot happen because legal registration of the associations is a prerequisite for same, and the associations have not yet found ways to get through the bureaucratic maze and obtain it. (See comments below with respect to legal problems and recommendations).

Note that 8 associations have opened bank accounts under members' names and 8 others have subaccounts in a special account opened by CLUSA for the purpose.

#### F. ENHANCED SKILLS

In meetings with producer groups they were asked first to list (verbally) the services provided by CLUSA and then to describe the benefits received from those services. The following are paraphrases of some of the more common answers (in no particular order).

1. We know what an association is and how to run it.
2. I learned how to go into a store and buy something.

3. I learned how to go into a bank and open an account.
4. We know what contracts are and can negotiate with buyers.
5. We can keep our ends of those bargains.
6. We can meet together, discuss our problems and decide upon action.
7. At need, we can get together to build a school or a road, a meeting place, a bridge or a warehouse.
8. We can keep records, and control money and things so they don't disappear, so that we know how much we made, and how much goes to each person.
9. I now know how to read and write.
10. CLUSA is different: Our associations work. The cooperatives we had before didn't.

In the main, what one observes in the areas confirms the impressions formed on the basis of such answers.

However, the best and most important indicator of the skills learned by beneficiaries as a result of project activities is what they do, not what they say.

In an earlier section we described in general terms the system which is necessary to make the CLUSA marketing first strategy work. Even though CLUSA has made every effort to simplify matters, that system with its requirements for receiving, controlling and distributing in puts, its requirements for receiving and controlling the production of individual members, its requirements for quality control and the meeting of delivery requirements of contracts, is inherently complex. Yet there is no doubt that those associations which have been in the program longest are beginning to be able to do all these things with less and less input from CLUSA staff.

One of the objectives of the program is to reach the point where the associations will be able to make the marketing system work with no CLUSA assistance at all. There is no question that many associations have made progress in this direction but all groups consulted indicated continued need for CLUSA assistance. In this they are almost certainly right.

One of the things which limits the speed with which groups can develop their skills is the fact that there is only one production and marketing cycle per year. Those groups longest in the program are completing only their second crop cycle, some groups are completing their first and still others will complete their first go around only in 1998.

How long will it take to get groups (most but not all) to the point of being capable of carrying on these marketing activities without CLUSA assistance? Based on experience elsewhere, the answer is a minimum of three cycles, more likely four, and

in some cases five. This has important implications for planning the future of the program.

With respect to literacy, 384 beneficiaries have reached a level equivalent to the second year of primary school. But, is that level enough? What is the end target level we hope to achieve, and what implications does that have for the future?

#### G. EMPOWERMENT.

There are two elements in empowerment--providing the tools and instilling the will to use them. In this project the tools are the democratically structured associations and the larger groupings called forums that are arising in accordance with the needs of the beneficiaries. Within these groups, empowerment tools also include all the skills necessary to make things work and seen in the previous section, there have been major gains in the acquisition of such skills.

But, what about the will to use those skills?

In the visits with producer groups there was a marked difference between those longest in the program and those just entering. In the former, people talked about their achievements in learning to do things and solve problems. They spoke of problems encountered with buyers and about what they might do about them (e.g. write a letter to the buyer's home office detailing irresponsible behavior on the part of a local manager). They talked about their own problems with respect to compliance with contracts and what they were going to do about that. They spoke of problems encountered with the registration of their associations and what they could do about it (e.g. they can't register the association unless the founders have identity cards, they can't get identity cards because the Registo Civil has no ledgers in which to register them, so the association will buy the ledgers and give them to the Registo Civil.)

In contrast, groups just entering the program had not yet thought so much in terms of solving their own problems as they had in making up their Christmas list to present to the supposed Santa Claus come into their midst: "Why doesn't CLUSA give us the money to buy an oil press? Why doesn't CLUSA give us credit? Why doesn't CLUSA take care of our registration problem for us?", etc. In due time, these too will cease to ask for handouts and start putting their hands on their own problems.

Probably nothing is so illustrative of real empowerment than the process of negotiating contracts with buyers (over 50 so far, and double or treble that number coming). Producers know very well that when they sold as individuals, their bargaining power was zero, and they know that selling as an association has gotten them better deals because the association represents more people and more Kegs. And, that same recognition that volume is power is what is beginning to generate marketing activities through "forums" representing several associations. There is a beginning sense that producers acting together can deal with buyers on even terms, a thought unthinkable two years ago.

A representative of the Ministry of Agriculture participated in all the visits of the

evaluation teams to producers. Those groups farthest along were not shy about asking questions or voicing concerns, some of which made the ministry representative uncomfortable (if only because he had no good answers to give). Association members in Ribaue made such a good case to the governor with respect to the costs and difficulties of association registration, that he donated Mts 1,000,000 to their cause: Not the desired solution, but a sign that politicians also recognize the strength of numbers, a strength that will increase to the extent public office becomes elective rather than appointive.

Finally, we must come back to the first of the positive results of this program which is also empowerment: Producers have more money in their pockets, which is to say they have more choices with respect to their own lives than they had before. That is why when producers' are asked if the program is valuable and important to them their response is, "AIO!"

## H. STAFF DEVELOPMENT

Staff organization, functions, recruitment and selection, and training are discussed in some detail in section VI. PROJECT ORGANIZATION AND MANAGEMENT.

Here it should be noted that a fine job has been done with respect to creation of an effective staff, the main indicator of which is the other results already discussed which have been achieved under very difficult conditions.

There would seem to be, however, some areas in which staff skills should be improved or expanded, which areas are mentioned in the section CONCLUSIONS AND RECOMMENDATIONS, below. So also in that section are mentioned certain issues which would arise if a decision were made to expand the program.

## I. OPINIONS

In preceding sections, references have been made to opinions expressed by beneficiaries, government, buyers, and "partners" (other development organizations working in Nampula province. It is well to summarize and indicate sources.

### 1. Beneficiaries.

During the period September 16-24 field visits were made to five of the six districts in which the program operates (Ribaue, Monapo, Meconta, Mogovolas, Moma). The team included the consultant, the operations managers Lili Cossa and Haje Antonio, and a representative of the Ministry of Agriculture, one Tomás Lambucene of the Departamento de Economia Agrícola. During the later visits the team was joined by Rute Monjane, Monitoring and Evaluation Unit.

The beneficiary groups consulted represented roughly 1/3 of the associations and farmers in the program at the time, and included both new and old groups. In some cases beneficiary groups with the help of CLUSA field staff had prepared presentations

in which they outlined what they thought were the outcomes of the program, after which followed general discussion, questions and answers. In other cases the meeting was turned over to the consultant and became a guided discussion based upon beneficiaries' ability to identify correctly all the services provided to them by CLUSA, to articulate specific benefits received by them as a result of those services, and to express their views with respect to the future of the program.

As indicated elsewhere, their responses were all enthusiastic and positive about their associations, about the economic activities being carried out, about what they had learned from CLUSA staff, and what they hoped to learn and do in the future.

## 2. Government.

At the beginning of our peregrinations, Sr. Lambucene would introduce himself to the group and explain that he had been named by the Ministry to participate in the evaluation exercise and report back to his superiors. In latter meetings Sr. Lambucene began with, "O governo abraça o programa CLUSA!" (The government embraces the CLUSA program). That is to say that the morale of the beneficiaries is infectious. Other officials of local government, 2 Administradores and one Chefe de Posto were highly complimentary, if less effusive. So also, in an extended meeting, Victorino Xavier, provincial director of the department of agriculture, expressed great satisfaction with the program and the results it was producing.

An anecdote told by the district administrator in Ribaue may be significant.

Being given the task of programming a visit by the governor to the district, he included a meeting with the associations being assisted by CLUSA. The governor reacted negatively, pleading time pressure, but was finally persuaded to make the stop. Apparently he was impressed by what the groups presented to him, and pulled Mts 1,000,000 out of his own pocket and gave it to the group to help with the problems of legal registration.

At least so we are told.

## 3. Buyers.

During the course of field visits, calls were made on representatives of two of the cotton buying companies, and discussions held with their managers. In both cases it had initially been very difficult to persuade them to work through the associations. But, after the first experience during the current crop cycle, both companies were satisfied enough to want to expand greatly the volume of such activities. So also, other buyers for other crops are beating a path to CLUSA's door.

## 4. Other Development Organizations.

Meetings with the directors of World Vision, the Swiss Cooperation and the Dutch Cooperation produced warm and positive appreciation for the work of CLUSA, and a

desire for closer working relationships. The same applies to the newly arrived personnel of Techno-Serve, and to the CARE program. There is no doubt that opportunities for collaboration exist, and may shortly become reality. This has important implications for the future of the CLUSA program, which implications are discussed in the Section IX. CONCLUSIONS AND RECOMMENDATIONS.

#### 5. CLUSA Staff.

In so far as limited observation goes, the CLUSA staff is working with a great deal of dedication, most of them living and working in far less than comfortable surroundings. They are proud of what they are accomplishing and have an optimistic view of the future of the beneficiary groups and of the program.

### VIII. OPERATIONS ASSESSMENTS

#### A. PROGRESS IN REACHING OBJECTIVES AND OUTPUT TARGETS.

The attached SUMMARY OF PROGRAM OUTPUTS: STATUS AS OF AUGUST 1997, speaks largely for itself. Of 22 categories, targets for September 1998 have been met or exceeded in 14. Another 5 would seem to be on schedule in terms of current progress. That leaves three which may, or may not, be a matter of concern:

OUTPUT	Target 9/98	To Date	% Complete
Number of Board Members Trained	1,040	425	41%
General Membership Trained	4,550	2,093	46%
Savings and Loan Clubs Developed	5	0	0%

#### COMMENTS:

1. Board Members and General Membership Trained: Numbers of persons trained in these categories are based on those associations entering the program in 1996 (49). A total of 95 new associations have recently entered the program, the process of training board members and general membership has only just begun. When complete, target outputs will be greatly exceeded by March 1998.

2. Savings and Loans Clubs: This objective has not yet been attained for three reasons. First, the viability of savings and loan operations depends upon people having a cash surplus to save, which means that the program had to concentrate first on generating increased producer income. Second, management of such operations requires a level of sophistication and control which groups develop only over time and which the current groups, in the judgment of project staff, have not yet reached. Third, it was understood that WOCCU, an organization specialized in savings and loan operations, would be beginning a program aimed at the same objectives in the

same basic area by mid 1997. Given these situations it seems reasonable to question whether this output objective should not remain in abeyance, at least for the near future.

SUMMARY OF PROGRAM OUTPUTS: STATUS IN SEPTEMBER 1997

Output	To Date	Revised Outputs Through 9/98	% Toward Completion
<b>CLUSA STAFF CAPACITY BUILDING</b>			
Professional Staff Trained	4 (2w)	4	100 %
Administrative Staff Trained	4 (1 w)	2	200 %
Field Staff Trained	36 (8 w)	30	125 %
Other People Trained	25	0	na
<b>RGE DEVELOPMENT AND TRAINING</b>			
Districts Covered	6	5	120 %
Number of Communities Served	118	90	131 %
Number of Associations	144	130	111%
Membership	5643 (1159 w)	5200	109 %
Economic Activities Implemented	163	240	68 %
Board Members Trained	425 (48 w)	1040	41 %
Managers and Committees Trained	744 (43 w)	780	95 %
Animators Trained	980 ( 90 w)	650	151 %
General Membership Trained	2093 (372 w)	4550	46 %
Others Trained	89 ( 123 w)	na	na
<b>FUNCTIONAL LITERACY</b>			
Professional Staff Trained	2 ( 1 w)	2	100 %
Partners Staff Trained	10 (2 w)	8	125 %
Literacy Animators Trained	84 (3 w)	130	65 %
Participants	1054(485 w)	1300	81 %
<b>WOMEN'S ACTIVITIES</b>			
Women's Groups Served	26	35	74 %
Membership	380	na	na
Economic Activities Implemented	22	35	63 %
Women trained--% Total participants	21%	30%	70 %
<b>CREDIT</b>			
Credit System Established	*	-	-
% Loan Repayment	98 %	85 %	115 %
Savings and Loan Clubs Developed	0	5	0 %

\* To date the strategy of the project has been to link producers with buyers willing to make advances in cash or in kind (See VII PROJECT RESULTS, D ACCESS TO CREDIT, above). Note again that establishing linkages with commercial credit institutions is not feasible until groups begin to acquire the necessary legal status. (See, IX. CONCLUSIONS AND RECOMMENDATIONS, B, 5 Legal Issues, below).

**IMPACT OF CLUSA PROGRAM ON CLIENT RGEs/ASSOCIATIONS**

BASELINE INDICATOR	BEFORE PROGRAM	SEPTEMBER 1997
Number of RGEs/Associations	1	144
Number of Women's Group Businesses	0	26
Number of RGEs/Associations Registered	0	0
Number of Members of RGEs/Associations		
Men	36	4,484
Women	6	1,159
Total	42	5,643
Number of Economic Activities Implemented	0	163
Number of Associations With Marketing Activities	0	91
Volume of Products Marketed (Kgs)	0	3,128,649
Value of Products Marketed (Mts '000)	0	5,019,760
Total Sales from Economic Activities (Mts '000)	0	5,068,582
Total Profits from Economic Activities (Mts '000)	0	273,598
Total Association Assets	0	632,604
Number of Associations with Bank Accounts	0	16
Number of Associations Accessing Credit	0	50
Infrastructure Improvement by Associations		
Number of Storage Facilities Built	0	47
Roads Repaired (Kms)	0	157
Numbers of Bridges Repaired/Built	0	14
Other Infrastructures Built	0	1
Number of Functioning Literacy Centers	0	32

Notes:

1. As indicated in Section I. PROJECT PARAMETERS, B. END OF PROJECT OBJECTIVES, project EOPs make no reference to Associations/RGEs, an omission which should be corrected, since these are vital to longer term sustainability.
2. According to the EOPs mentioned in the referenced section, project impact is to be measured by (among other elements) increases in producer income. None of the baseline indicators listed above are relevant to measuring producer income, or increases therein as a result of the project, an omission which CLUSA is now working to correct.
3. Seven associations have completed the paper work necessary for legal registration but do not yet have approval. Eight others are in the initial stages of the process, i.e. obtaining identify cards, preparation of charter and by laws, etc. However, the problem of changing procedures so as to facilitate registration subsists. (See Recommendation on Legal issues in Section IX.)
4. Bank accounts: Eight associations have opened bank accounts in member's names, while eight others have subaccounts in a special CLUSA account created for the purpose.

5. Numbers based on returns at the end of 1996. These will be greatly increased by end of year returns for 1997, not yet available.

## B. PROGRAM MANAGEMENT

With respect to the quality of program management, only the following points need mention:

Beneficiaries are satisfied.

Government is satisfied.

Buyers are satisfied.

Other development projects respect CLUSA achievements and are interested in collaborative arrangements with CLUSA.

Overall, project objectives are being met or exceeded.

A strong and effective staff organization has been created.

Project funds have been well managed and operations are running slightly under budget.

Project funds and property have been well controlled: no deficiencies were reported by the recent audit.

**Conclusion: THE PROJECT HAS HAD EXCELLENT MANAGEMENT AND LEADERSHIP!**

## C. UNINTENDED OUTCOMES

### 1. Positive

Buyers have more secure sources of supply, increased volume and margin, as a result of contracts with producers, and as a result are willing to increase the volume of purchases from associations, along with the corresponding increase in cash and input advances.

### 2. Negative

Many producers are shifting to cotton as a result of higher prices and the availability of input advances from buyers. However, insecticide and other chemical applications required for cotton represent a long term risk for the environment.

D. IMPACT ON WOMEN.

CLUSA has made important efforts in this area, as indicated below.

1. Associations and Groups		
	Number	% of Total
Women Members of Associations	1,125	21%
Women's Groups	26	19%
Members of Women's Groups	380	NA
Business Activities by Women's Groups	22	NA

2. Participation in Training Services		
Type of Training	Number	% of Total
<b>Literacy</b>		
Community Literacy Trainers	3	4%
Literacy Training	219	47%
Completed Literacy Training	158	45%
<b>Institutional Development</b>		
Board Members	48	11%
Association Promoters	90	9%
Managers	43	5%
Other Association Members	436	20%
<b>TOTAL</b>	<b>997</b>	<b>22%</b>

3. CLUSA Female Staff members	
	Number
OPERATIONS MANAGER	1
MONITORING AND EVALUATION	1
ADMINISTRATIVE ASSISTANT	1
FIELD WORKERS	6
LITERACY	1
TOTAL STAFF	10
% TOTAL STAFF	23.2 %

#### 4. Participation in Producer Income (To 9/97).

WOMEN PRODUCERS NUMBER	1,744
SHARE OF TOTAL PRODUCER INCOME (Mts '000)	502,325
INCOME PER PRODUCER (Mts '000)	288

On the basis of the first 18 months experience in the field, it seems that participation by women tends to improve after a few months of working with a community. Once the community has confidence in the field worker who lives and works in the area, generating participation by women becomes easier. Such participation is also facilitated when the community creates a strong and dynamic association. Once that larger association has been formed, the tendency is for the women, with the support of the association, to form small women's groups with a view to establishing some economic activity. In some cases the women's groups receive small amounts of credit from the main organization to be used as working capital in their activities. It is through the larger associations and these women's groups that the greater part of services reach women. Finally, through participation in the literacy program which is now serving a large number of persons, it is expected that women will gain greater self confidence, and thus participate more actively in their own development.

### IX. CONCLUSIONS AND RECOMMENDATIONS

#### A. CONCLUSIONS

1. This project has produced significant results. Many objectives have already been met a year before the end of the program and the others are on track to be met by September, 1998.
2. CLUSA's "market first" strategy has produced solid results. That strategy should be continued in areas in which the project is already working and in any new areas of operation.
3. Consolidation of the gains already made and the development of mechanisms by which such gains become sustainable is going to require at a minimum another three years.
4. Based on these results, expansion of the program beyond 1998 into new areas is fully justified.

#### B. RECOMMENDATIONS

1. Objectives.

The plethora of outputs and indicators in project documentation can lead to a loss of focus, and hence the investment of resources in activities not strictly relevant to what it is hoped to achieve. CLUSA and USAID should review End of Project Objectives to eliminate possible confusion between those stated in the initial CLUSA proposal and those stated in the grant documents. For example, CLUSA's proposal calls for 48 rural group enterprises to be

trained while the grant document makes no reference to this. It is recommended that CLUSA and USAID agree upon a statement of overall goals which reiterates and stresses results in terms of increased producer income and the creation of viable associations as mechanisms for achieving the sustainability of such results.

## 2. Strategy.

There is in the grant documentation language which suggests that CLUSA should seek to produce, in addition to increases in producer income derived from better marketing, results defined in terms of crop diversification, increased productivity, and lower production costs. These are, of course, vital factors in longer term agricultural development and it is likely that in the future, CLUSA may need to deal with some or all of them. But, CLUSA is not presently structured to deal directly with technical production issues, and the attempt to do so directly would probably be counterproductive in terms of overall impact. The same may apply to the creation of local level credit and savings institutions. There are other development organizations active in the province which do have such capability and which seem more than willing to enter into collaborative arrangements with CLUSA.

It is recommended that CLUSA stick closely to its current strategy and seek to establish linkages with other organizations for those necessary technical inputs CLUSA is not equipped to provide.

## 3. Institutionalization.

Institutionalization clearly involves the creation of cooperative marketing enterprises at the base level and CLUSA has a good fix on what that entails. However, the question is what sort of mechanisms should evolve at the secondary level - services that CLUSA is now offering - to ensure that producers will have access to those services when the CLUSA program ends. Whatever the decision with respect to the character of such mechanisms, they take time to develop and will not be fully developed by September, 1998. It is recommended that CLUSA begin a process which will result in at least preliminary definitions of the mechanisms referred to above, to be included in its proposal for a program extension through 2001.

Among options which might be considered are:

- a. Formation of an organization to provide marketing services to producer associations on the basis of commissions on sales, or fees for services, sufficient to cover operating costs, and provide a basis for the capitalization of the organization. The organization might be based on producers, or perhaps on a small group of interested CLUSA staff.
- b. Formation of a local NGO based on CLUSA staff, which can carry on the kind of services CLUSA now provides, under contract to other national or international financing agencies.

c. A combination of the above.

To this end, it is further recommended that the director of CLUSA/Moçambique visit CLUSA/El Salvador in order to see how such basic concepts are being implemented in that country.

4. Expansion.

As already indicated, results produced so far justify expansion of the program to new areas. However, the current staff structure is stretched thin, particularly in terms of supervision and coordination in the field, and as will be indicated below, there are still needs for staff training which have not yet been fully met. So also consideration will need to be given to provision of adequate numbers of vehicles in order to ensure communication with, and support to, a greater number of field teams. Further, as CLUSA and USAID consider the issue, they should be aware that the work level with existing associations is more likely to increase than to decrease, success breeds more work, not less.

It is recommended that any expansion be carried out in a fashion which does not seriously dilute existing cadres of trained staff, and which recognizes the need for increased supervision and coordination in the field for both old and new areas.

5. Legal Issues.

Without legal registration and the acquisition of *personalidade jurídica*, an association cannot:

Obtain title to land.

Execute a valid contract.

Buy and sell property in its own name.

Open a bank account in its own name.

Be considered eligible for credit by banks, or other lending institutions following general banking policies and procedures.

Obtain licenses and permits in its own name.

Thus, legal registration is vital to creating sustainable associations. However, the procedures for obtaining *personalidade jurídica* are absurdly and needlessly complicated, expensive and time consuming.

It is recommended that USAID and CLUSA bring together a working group of those organizations most concerned with these problems (including representatives of farmer associations) to propose a simplified and decentralized registration procedure and that USAID

necessary changes as rapidly as possible.

#### 6. Operations.

In the course of obtaining data for this evaluation, weaknesses were identified in the financial record keeping of the associations and the reporting by CLUSA field staff. Some of the weaknesses are attributable to gaps in the systems while others are due to lack of training. The details of these problems have been brought to the attention of CLUSA staff.

It is recommended that CLUSA review financial record keeping and reporting systems, make such changes as may be required and provide training to central office and field staff in their application.