

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

PEBBN 704

COUNTRY/ENTITY

Swaziland

BUREAU/OFFICE

Africa

645

3. PROJECT NUMBER

645-0229

5. PROJECT TITLE (maximum 40 characters)

Commercial Agricultural Production and Marketing

PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
018 | 311 | 912

7. ESTIMATED DATE OF OBLIGATION
(Under 'B,' below, enter 1, 2, 3, or 4)

A. Initial FY | 8 | 8 |

B. Quarter | 4 |

C. Final FY | 9 | 1 |

8. COSTS / \$000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FIRST FY				LIFE OF PROJECT	
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	903	361	1264	4924	1076	6000
(Grant)	903	361	1264	4924	1076	6000
(Loan)						
Other						
1.						
2.						
Host Country	14	428	442	53	2051	2104
Other Donor(s)						
TOTALS	917	789	1706	4977	3127	8104

9. SCHEDULE OF AID FUNDING (\$000)

APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
DFA	130	140		-	-	6000		6000	
TOTALS						6000		6000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

150 | 010 | 840

11. SECONDARY PURPOSE CODE

210

SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

BF

B. Amount

PROJECT PURPOSE (maximum 480 characters)

Establishment of an environment that is stimulating increases in small-scale commercial agricultural production and other agribusiness and domestic and export marketing activity.

12. SCHEDULED EVALUATIONS

Interim MM YY | 018 | 8 | 9 | Final MM YY | 018 | 9 | 2 |

13. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) 935

14. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY

Signature

Reginald C. ...

Title

Director, USAID/Swaziland

Date Signed

MM DD YY
018 | 3 | 11 | 8 | 8 |

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

| | | | | |

Project Paper

COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING

PROJECT 645-0229

August 25, 1988

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EXECUTIVE SUMMARY

A. Setting and Strategy

The economy of the Kingdom of Swaziland is an open market system characterized by an active private sector, a positive investment climate, free trading and substantial opportunity for expanding export markets in a variety of industries. As such, Swaziland has the potential to serve as a small, but important, engine of growth in the Southern Africa region. It is already an example, within the Southern Africa Development Coordination Conference (SADCC), of the benefits of an open market economy. Within this context, commercial agriculture in Swaziland has major potential to expand, and must do so to achieve the nation's important economic objectives.

Increased production, processing and domestic and export marketing of agricultural production from smaller-scale commercial farms¹ are inhibited by a series of constraints. Major among these are that smaller commercial farmers' timely access to reasonably priced inputs is limited, their production costs are high, and stable domestic and export markets tend not to be available to them. Agribusiness activities that provide additional markets for commercial agricultural production are not developed sufficiently in Swaziland. Investment opportunities are not well known nor adequately promoted. These constraints need to be reduced.

Business opportunities in agribusiness and domestic and export marketing do exist in Swaziland, both for Swazi and foreign entrepreneurs. If these opportunities can be realized, they will help remove some of the bottlenecks to greater output by smaller-scale commercial farmers. Pursuit of these opportunities by the private sector is often inhibited by specific factors amenable to change. GOS assistance to the private sector is needed to minimize these constraints or to encourage the exploration of viable business enterprise opportunities.

Given the Government of Swaziland's commitment to a free market economy in which private investment plays a major role, it is the intent of the Government, as stated in its Agricultural Development Strategy for the Kingdom of Swaziland, that "direct intervention and participation in the production, processing and marketing chain must be primarily with the private and cooperative sector. Government should only use its resources for regulating and guiding these operations."

The Commercial Agricultural Production and Marketing Project is the first phase of a joint Government of Swaziland/USAID program, the objective of which is to maximize the contribution of Swaziland's agricultural sector to the nation's growth through realization of its full potential for export-led small and medium producer based agricultural development that is environmentally and economically sustainable over the long-term.

¹ Smaller-scale commercial farmers, as defined in the CAPM Project, are those 20,000 or so farmers on Swazi Nation Land with holdings of at least 2 hectares, plus a few hundred family farms on Title Deed Land where holdings are larger.

The overall strategy of the program is, in the first phase, to establish the environment required to stimulate private sector initiatives and production responses by small-scale producers, and generate employment for others in rural areas, thus clearly demonstrating the government's commitment to private sector development and the capacity and willingness of small-scale producers to respond to demand. As in the longer term any major increase in small-scale production will require the development of new export markets, the second phase of the program will reinforce momentum by directing more substantive resources at specific activities needed to encourage and support development of significant export oriented production.

B. The Project

The Commercial Agricultural Production and Marketing Project (CAPM) will achieve its objective mainly by supporting and expanding GOS and private sector efforts already underway. It will carry out a series of action oriented analyses and GOS/private sector support activities in: (1) the identification and analysis of constraints and development of GOS policy and program initiatives to overcome them; (2) the identification and analysis of private sector opportunities and development of activities to stimulate private sector initiatives in these areas; and (3) the strengthening of the capacity of both the government and the private sector to develop the agribusiness sector. In addition, activities will be undertaken to facilitate evaluation of project achievements and to develop strategies and plans for future activities in support of the program goal.

Operationally, the project will facilitate multi-ministerial and private sector efforts to expand commercial agriculture. For example, as specific agribusiness (e.g., potato storage) or marketing (e.g., flower exports) opportunities are identified by private or public sector efforts, MOAC, the Ministry of Finance (MOF), the Ministry of Commerce, Industry and Tourism (MCIT), and the private sector will work together and coordinate actions--whether policy, program or project specific--to realize each opportunity expeditiously. As broader opportunity areas are agreed upon--such as the potential for smaller cooperatives to produce fresh produce to meet local demand--GOS entities in the project will take concerted joint actions to remove constraints and otherwise stimulate expanded private sector projects or activities in these areas.

The multi-ministry/private sector efforts will be coordinated and focused by a Project Steering Committee chaired by the Principal Secretary (PS) of the MOAC. Other members will be the PS's of the MOF, the MCIT and the MOE. The USAID/Swaziland member will be the Mission Director, normally represented by the Agricultural Development Officer. An Inter-Ministerial Working Group of ministry full-time and ancillary counterparts, CAPM technical assistance (TA) specialists, and USAID/Swaziland will coordinate among ministries and the private sector on a day-to-day basis. The Director of Research and Planning in MOAC will chair the Inter-Ministerial Working Group. Private sector liaison groups, both formal and informal, will be linked to the Inter-Ministerial Working Group and, as helpful, to CAPM counterparts and TA specialists in each GOS entity involved in the project. These liaison groups will be involved in CAPM activities of individual ministries and the CAPM working group whenever appropriate.

C. The Expected Results

Achievement of the purpose of this first phase project will be demonstrated by ongoing initiatives in six areas supported by strong communication linkages between public and private organizations:

- POLICY ANALYSIS

GOS professionals, working in a coordinated manner and in collaboration with the private sector, will be providing decisionmakers with quality analyses, options, and recommendations for policies and programs that will reduce constraints to production and stimulate private sector initiatives in small-scale commercial agricultural activity;

- POLICY DECISIONS

GOS policy makers will be taking action on policy and program recommendations needed to stimulate private sector initiatives in commercial agriculture;

- POLICY IMPLEMENTATION

GOS ministries will be implementing activities required to effect policy changes;

- PRIVATE SECTOR FACILITATION

The Government of Swaziland will be moving toward its objective of playing a regulatory and facilitative role in commercial agricultural development by working collaboratively with the private sector to facilitate its responses to an improved environment for commercial agricultural activity;

- PRIVATE SECTOR RESPONSES

Private sector entrepreneurs (small-scale commercial agriculture producers, marketers, input suppliers, exporters and other agribusinesses and agribusiness associations) will be responding to opportunities for increased commercial agricultural activity;

- ACADEMIC SUPPORT

The University of Swaziland (UNISWA) will be (a) training current private and public sector individuals to participate more effectively in commercial agricultural production activities and (b) preparing future private and public personnel to contribute to commercial agricultural expansion; and



- COMMUNICATION

The above initiatives will be facilitated by improved communication among GOS entities, including UNISWA, and between the GOS and the private sector.

D. Resources

AID will provide up to \$6.0 million dollars to finance 12 person years of long-term technical assistance (four people for periods of three to four years), 93 person months of short term US and locally recruited technical assistance, US academic training for two UNISWA professors, 38 person months of specialized training for GOS professionals in the US and 357 person months of specialized in-country and third-country training for public and private sector individuals. Commodities will include equipment to rehabilitate a UNISWA farm management facility and equipment for a data processing and analysis system.

The Government of Swaziland will provide approximately \$2.1 million worth of inputs that will finance the reconstruction of the UNISWA farm facility as well as cover counterpart salaries and most local administrative and logistical costs of the project.

E. Relationship to Mission Strategy

To date, while the USAID Mission's strategy has addressed agricultural commercialization, the focus has been on basic production for domestic consumption. The Commercial Agricultural Production and Marketing Project thus represents a significant modification in the Mission's agricultural strategy that responds to an important change in the Government's strategy for the sector and that is emerging as a dramatic improvement in Swaziland's overall economic environment.

F. Summary Findings and Issues

The analyses conducted during the design effort indicate that the project is technically, economically and socially sound. Sufficient inputs are provided, which when applied in accordance with implementation procedures and criteria described below, will enable project objectives to be reached, and the cost estimates for the inputs required are considered reasonable. The social and economic analyses indicate that benefits should accrue to smaller-scale commercial business persons--including women--and other low income rural and urban beneficiaries in Swaziland via employment generation in the agribusiness sector. The financial analysis indicates that for the purpose of implementing this Project the GOS has adequate personnel and financial resources to meet its contribution.

Several important design issues were considered by the joint Swazi/USAID design team. The relative weight to be given to traditional institutional strengthening vs. program and operational actions geared to assist individual small scale producers and agribusiness and GOS policymakers was decided in favor of a more action-oriented approach. This weighting is considered to be critical by the GOS to begin to make progress in expanding commercial agriculture. USAID/Swaziland supports this action-oriented, micro-to-macro approach on the belief it will be effective in reinforcing needed behavioral and policy changes. This more active form of capacity building, however, will be combined with traditional strengthening activities, which are included as an important component of the project.

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The level of inputs needed was increased substantially during project design. The scope of the effort needed to expand commercial agriculture involves much substance and several ministries; greater resources were required to provide and support adequately the level of long-term TA determined to be necessary to ensure project success.

Inter-ministerial cooperation will increase project impact. The GOS has agreed to use a Principal Secretary's Project Steering Committee to achieve high level coordination and a working group to achieve technical coordination.

GOS absorptive capacity, particularly in terms of counterpart availability and creation of new posts, was considered as an issue. The GOS ministries involved have agreed to provide the counterparts required for project success. During the design several different means of ensuring availability of the necessary personnel were identified.

The project will benefit small and medium commercial farmers and other agricultural businesses serving the small farming sector, and women (who account for over 70 percent of farm labor, according to the World Bank). As Swaziland's agricultural sector is very traditional, the more progressive of small-scale farmers are likely to respond more quickly to incentives and eased constraints, a development which will provide concrete evidence of potential benefits to their less progressive colleagues. A monitoring system built into the project will be used to ensure that project activities address socio-economic constraints that may inhibit full responsiveness by more traditional farmers as well as potentially disadvantaged groups such as farms and businesses run by women.

G. Evaluation and Future Planning

As the experience and results of the CAPM Project will be drawn upon to fashion post-CAPM additional project support, the evaluation process for this project is exceptionally important. Three in-depth internal reviews and one external evaluation are planned. To assist in this process, extensive data collecting and monitoring is included in the project. An overall summary of the commercial agriculture situation, to be undertaken upon initiation of the project, will be made up of three parts: a descriptive study of the commercial agriculture production sector; an attitudinal analysis of private sector perceptions of constraints to increased commercial agriculture production and domestic and export marketing; and a summary of studies and assessments of the potential of commercial agriculture in Swaziland. In addition, a baseline of a specific sample group of small-scale commercial farmers and other agribusinesses will be drawn with emphasis on social and related economic issues. Project evaluations will be scheduled to permit development of Phase II plans in a timely manner that will allow a smooth transition to Phase II assistance, if additional support is appropriate.

I. BACKGROUND

A. The Problem and the Setting

The economy of the Kingdom of Swaziland is an open market system characterized by an active private sector, a positive investment climate, free trading and substantial opportunity for expanding export markets in a variety of industries. As such, Swaziland has the potential to serve as a small, but important, engine of growth in the Southern Africa region. It is already an example, within the Southern Africa Development Coordination Conference (SADCC) of the benefits of an open market economy. Within this context, commercial agriculture in Swaziland has major potential to expand, and must do so to achieve the nation's important economic objectives.

Commercial agricultural production by smaller-scale farmers has major potential in Swaziland. It can be realized by creating more effective production incentives for commercial farmers, mainly by reducing costs of inputs, increasing agribusiness activity and expanding domestic and export market systems. These improvements would encourage commercial farmers (especially smaller ones) to increase production, thereby enabling more of the potential of commercial agriculture to be realized.

The GOS is clear about its objectives for the agricultural sector in Swaziland. It must be an important engine of economic growth, providing employment and increasingly diversified exports and playing a major role in achieving the economic stability required by the nation. The GOS also is clear that direct participation in agricultural production, processing and marketing must be primarily with the private and cooperative sector. Government's role is principally to regulate and guide such operations. Thus, improvement of the agricultural sector's contribution to the nation's economic growth must be done through private sector efforts. In particular, smaller scale commercial farmers, agribusinessmen and marketers need to expand their activities. Only if they do will the national objectives of agricultural commercialization, crop and export diversification and rapid sustained economic growth be attainable in the reasonable future.

The MOAC has undertaken far-reaching strategy development efforts in the past few years, following them up with subsector strategies and specific work plans for MOAC activities to support private sector led agricultural development. Specific projects to implement the subsector strategies have been identified. Other ministries, such as the MOF and MCIT, have clarified and further developed policies and programs dealing with or related to agricultural development. Efforts are currently underway by the Swaziland Industrial Development Corporation (SIDC), other organizations and private sector parties to expand agribusiness and domestic and export marketing activities in Swaziland. UNISWA has revised its curriculum to improve its contribution of appropriately trained people to private sector commercial farms, agribusinesses, cooperatives and domestic and export marketing firms and to public sector organizations supporting them. These policy and program actions to expand commercial agriculture and other marketing and input supply activities are important, but not sufficient. Stronger, more effective GOS support for specific private sector agricultural business activities is needed. Thus, the GOS actions taken to date and that which remains to be

done provide a fruitful context in which to launch the CAPM effort as a project supportive of GOS and private sector actions to achieve major commercial agricultural expansion in Swaziland as soon as possible.

Expanded commercial agriculture is not sought by the GOS at any price. To achieve increases in agricultural output, productivity and farm incomes that can be maintained over the long run, the GOS knows that the foundation of Swaziland's agricultural development must be a well managed natural resource base capable of sustaining the growth achieved and needed. Natural resource management concerns are an integral part of MOAC's and other ministries' strategies for achieving sustainable agricultural and economic growth. These concerns will always be part of the GOS's agenda as it, together with the private sector, seeks to expand commercial agriculture in an environmentally healthy and sustainable way.

The Swazi economy is closely linked with its powerful neighbor, the Republic of South Africa (RSA). Even with this close link and proximity, Swaziland's regional market remains small because RSA production tends to be more efficient thus dominating its own internal market and that of much of Swaziland's neighbors as well. As a result, Swaziland's own industrial activity has concentrated on growing and processing a few commodities for export into a broader market place.

Despite its small domestic market, Swaziland has other attractive features for private enterprise. It has access to markets, the European Economic Community (EEC), Canada, the United States (US), the Preferential Trade Area (PTA); it has a hospitable investment climate; its human resource base is being better trained to support employers' needs; private sector expansion is being encouraged. These conditions provide a favorable base for further expansion of private commercial agriculture.

Smaller-scale commercial farmers, as used in the CAPM Project, refers to those 20,000 or so farmers on Swazi Nation Land (SNL) with holdings of at least 2 hectares plus a few hundred family farms on Title Deed Land (TDL) where holdings are larger. There is substantial potential for growth on these farms if improved demand for their products can be developed via agribusiness and market expansion and if their input supply costs can be reduced. Ultimately, the efforts toward expanding small-scale commercial agriculture in Swaziland, represented initially by this Phase I CAPM Project, should engage some of the other 40,000 currently subsistence SNL farmers into the Commercial Agricultural picture. The long-term intent of these efforts is to entice as many of the 60,000 SNL agricultural households into commercial agriculture as is feasible.

Presently commercial farmers are not well linked into existing markets. They begin commercial production of maize, beans, and perhaps cotton, tobacco and some horticulture crops. However, for horticultural and other commercial crops, there are not well developed local markets (demand) and export markets frequently contain formidable obstacles for smaller producers. New approaches emphasizing development of demand by agribusiness development, market development and input supply improvement are needed to spur commercial agricultural production and integrate smaller commercial farmers into domestic and export markets. The CAPM Project seeks to develop and apply such new approaches using GOS and private sector collaborative efforts aimed directly at commercial agricultural expansion of all kinds.

B. AID and Other Donor Activities and Resources

USAID/Swaziland's current and previous Country Development Strategy Statement (CDSS) have included as priority objectives increasing agricultural production with a higher proportion of cash cropping and increasing the practical orientation of the educational curriculum to meet Swaziland's manpower and employment needs.

Past USAID programs in agriculture included support for the Rural Development Areas (RDA) program to expand the rural infrastructure base, although it was eventually recognized that the RDA approach was not sufficient alone. Support for agricultural research and extension, through the ongoing Cropping Systems Research and Extension Training Project (CSRET 645-0212), emphasizes development and adaptation of new technology and techniques to increase productivity on SNL farms. While new technology is necessary, it is apparent that it alone is not sufficient to stimulate increased commercial agricultural production.

Any program that would increase total output must take account of farmers' objectives. Homesteads which engage in agriculture only to meet consumption requirements will offset productivity increasing technology by reducing scarce inputs, thereby maintaining production at its present levels. The current CDSS emphasizes that program support should be concentrated on increasing productivity on those homesteads where agriculture is already, or could be, commercial. This CAPM Project will concentrate on smaller commercial farmers, especially on SNL but also on TDL. This is to be done not by trying to increase their production directly, but by placing substantial emphasis on demand factors, investment, agribusiness development, marketing expansion, as well as on input supply.

The CAPM Project also will build on agricultural policy changes undertaken by the GOS and supported under the CSRET Project. MOAC's agricultural development strategy was ratified by Parliament in 1987. USAID/Swaziland assisted MOAC in translating the broad strategy into action. The strategy, options, work plans and budgets developed as part of that effort have contributed to MOAC's preparation and desire to exercise leadership in stimulating and guiding private sector activities in commercial agricultural production, agribusiness, domestic and export marketing and input supply expansion. MOAC's work in developing subsector strategies and work plans resulted in specific project concepts to support them and its overall strategy. Relevant projects from MOAC's subsector strategies are cited in the technical analyses (see Annex 4). This CAPM Project will build on this base of strategy, subsector strategies and projects already developed by MOAC.

The component of the CAPM Project supporting the revised curriculum of UNISWA is clearly consistent with the CDSS objective of making Swaziland's educational system relevant to the manpower and employment needs of the country.

Other donors are and will be undertaking bilateral activities that will complement the CAPM Project. The EEC, for example, has provided significant funding to help make the Swaziland Industrial Development Corporation (SIDC) more effective in stimulating increased productive investment in Swaziland. It is currently about to make substantial funding available to MOAC and the Department of Economic Planning and Statistics (DEPS) to improve their

planning capability. These improved capabilities will support CAPM Project efforts to focus ministry resources on specific objectives of high priority to the GOS. The EEC also is prepared to supply TA and other support to MCIT, especially in its export promotion and handicraft divisions. Both these related program efforts will enable CAPM resources to be even more effective. The EEC program is aimed at export promotion; the CAPM Project is aimed at creating an agricultural production, agribusiness and market system base that produces and effectively moves products into export markets.

The Food and Agricultural Organization of the United Nations (FAO), in conjunction with the United Nations Development Programme (UNDP), is providing marketing TA to MOAC. USAID/Swaziland explored the role of the FAO input carefully in preparing the CAPM Project. There is no substantial overlap between the CAPM effort and that being made within the MOAC by the FAO. Rather, the CAPM focus on increasing market system development, especially among smaller Swazi cooperatives and organizations, meshes nicely with the higher level policy analysis and research efforts being undertaken by MOAC's present marketing advisor.

C. Project Rationale

One important aspect of the CAPM's rationale is its two phase approach. Phase I's end-of-project status will be a solid base of capacity in key GOS and private sector groups in the joint development of effective policies and programs and business support activities designed to increase commercial agricultural production and other agribusiness and domestic and export marketing activities. By the end of the project, the GOS and private sector also will have gained substantial experience in cooperating to focus their increased capacity on achieving expanded commercial agricultural activity.

The Phase I capacity and experience engendered by CAPM will help identify key possibilities for achieving substantial commercial agricultural progress in Phase II and determine means to realize those possibilities. Phase I, in essence, will create a platform of strengthened capacity. The platform will serve as a jumping-off point for a concerted drive in Phase II to achieve high potential, but more difficult, input supply, agribusiness and domestic and export market projects and activities. For example, based on experience in Phase I, more complicated projects aiming product(s) at major competitive export markets will be undertaken in Phase II.

This two-phased CAPM Project provides AID a means to contribute significantly, in relation to its limited resources, to helping Swaziland's smaller scale commercial agricultural sector emerge as an important engine of growth. Moreover, it will do so with a novel approach for the agricultural sector of many African countries, but one squarely on point with AID's own policy initiatives and directions in promoting the private sector, policy dialogue, institutional development, technology transfer and training.

CAPM draws on AID's experience, lessons learned and approaches used elsewhere. In other parts of the world, smaller countries with limited markets must orient much of their economic growth around agricultural import substitution and exports. And, they must build and depend on incentives for private sector commercial agricultural activities to achieve these ends. Thus, a collaborative approach in which the GOS and an agriculturally-oriented private sector jointly seek mutually beneficial growth is both workable in the

correct environment and a part of AID's own broad portfolio of experiences. This will enable CAPM to draw on other lessons learned during implementation and to compare its processes and results with those of other projects.

Another aspect of the rationale for this project is that the end results sought in terms of expanded commercial agricultural activities of all kinds are clearly possible and environmentally and economically sustainable. Many successful commercial agricultural production and other agribusiness, domestic and export marketing, and private and cooperative input supply activities, both large and small, exist in Swaziland today. CAPM begins with a clear sense that much is possible. Through the project, some of that which is possible but has not yet been achieved, will be realized; and, in the Phase II project even more will be achieved. Thus, a part of CAPM's rationale is that commercial agricultural expansion not only is imperative, but that it can be achieved, especially by the CAPM approach of dealing with the central demand side constraints.

Several other factors also comprise aspects of the rationale for this project. CAPM is the GOS's project. It has been designed by and desired by MOAC and the other GOS ministries involved in the project. Project resources will support GOS efforts, both those already underway and some that are new. The project TA will work collaboratively with government personnel under the direction of GOS officials to help achieve important Swaziland development objectives. CAPM focuses its resources in areas that complement related on-going efforts in agriculture, the private sector, education, manpower development, and export promotion. CAPM emphasizes development of Swazi solutions to problems, involving a participatory approach to problem solving. The project blends policy, program and pragmatic actions to get things done, the latter being the central need of the country and the important objective of both public and private sector individuals and organizations. Also, the process undertaken by CAPM is one that, in any developing country, must continue apace over a long time frame. The project is aimed at smaller scale agricultural business people, especially smaller scale commercial farmers on SNL. This enables it to reach women, many of whom are already commercial farmers, hawkers and smaller scale food manufacturers and purveyors. CAPM builds capability in the GOS, and in the private sector for both the long- and short-terms to enable the process begun during the LOP to be environmentally and economically sustainable over the extended time frame required.

II. PROJECT DESCRIPTION

A. Project Goal, Purpose and End-of-Project Status

1. Project goal

This project is the first phase of a joint Government of Swaziland/USAID program that has the objective of meeting the growing demands placed upon Swaziland's agricultural sector to serve as an economic engine for broader rural development and growth that is environmentally and economically sustainable over the long-term. Meeting this challenge, which is what the GOS desires to do and has constructed its Agricultural Development Strategy for the Kingdom of Swaziland to achieve, will increase agricultural output, productivity, and farms incomes in Swaziland.

Given the Government of Swaziland's commitment to a free market economy in which private investment plays a major role, it is the intent of the Government, as stated in the Strategy, that "direct intervention and participation in the production, processing and marketing chain must be primarily with the private and cooperative sector. Government should only use its resources for regulating and guiding these operations."

Achieving the increased agricultural production required will depend heavily on additional activity by farmers already using practices which lead to intensified agriculture on available land. In particular, commercial SNL farmers and smaller scale commercial TDL holders have the potential to contribute much more significantly to the nation's production. Increased commercial agribusiness, domestic and, particularly, export market development, and access to necessary farm inputs, are required to stimulate additional production by these smaller scale commercial farmers. Thus, the goal of the program and this project is:

Goal: To increase the agricultural sector's contribution to the national economy of Swaziland.

2. Project purpose

Increased production, processing and domestic and export marketing of agricultural products from smaller-scale commercial farms are inhibited by a series of constraints. Major among these are that smaller commercial farmers' timely access to reasonably priced inputs is limited, their production costs are high, and stable domestic and export markets tend not to be available to them. Agribusiness activities that provide additional markets for commercial agricultural production are not developed sufficiently in Swaziland. Investment opportunities are not well known nor adequately promoted. These constraints need to be reduced. The GOS has begun to identify these and other constraints and to develop strategies to eliminate them. This CAPM Project incorporates numerous of the GOS strategies now being undertaken, becoming one important way in which USAID can assist the GOS in carrying out its own support, promotion and regulatory programs to reach agreed upon development objectives.

Business opportunities in agribusiness and domestic and export marketing do exist in Swaziland, both for Swazi and foreign entrepreneurs. If these

opportunities can be realized, they will help remove some of the bottlenecks to greater output by smaller scale commercial farmers and will create employment opportunities for other rural poor. Pursuit of these opportunities by the private sector is often inhibited by specific factors amenable to change. GOS assistance to the private sector is needed to minimize these constraints or to encourage the exploration of viable business enterprise opportunities.

A deliberate effort must be made to identify and analyze the specifics of existing constraints, to use joint public and private sector means to deal with them, and to strengthen GOS and private sector capability to do both. Likewise, specific action must be undertaken to identify and develop business and investment opportunities by the GOS and the private sector. These deliberate undertakings will result in the development of more effective GOS strategies, programs and actions and private sector activities for increasing commercial farm production and other agribusiness and domestic and export marketing in Swaziland.

In sum, what is required for achievement of the project and program goal is a range of initiatives that will create the environment required to stimulate an increase in small-scale commercial agricultural production and generate employment. Further, while initial production increases can be absorbed by current markets, any major increases in production or expansion of employment will require the development of new export markets. This in turn will require substantial private sector investments -- investments that will only occur if the environment is seen to be positive and opportunities are clearly defined. The overall strategy of the program now being initiated is to first establish the environment and stimulate initial responses, (thus clearly demonstrating the government's commitment to private sector development and the capacity and willingness of small scale producers to respond to demand). In the second phase, expected to result from successful achievement of this project's objectives, momentum will be reinforced by directing more substantial resources at specific activities needed to encourage and support development of substantial export-oriented production, and employment in agribusiness, particularly agroprocessing.

Thus, the purpose of the project is:

Purpose: Establishment of an environment that is stimulating increases in small-scale commercial agricultural production and other agribusiness and domestic and export marketing activity.

The project will achieve this purpose mainly by supporting and expanding GOS and private sector efforts already underway. CAPM will carry out a series of action oriented analyses and GOS/private sector support activities in:

(1) policy and program identification analysis and development; (2) private sector opportunity identification analysis and development; and (3) government and private sector institutional capacity strengthening. In addition, activities will be undertaken to facilitate evaluation of project achievements and to develop strategies and plans for future activities in support of the program goal.

3. End-of-Project Status (EOPS)

At the end of this first phase project, achievement of the purpose will be demonstrated by on-going public and private sector initiatives in six areas supported by strong communication linkages between public and private organizations:

POLICY ANALYSIS

- GOS professionals, working in a coordinated manner and in collaboration with the private sector, will be providing decision makers with quality analyses, options, and recommendations for policies and programs that will reduce constraints to production and stimulate private sector increases in private sector commercial agricultural activity;

POLICY DECISIONS

- GOS policymakers will be taking action on policy and program recommendations needed to stimulate private sector initiatives in commercial agriculture;

POLICY IMPLEMENTATION

- GOS ministries will be implementing programs required to effect policy changes;

PRIVATE SECTOR FACILITATION

- The Government of Swaziland will be playing a regulatory and facilitative role in commercial agricultural development by working collaboratively with the private sector to facilitate its responses to an improved environment for commercial agricultural activity;

PRIVATE SECTOR RESPONSES

- Private sector entrepreneurs (small scale commercial agricultural producers, marketers, suppliers, exporters and other agribusinesses and agribusiness associations) will be responding to opportunities for increased commercial agricultural activity, and employment opportunities will begin to be created;

ACADEMIC SUPPORT

- The University of Swaziland will be (a) training current private and public sector individuals to participate more effectively in commercial agricultural production activities and (b) preparing future private and public personnel to contribute to commercial agricultural expansion; and

COMMUNICATION

- The above initiatives will be facilitated by improved communication among GOS entities, including UNISWA, and between the GOS and the private sector.

B. Project Outputs -- 1. Summary of outputs

The initiatives (EOPS) indicating achievement of the purpose of the project will be realized by using specific inputs to produce four categories of outputs--GOS policy and program analysis and development; private sector opportunity identification, analysis and development; government and private sector institutional strengthening; and strategy and plans.

GOS policy and program analysis and development will be undertaken to support private sector efforts to expand commercial agricultural production by small-scale farmers and other agribusinesses. GOS inputs will be used to identify and prioritize constraints to increased small-scale commercial agricultural production, marketing and expansion of employment opportunities, to analyze the constraints, to develop policy and program options to address them, and to help implement policy decisions made. Assistance in implementing policy decisions will be for decisions already made as well as those that are expected to result from project activity. Assistance in the latter category, however, will be limited to policy elements that are capable of being implemented solely with the assistance of Phase I inputs. Activities requiring more assistance (time or expertise) than will be available under Phase I will be identified for assistance from other resources (e.g. GOS, other donors, or, if appropriate, CAPM Phase II). Linkage mechanisms among GOS policy analysts and between the private sector and policy analysts and policy makers will be developed as well.

Private sector opportunity identification, analysis and development will be carried out using project inputs. Identification and viability analysis of opportunities for expanded or new private sector activities that have the potential to increase agricultural production by small-scale farmers, or to expand employment for the rural poor, will be undertaken. To accomplish this, pre-feasibility studies of selected opportunities for expanded or new business activities will be completed, and technical guidance will be provided to agribusinesses responding to viable new activities.

Government and private sector institutional capacity to identify and effectively deal with the above constraints and business opportunities will be strengthened. Manpower needs will be assessed; UNISWA staff will be trained at the academic level to help meet future manpower needs; specialized skills training, non-formal skills development, on-going specialized courses for commercial agricultural development, and implementation of new commercial agriculture curriculum at UNISWA will be completed. Improved systems--a database for commercial agricultural production and marketing, new analytical methodologies for public and private sector organizations working to expand commercial agricultural production, an improved GOS marketing information system, etc.--will be developed. Physical infrastructure will be renovated and further equipped for UNISWA training and for GOS data processing.

Strategy and plans will be refined for specific CAPM Project sub-activities and for future activities, if any, to be undertaken to further support expansion of small-scale commercial agricultural production and employment generation. A summary of current assessment of the problems and potential of commercial agriculture in Swaziland will be prepared. It will include a baseline study of the commercial agriculture sector, a baseline attitudinal analysis of perceptions of constraints by farmers and other businessmen, foreign investors, policy analysts and decision makers, donor organizations, and business organizations and groups, and a summary of current studies and perceptions of the potential for expanded commercial

agricultural production in Swaziland. A strategy and plans for post-CAPM activities to support commercial agricultural expansion will be prepared if justified by the experience gained from the results of CAPM activities.

There are important linkages among the output categories above. GOS policy and program analysis and development supports private sector opportunity identification, analysis and development; as private sector opportunities are pursued by application of project resources pursuant to established criteria and limits, constraints will be identified that will require GOS policy and program analysis and adjustment. As policy and program work and pursuit of opportunities to expand small scale commercial agricultural production are undertaken, a "learning by doing" process will go on that will contribute to government and private sector institutional strengthening. Such strengthening, in turn, will improve GOS and private sector ability to efficiently and effectively pursue commercial agriculture development opportunities and identify and analyze policy and program initiatives to support pursuit of such possibilities by the private sector. The experience and capability gained by GOS, private sector and USAID in using CAPM Project inputs, both USAID and GOS, effectively to expand small scale commercial agriculture production will lead directly to preparation of strategies and plans for post-CAPM project activity to realize even more of Swaziland's commercial agriculture potential.

2. Specific outputs

Specific outputs within each category are listed below. A brief discussion of each of these outputs follows in the next section.

GOS Policy and Program Analysis and Development

- Identification and prioritization of constraints to be addressed by project;
- Action analyses of constraints;
- Action assessments of policy and program options to address constraints;
- Preparation/presentation of policy issues/options/recommendations to decisionmakers;
- Identification and prioritization of already extant policy decisions intended to stimulate private sector activity that can be implemented with project technical assistance;
- Implementation of appropriate policy and program decisions resulting from policy decision options selected (if any) due to project assisted analysis and recommendations; and
- Linkage mechanisms established for:
 - Consultations between private sector and policy analysts;
 - Communications between private sector and policy makers;
 - Coordination among policy analysts (including those at UNISWA).

Private Sector Opportunity Identification, Analysis, and Development

- o Identification and viability analysis of opportunities for expanded or new private sector activities that will stimulate increased commercial agricultural production;
- o Pre-feasibility studies of selected opportunities for expanded or new business investment;
- o Technical guidance for businesses responding to viable new opportunities;
- o Analysis and recommendations on potential for divestiture of government owned or managed economic activities that relate to small scale production;
- o Analysis and recommendations regarding appropriate role of GOS in supporting private sector cooperatives in commercial agriculture;
- o Analysis and recommendations on potential world markets for exports based on small scale agricultural production; and
- o Linkage mechanisms established to ensure that above outputs and activities are undertaken in collaboration with private sector and with coordination between GOS entities.

Government and Private Sector Institutional Capacity Strengthening

Manpower

- o UNISWA staff training at academic level;
- o Needs assessment for specialized skills training;
- o Specialized skills training (U.S., third countries, and Swaziland) for GOS professionals, farmers and other private Swaziland individuals;
- o Non-formal (on-the-job) skills development for GOS professionals, farmers and other private sector individuals by project staff and UNISWA.
- o On-going specialized courses for commercial agricultural sector developed by UNISWA; and
- o New curriculum implementation at UNISWA.

Systems

- o Improved database for commercial agricultural production and marketing;
- o New analytical methodologies introduced in both government and private sector organizations;

- Improved GOS market information system;
- System established to monitor social issues relating to increased commercial agricultural production and to factor them into policy analysis as required;
- Standardized criteria and procedures for analyzing and evaluation business and investment opportunities; and
- Standardized/streamlined systems and procedures for qualification of investors and establishment of businesses.

Physical infrastructure

- Needs assessments for UNISWA equipment and data processing system;
- Farm training facility at UNISWA renovated and equipped; and
- GOS/UNISWA data processing system established.

Strategy and plans

- Summary of current assessments of problems and potential for commercial agricultural development in Swaziland;
- Documentation and analysis for post-CAPM support of commercial agricultural expansion activities, if such support is shown to be appropriate by the experiences and results obtained the CAPM Project; and
- Project implementation plans.

C. Implementation Strategy

The implementation strategy covers existing and yet-to-be identified constraints, opportunities and policies in all three project elements: (1) GOS policy and program analysis and development; (2) private sector opportunity identification, analysis and development; and (3) Government and private sector institutional capacity development. Assistance in each area which is intended to be applied to constraints and opportunities and to implementation of policy options identified during project implementation will be provided in accordance with the following guidelines:

-- assistance will be tailored to meet the specific objectives of that project element and will be made available only after satisfaction of criteria to be developed during the first year of the project;

-- assistance will emphasize constraints, opportunities and policies that will favorably affect a larger rather than smaller number of Project beneficiaries;

-- no technical assistance will be provided in connection with any constraint, opportunity or policy unless the work initiated with project resources is capable of being completed with the resources available under Phase I of the project, all other project activities considered.

1. GOS policy and program analysis and development

This category of outputs involves both implementation of policies and programs already selected by GOS decision makers to help remove constraints to expanded production by small commercial farmers and the identification of constraints, development of options and implementation of the selected option in cases where constraints to expanded commercial agriculture production have not yet been identified and analyzed or options developed and decided upon to reduce them.

a. Identification and prioritization of constraints to small-scale commercial agricultural production to be addressed by the project

The GOS, in cooperation with the private sector, will identify and prioritize constraints to expanded commercial agricultural production and marketing. Some of these constraints are identified already in MOAC's subsector strategy document; others would be developed in carrying out the summary of current assessments of the problems and potential of the commercial agriculture subsector. The perceived constraints identified by small commercial farmers, other agribusinesspersons, GOS officials and others would be prioritized as to their importance to expanded commercial agricultural production by small farmers and/or expanded rural agribusiness employment. This priority list will guide initial project activities aimed at reducing constraints. However, priorities attached to constraints will be altered as experience dictates and the list of constraints itself will be changed as the results of constraint analysis and implementation of policies and programs to remove them become apparent.

b. Action analysis of constraints

The GOS will analyze priority constraints inhibiting commercial agricultural production expansion by small-scale farmers and employment generation by agribusiness. The analyses will determine the specific nature of the constraint(s), their causes and linkages among constraints. Lack of grades and standards for fresh fruit and vegetables is considered to be an important constraint to expanded production of such commodities by farmers. To facilitate actions to remove this constraint, analysis would be done to determine, for example, how the lack of grades and standards impacts upon small scale farmers, the commodities for which grades and standards are most important, ways in which South Africa exploits this constraint, and why grades and standards are not yet promulgated in Swaziland. Such analyses will provide a basis for preparing policies and programs to reduce or eliminate constraints.

c. Action assessments of policy and program options developed by the GOS with private sector involvement to address constraints

The GOS, working jointly with the private sector, will identify and analyze policy and program options to remove priority constraints to small-scale commercial agriculture expansion and expanded employment opportunities. The options will be prepared to address specific constraints. The analyses carried out, whether for policy or program options, will indicate the actions included in each initiative, the expected results of the policy or program, the resources required to implement the option, and the time frame over which each option would be implemented. The pros and cons of each option would be provided, too.

These assessments will be action oriented; they are not policy or program "studies." The output would be practical options for program or policy change that will directly reduce constraints identified as inhibiting expanded commercial agricultural production, especially by small farmers and to expansion of rural employment by agribusiness. Policy decisionmakers will receive the options and make a decision among them or, perhaps, decide not to introduce any policy or program change at all.

In the case of start-up marketing efforts by small cooperatives, for example, one constraint inhibiting their success is that credit is difficult for them to obtain. Policy and program options for helping such cooperatives to obtain credit will be developed by the GOS jointly with the cooperatives involved, the banks involved, the purchasers of cooperative produce, and others. These options could include such activities as assistance in preparing "bankable" marketing project activities for commercial credit institutions. Whatever they are, the CAPM Project will create practical options ready to be selected by policy makers and subsequently implemented to reduce such constraints.

d. Preparation/presentation of policy and program options/recommendations to decisionmakers

The policy and program options developed will be prepared and presented to decision makers. They will be accompanied by recommendations from GOS analysts and others as to the option preferred. Thus, options for establishing an effective system of grades and standards for fresh fruit and vegetables in Swaziland might go forward to decision makers indicating preferences for different options by small commercial farmers, traders, and different GOS ministries. A final recommendation to a decision maker to opt for a specific option will be possible in some cases; in others, differences of opinion about options by interested parties will require the decision maker to decide between opposing views. This decision process by GOS policymakers is one of CAPM's important EOPS, as indicated above.

e. Identification and prioritization of current policy decisions intended to stimulate private sector activity to be implemented with project assistance

The GOS has already identified and analyzed many constraints and made numerous policy and program decisions designed to expand agricultural production by small-scale commercial farmers and employment in agribusiness. In its subsector strategies, for example, constraints are specified and policies and programs are set out for dealing with them to expand small-scale commercial agriculture activity. These include, for example, policies and programs to increase input and marketing infrastructure, to restructure the collateral system to make more credit available to small commercial farmers, to establish and implement specific grades and standards for fresh fruits and vegetables, to increase effective border protection against unfair competition from South African agricultural products, and to rationalize the GOS role in large scale agribusiness. These "current" policy and program decisions will be further identified and prioritized by the CAPM Project. Their implementation will be part of the output indicated immediately below.

f. Implementation of selected current policy and program decisions and decisions resulting from policy options selected (if any) due to project-assisted analysis and recommendations

Once policymakers select a policy or program option to reduce one or more constraints to small-scale commercial agriculture production and/or agribusiness employment generation, CAPM Project inputs will be used to help implement selected option(s) to the extent such implementation can be accomplished with Phase I resources. Subject to the availability and adequacy of Phase I resources, decisions made prior to Project authorization will be implemented, as will decisions made due to project-assisted analysis and recommendations. Day-to-day GOS efforts to implement specific policies and programs will be supported directly by CAPM TA. For example, if a decision was made to establish a credit guarantee program for small scale agribusinesses, Phase I resources, if assessed to be sufficient, would be used to help develop and implement the program. Activities could include drafting operating guidelines for the program, developing specific loan and other documents, preparing promotional materials for the program, training commercial bank and other personnel in project appraisal methodologies in support of the credit guarantee, promotion of the program among small scale entrepreneurs, and assessment of the program as its operations get underway.

g. Linkage mechanisms established for consultations between private sector and policy analysts, for communications between private sector and policymakers and for coordination and decisionmaking between policymakers and analysts

CAPM will establish linkage mechanisms between specific groups involved in efforts to expand commercial agricultural production. Formal and informal groups of private sector farmers and other businessmen will be established to consider constraints, policy and program options and implementation of selected options. These groups will interact with policy analysts in a consultative fashion, providing ideas and input into constraint identification and analysis, policy and program option identification and analysis, and implementation of selected options. The groups will also communicate with policy makers about the above issues and with regard to policy and program decisions as well.

GOS and private sector coordination will occur in several ways. First, a group of private sector individuals and firms will be asked to assist CAPM efforts in constraint identification, policy and program option development and selection, and in adjustment of policies and programs. This group will liaise with CAPM TA specialists and their counterparts and meet with them to consider specific issues as they arise. Second, an advisory group, which includes private sector individuals, is already assisting UNISWA in revising and implementing its agricultural economics and management curriculum. UNISWA plans to add additional private sector individuals to this group. Third, informal groups of private sector individuals will be developed as appropriate to liaise with the GOS on specific issues. Fourth, CAPM will be working daily with private sector individuals seeking to remove constraints to their on-going business activities. The increased capacity and involvement of GOS entities in these areas will improve coordination between the public and private sectors. Fifth, GOS counterparts and CAPM TA specialists will move out into the private sector to identify issues, to establish their own linkages and constituencies, to learn and to offer

assistance to entrepreneurs and others in removing constraints to commercial agricultural activity. This increased degree of outreach by GOS personnel will also increase coordination between the public and private sectors.

CAPM will facilitate coordination and decision making among and between GOS policy makers and program analysts. A two layer formal coordination mechanism has been agreed upon by all the ministries involved. The first layer will be meetings of the Principal Secretaries (PS's) involved in CAPM activities (MOAC, MOF, MCIT, and MOE) and the USAID/Swaziland Mission Director (normally represented by the ADO). This group will be the Project Steering Committee, charged with management of the project. The committee will meet whenever circumstances warrant, but no less than once a quarter during the life of the project. It will review CAPM progress and activities, coordinate actions among their various ministries to help achieve CAPM outputs and suggest additional CAPM activities as appropriate. The PS of the MOAC will call and chair such meetings; the counterpart to the CAPM Chief of Party, with the assistance of the COP as warranted, will facilitate the meetings as requested by the PS of MOAC. Additional information about the Project Steering Committee is provided in Chapter IV, Implementation Plan.

The second layer will be meetings of the GOS counterparts, CAPM TA specialists and the USAID/ADO whenever circumstances warrant, but no less than once a month during the life of the CAPM Project. Participants in these meetings will coordinate CAPM activities among the several ministries and private sector entities involved, allocate short-term technical assistance and other common project resources among the activities and ministries in the CAPM Project, and plan for the Project Steering Committee meetings. The Director of Research and Planning will call and chair these meetings. Additional information about this working group also is given in Chapter IV, Implementation Plan.

2. Private sector opportunity identification, analysis and development

Project implementation related to this category of outputs focuses on pursuit of opportunities available to the private sector to expand commercial agriculture activities. CAPM Project outputs will bring viable opportunities into focus for small scale commercial farmers, marketers of agricultural products, input suppliers, and other agribusinesspersons. These individuals and companies will then respond to such opportunities (one of CAPM's most important EOPS) by taking action to begin new productive activities or expand existing ones. As such responses occur, the CAPM Project will provide technical guidance to help businesses succeed in expanding their commercial agriculture activity and, particularly, expanding rural employment opportunities.

a. Identification and screening of opportunities for expanded or new private sector activities that will stimulate increased production by small-scale commercial farmers or expand employment for subsistence-level households

CAPM Project resources will be used to identify and determine the viability of private sector business opportunities that will expand commercial agriculture production by small scale farmers. Potential opportunities will come from private sector individuals and firms, from GOS ministries and from other GOS institutions (Annex 5 lists potential opportunities identified by these sources). Alternatively, opportunities to expand employment for

non-commercializing smallholders will be identified in reviewing agribusiness options.

Screening of the opportunities will be carried out using CAPM resources. Criteria such as market availability, market price, cost of production, management expertise, investment requirement, and technical methods and their dependability will be used to determine whether opportunities identified appear to have substantial potential for further development. Of critical importance in screening opportunities will be existing supply/demand balances at market prices for the products involved and the likely growth in supply and demand over time.

b. Pre-feasibility studies of selected opportunities for expanded or new business activity

Based on the screening of opportunities above, analysis of the viability of selected opportunities for expanded or new business activity will be carried out using CAPM Project resources. Sometimes pre-feasibility studies will be carried out by the private sector on its own behalf. Such analyses will be reviewed and assessed for quality and reliability by CAPM TA and GOS counterparts. Other viability analyses will be done by GOS counterparts and CAPM TA. Standard technical, marketing, financial, and economic techniques will be used to assess viability; a viable private sector opportunity will be one that is deemed to be "bankable" according to the normally accepted standards of development or commercial financial institutions.

c. Technical guidance for businesses responding to viable new opportunities

The CAPM Project could provide limited technical guidance for selected activities being undertaken in pursuit of viable new business opportunities that contribute to commercial agriculture production by small-scale farmers or significant employment opportunities. For example, an expanded marketing system--e.g., use of improved packaging, development of additional transportation, diversification of product sales outlets, and arrangement of better financing--for a small scale farmer cooperative may be determined to be a viable business opportunity. If the cooperative responds to the opportunity and begins to pursue expansion of its marketing system, the CAPM Project could provide some technical guidance to the cooperative to determine any assistance needs it has.

d. Analysis and recommendations on potential for divestiture of government-owned or managed activities

Where the GOS is now involved in managing or operating commercial agriculture activities, CAPM Project resources will be used to analyze options and make recommendations regarding divestiture. This output will be focused on identifying ways that divestiture of specific GOS activities would expand commercial agriculture opportunities for small-scale commercial farmers or other rural residents. For example, divestiture of the feed processing plant operated by the Dairy Board may increase private sector involvement in commercial agriculture and provide a better market for feed ingredients for small scale commercial farmers. CAPM would analyze and make recommendations regarding such a divestiture, especially focusing on the potential of divestiture activity to contribute directly to expansion of small-scale commercial farm production or employment generation.

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e. Analysis and recommendations regarding appropriate role of private sector cooperatives in commercial agriculture

CAPM Project resources will be used to analyze and recommend private sector cooperative activities in commercial agriculture. An obvious activity already being undertaken by cooperatives is farm input supply. Processing, marketing, transport and other activities in commercial agriculture are already being done to some degree by cooperatives as well. As appropriate roles for private sector cooperatives are decided upon by the membership and recognized by the GOS, policy and program changes may be needed to foster such roles. Analysis, recommendations and implementation of decisions made regarding such policies and programs would fall into the category of outputs discussed earlier--GOS policy and program analysis and development.

f. Analysis and recommendations on potential world markets for exports based on small-scale agricultural production

Because large expansion of commercial agriculture in Swaziland depends upon export markets, this initial CAPM Project will document world markets for potential Swazi exports. Market studies will be carried out by CAPM TA and GOS counterparts. The commodities included in the effort will be identified based on Swazi production potential and apparent market demand, and Bumpers Amendment considerations. The studies will produce findings regarding such things as volume of market demand over time, varieties and types of product accepted in the markets considered, CIF costs of Swazi product in the markets examined, volume of Swazi product possible to produce, projected demand and supply of the products studied, special constraints or risks involved with the products examined, and Swazi organization, infrastructure and management in the commodity areas considered. Recommendations will be made to private sector groups, firms and individuals and GOS entities regarding commodities to export and markets to penetrate.

g. Linkage mechanisms established to ensure that above outputs and activities are undertaken in collaboration with private sector and with coordination between GOS entities

The same linkage mechanisms discussed above in regard to GOS policy and program analysis and development will be established in this general output category of new business opportunity identification, analysis and development. Formal and informal groups of private sector individuals, firms and organizations will be established to interact with GOS and CAPM TA specialists in identifying, analyzing and pursuing new business opportunities that will increase commercial agriculture production by small-scale farmers, or expand employment opportunities.

The Project Steering Committee and the Inter-Ministerial Working Group will be established to ensure coordination among GOS entities.

3. Government and private sector institutional capacity strengthened

a. Manpower

1) UNISWA staff training at academic level

Two UNISWA staff will receive long-term training in agricultural economics and management at an advanced degree level. Upon their return to Swaziland, they will help implement and further refine the revised agricultural economics and management curriculum of UNISWA.

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2) Needs assessment for specialized training

A training needs assessment will be completed using CAPM resources. This assessment will identify private and public sector training opportunities that will contribute directly to expansion of commercial small-scale farmer production or of rural agriculturally-related employment. Training needs exist in all aspects of business management; in application of technology to production, processing, input supply and marketing; in organization of farm business activities to expand markets for small-scale commercial farmers and employment for other rural households; in developing and managing export marketing enterprises; in shaping policy and program activities to support expanded output by small-scale commercial farmers, and employment generation by agribusiness. Specific illustrative training areas are included in the technical analysis (see Annex 5).

3) Specialized skills training (US, third country, and Swaziland) for GOS professionals, farmers, and other private sector individuals

Specialized skills training will be provided by project personnel, UNISWA and other Swazi and regional training institutions, and selected US institutions. Such training will focus on specific needs identified in the training needs assessment and via experience as the CAPM Project goes forward. This training will emphasize the needs of small-scale commercial farmers, either directly or indirectly. The training will consist of formal short courses and workshops, study and familiarization tours, and seminars. Examples of the content of these skills training events are appropriate accounting methods for international trade transactions; post-harvest loss control while trading fresh products; using grades and standards effectively; processing plant line layouts; financial and economic analysis of commercial agriculture projects; use of different financing mechanisms for start-up commercial agricultural projects; how to finance participation of small scale farmers in larger scale processing and marketing activities; sources and interpretation of market information; inventory control; personnel management; computer applications to commercial agricultural operations.

4) Non-formal (on-the-job) skills development for GOS professionals, farmers and other private sector individuals by CAPM TA specialists and UNISWA

On-the-job training will be provided for GOS and private sector individuals by CAPM TA specialists, both long- and short-term. As long-term and short-term US and regional TA specialists join in the CAPM effort, their activities will provide learning by doing opportunities for many in the GOS and the Swazi private sector. A deliberate effort will be made by these specialists to ensure that their work results in on-the-job learning by counterparts and others.

The content of the experiential learning that will result will be broad ranging: it may include, for example, how to negotiate with commercial banks for credit for small scale cooperative commercial agriculture activities; methodologies to assess markets for exports; procedures for carrying out due diligence on potential businessmen and investors; ways to manage private sector enterprises better; methods for conducting policy analysis; sources of technology for increasing commercial agricultural production in Swaziland;

uses of micro computers to assist in policy and program decisions or assessment of commercial agricultural projects; database construction, use and management.

5) Ongoing specialized courses for commercial agriculture sector developed by UNISWA

CAPM will assist the Faculty of Agriculture in responding to identified training needs by creating a series of short courses for the public and private sector in areas supportive of small scale commercial farmers. The content of these courses will vary depending upon needs identified, but is likely to include such areas as finance, accounting, start-up operations, export marketing, management (of cooperatives, agribusiness, marketing operations, etc.), employee development, and product pricing. The CAPM TA specialist at UNISWA will help plan, prepare and teach selected short courses, will identify and help arrange courses taught by others, and may jointly cooperate with other organizations or individuals in providing short courses, seminars, or workshops to meet specific public and private sector needs. The close relationship of the UNISWA CAPM TA specialist and his counterpart(s) with GOS ministries and the private sector through CAPM sponsored coordination efforts will assist in creating short courses that meet specific timely needs of private sector practitioners, program planners and policy makers.

6) New curriculum implementation at UNISWA

The Faculty of Agriculture plays a key role in building technical and management capacity in Swaziland for the commercial agricultural sector, both in the short- and long-term. It has recognized this role by revising its curriculum to meet more directly the needs of commercial agricultural producers, agribusinesspersons and domestic and export marketers. In particular, a new study option in agricultural economics and management is now being refined. This option includes long-term training and short courses, both designed to provide students, ministry and private sector personnel and others with better skills in commercial farming, agribusiness and marketing. Using this new curriculum as a base, the Faculty will offer related training to a wider constituency than the Faculty of Agriculture has previously considered.

The CAPM Project will assist UNISWA in introducing its new agricultural economic and management curriculum. This curriculum, while specifically proposed, needs to be refined. A specialist under the CAPM Project will help further refine the curriculum and assist in monitoring all courses included in it. The CAPM TA specialist also will teach selected courses in agricultural economics, management and agribusiness to assist in developing, implementing and refining the new curriculum. CAPM resources will be used to help develop and operate an in-service program in commercial agricultural production and other agribusiness and marketing activities for members of the Faculty of Agriculture. This program will strengthen the ability of Faculty members to implement the curriculum, to provide more in-depth content in various courses in the curriculum, and to expand their linkages with the private sector in strengthening the curriculum and specific course within it.

b. Systems

1) Improved database for commercial agricultural production and marketing

GOS counterparts and TA specialists will assist appropriate ministries in determining the status of their commercial agriculture production and marketing databases (especially as they relate to small scale commercial farmers), in improving them where necessary, and in using them to carry out policy and program option formulation and decide among options. Project specialists also will work collaboratively with ministry personnel to develop and use databases in monitoring and evaluation.

This assistance may include identification of commercial agricultural production and other agribusiness and domestic and export marketing problems about which data is needed, assistance in developing data collection, processing and analysis systems, on-the-job training in data collection, analysis and use, organization of monitoring and evaluation systems to draw upon and use data, computerization of data, and the like. The intent of this activity will be twofold: 1) to increase the capacity of the ministries and other organizations involved in CAPM to develop and use data appropriate for policy, strategy and program formulation, implementation, monitoring and evaluation and 2) as a part of the action oriented components of the project, to assist ministry and private sector personnel to use databases effectively in pursuing increased commercial agricultural activity.

2) New analytical methodologies introduced in both government and private sector organizations

New methodologies for conducting policy, program and business opportunity analysis and institutional strengthening will be introduced by CAPM into MOAC, MOF, MCIT and UNISWA. One example will be introduction, in both the public and private sectors, of criteria and methods for appraisal of business and investment projects. Another will be the use of computers to publish UNISWA materials for distribution to others. The introduction of subsector strategies and work plans within the GOS will be used where appropriate to achieve agribusiness, domestic and export market development, and adequate input supplies more efficiently. Techniques for qualifying product buyers and for carrying out "due diligence" on potential investors will be developed for both the private and public sectors.

3) Improved GOS market information system

The GOS's market information system will be further developed and improved. Up to date prices, production volumes, product buyers, and other information will be developed and included in a computerized database. Suppliers of commercial agricultural products will be included too. Over the life of the CAPM Project, the database will be organized so that it can assist directly in responding to a range of important "what if" queries. For example, in considering expansion of production of a single crop for export, the database could assist in answering the question: "What if every producer of the crop increased production by 10 percent in response to the opening of an export market for the product?" What impact would this have on domestic market prices? Is there sufficient export market potential to handle such a volume? How does this volume compare to the historical volumes handled by current components of the marketing system--e.g., transportation or cold storage?

4) System established to monitor social issues relating to increased commercial agricultural production and to factor them into policy analysis and decision making as required

The CAPM Project will develop mechanisms to help determine the effects of the project in social and economic terms. These mechanisms will include a baseline for a sample group of smaller commercial farmers (including women), selected agribusiness, domestic and export marketing and input supply businesses, and for the GOS entities involved in the project. Conscious efforts will be made to establish controls in preparing the baseline--perhaps of SNL non-commercial farmers, non-agricultural businesses unlikely to participate in CAPM activities. GOS personnel not involved in the project and students and others not included in UNISWA's new program. Changes from this baseline which can reasonably be attributed to commercial agriculture expansion or CAPM Project activities will be measured and assessed. Particular attention will be given to how the commercial agricultural activities impact on disadvantaged groups such as women headed households, smaller farmers, and less capitalized small scale commercial farmers. Over the life of the CAPM Project, changes in the activities or well-being of such enterprises and individuals or in their perceptions of the environment for commercial agricultural activity in Swaziland will be documented.

CAPM Project activities will be altered by the Project Steering Committee to reflect the findings of this effort. Policy and program changes may also be analyzed and changes recommended as a result of this monitoring of social and economic aspects of commercial agricultural expansion.

5) Standardized criteria and procedures for analyzing and evaluation of business and investment opportunities

CAPM TA specialists will work with their counterparts in the Inter-Ministerial Working Group to develop common understandings of the criteria the GOS uses to prioritize, rank and assess business and investment opportunities. Issues which may be considered include value added, employment potential, export orientation, geographic location within Swaziland, and extent of expatriate involvement (if any). As common understandings are reached, a checklist or other means of assisting in their regular application across GOS ministries, SIDC, and other organizations may be developed.

Procedures for analyzing and evaluating business and investment opportunities as used by various GOS and private sector organizations will be reviewed. If appropriate, a common methodology or set of considerations for day-to-day use in the working group will be developed.

The criteria and procedures above will help guide policy and program analysis and adjustment in support of investment in commercial agriculture. They also will support action analyses and activities undertaken to identify, analyze and promote business opportunities.

6) Standardized/streamlined systems and procedures for qualification of investors and establishment of businesses

CAPM assistance will be provided in developing and using a system for qualifying Swazi and foreign business persons requesting substantial help

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from GOS programs and personnel. The system will help determine the credentials and capacity of the potential business person in the activity areas under consideration and the business and financial track record of the business person/investor.

Systems and procedures for establishing new businesses will be streamlined. As indicated in Annex 5, many formal steps are required to begin business operations now. It is likely that some consolidation of these steps can be achieved without diminishing the GOS's legitimate regulatory objectives.

c. Physical infrastructure

1) Needs assessments for UNISWA equipment and GOS/UNISWA data processing system

Needs assessments will be carried out for UNISWA training equipment and proposed computer system/work stations in GOS ministries and UNISWA. These assessments will document the current equipment and computer capability, the uses to which additional equipment and computers could be put, the contribution additional training equipment and a computer system are likely to make to project objectives, and the cost effectiveness of the equipment and computer system solutions proposed. Based on the findings and conclusions drawn from the assessments, recommendations will be made to USAID/Swaziland and GOS decision makers regarding the exact configuration of equipment and computers to be purchased and used by the CAPM Project.

2) Farm training facility at UNISWA renovated and equipped

Based on the needs assessment above, UNISWA's farm training facility will be renovated by the GOS and equipped. CAPM Project resources will be used to purchase the commodities agreed upon and to assist in integrating the new equipment into the revised agricultural economics and management curriculum and into short courses for non-degree participants, including small scale commercial farmers.

3) GOS/UNISWA data processing system established

Computer systems and work stations in the GOS ministries involved in CAPM and in UNISWA will be improved based on decisions growing out of the above needs assessment. A data processing system supportive of CAPM objectives will be developed within UNISWA and these ministries, supported by computer and related software commodities supplied by the CAPM Project. CAPM TA will assist in making sound use of these computer commodities in support of expanded commercial agriculture activities in Swaziland.

4. Strategy and plans

a. Summary of current assessments of problems and potential for commercial agricultural development in Swaziland

In addition to the establishment of a baseline study group, the current commercial agriculture situation and completed assessments of the problems and potential of commercial agriculture in Swaziland will be summarized at the beginning of the CAPM Project. An overall summary of the commercial agriculture situation will be made up of three parts: a descriptive study of

the commercial agriculture production sector; an attitudinal analysis of private sector perceptions of constraints to increased commercial agriculture production and domestic and export marketing; summary of studies and assessments of the potential of commercial agriculture in Swaziland. Completing these three parts will result not only in the output of the overall summary of the problems and potential of commercial agriculture in Swaziland. It also will help distill GOS, CAPM TA and USAID conclusions regarding the status of the current commercial agriculture sector, private sector perceived constraints to expansion of the sector (especially those constraints perceived by small scale commercial farmers), and the potential of the sector. This will help bring the thinking on these issues by the GOS, USAID, and the private sector closer together as the CAPM Project begins. It also offers an overall baseline from which changes in the status of the sector, in perceptions of constraints by the private sector, or in the potential of the sector can be observed.

- b) Documentation and analysis for post-CAPM support of commercial agricultural expansion activities, if such support is shown to be appropriate, by the experiences and results obtained the CAPM Project

The experience and results of the CAPM Project will be drawn upon to fashion post-CAPM additional project support activities for commercial agriculture expansion in Swaziland. It is anticipated that CAPM activities will create an environment in which small scale commercial agriculture production is stimulated, new commercial agriculture opportunities are being responded to by small farmers and other businessmen, the GOS is active in supporting expanded production by small scale commercial farmers and others in the private sector via policy and program changes, smallholder employment opportunities are expanded, and the commercial agriculture potential in Swaziland is documented. If these actions do flow successfully from CAPM, a second phase will be designed to reinforce them. This second level of effort will direct substantial resources at specific activities that will produce major commercial agriculture expansion, especially in exports.

- c) Project implementation plans

The CAPM Project will produce specific plans for managing project inputs efficiently to produce desired outputs. Each long-term TA specialist in conjunction with assigned counterpart(s) will prepare a three year plan and, every six months, a work plan for their area of responsibility in carrying out the project. These plans will be reviewed first with the working group and then with the Project Steering Committee. The work plans will set out proposed work for long-term specialists, activities for planned short-term TA, proposed training activities, suggested travel for all persons involved in CAPM, and anticipated procurement. Work plans will include activity selection criteria to help prioritize, define and limit use of Project inputs. The Project Steering Committee and USAID/Swaziland will have responsibility for approving the six month work plan of each CAPM TA specialist and counterpart, as well as the aggregate work plan of the TA team, to assure that project resources continue to be focused on achievement of realizable objectives. Specific terms of reference for short-term TA, and details of proposed training, procurement and other activities will be agreed upon by the working group, but supplied to executive committee members for their information. Each individual GOS organization involved in CAPM will approve its own candidates for CAPM sponsored short-term training and long-term training abroad.

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D. USAID and GOS Project Inputs

1. Overview

CAPM provides a mix of inputs to contribute to an environment that will stimulate increased investment in commercial agricultural production and marketing. The Project will provide 12 years of long-term technical assistance comprised of four specialists in-country for three years each. A total of about four years of expatriate short-term TA and four years of Swazi short-term TA will be provided. In country support for TA in the form of local hire office staff and office space will be procured by the project. Six years of long-term degree training will be funded for UNISWA Faculty members; numerous short courses, workshops and seminars will be provided in Swaziland and other countries, including the US.

The PID proposed six years of long-term technical assistance for the CAPM project. The PP team considered using as high as fifteen years of LTTA. Twelve person years of LTTA is the final inclusion. By contrast the PP team has considerably reduced the use of long-term academic training from the PID. The team analyzed the ministry/personnel situation, needs/benefits relationships in detail and concluded that the objectives of the project would be better served by the substitution of on-the-job, learning-by-doing training and experience and by short, practical applied courses rather than extended foreign degree training. Extensive prolonged overseas degree training denudes ministries of key personnel just at the time when those same essential leaders are needed as the best counterparts to the project TAs.

2. Technical assistance in GOS institutions

a. MOAC

CAPM will support a broad program of assistance to MOAC in agribusiness and marketing. Two long-term (three years each) TA specialists will be provided, one in agribusiness and the other in marketing. They will be supported by short-term TA, both expatriate and Swazi. Training funds will be available to help strengthen MOAC agribusiness and marketing capacity as required. The appropriate person from among these two LTTA specialists will serve as Chief of Party for the CAPM Project. By section, project personnel will include:

- The agribusiness long-term TA specialist in the Department of Research and Planning (Research and Planning): This specialist will have a principal counterpart and two ancillary counterparts: A counterpart, possibly seconded from elsewhere in MOAC, will be provided by the Research and Planning. The Cooperative Department and SIDC will also provide part-time counterparts. Because of MOAC's decision to build a stronger agribusiness capability and the CAPM's deliberate support for this, the counterpart from the Research and Planning will be full-time. The Scope of Work for this specialist is presented in Annex 10; and

- The marketing long-term TA specialist also in the Research and Planning: This specialist also will have a principal counterpart and three ancillary counterparts. The Research and Planning will provide a full time person to work with the specialist on a day-to-day basis. The National Agricultural Marketing Board (NAMB), MCIT (in the export marketing area) and Extension in the Department of Agriculture in MOAC will provide ancillary counterparts to the marketing specialist. The Scope of Work for this specialist can be found in Annex 10.

Illustrative substantive issues to be dealt with by these long-term specialists, the types of short-term TA that may be required in MOAC, and typical training requirements for the ministry are presented in the technical analyses in Annex 10. The functions, organization and activities of the MOAC can be found in the administrative and institutional analysis (Annex 6).

b. MOAC/MOF

CAPM will provide assistance in broader scale and macro-oriented policy and program analysis and adjustment as it impacts on commercial agricultural production and other agribusiness expansion, domestic and export market development and input supply growth through an extended short-term TA (12 months over the life of the project) on macro policy based in MOAC and through other short-term TA on an as-needed basis. While the macro-oriented policy advisor will be based in the MOAC, it is expected that there will be significant interaction with other Ministry personnel, particularly from the Ministry of Finance. This support will be directed to strengthening MOF staff capability as required and to helping carry out action analyses and policy and program adjustments in support of business development, investment growth and commercialization of agricultural production, agribusiness and marketing.

Suggested substantive issues to be dealt with by the macro-oriented policy specialist, the types of other short-term TA that may be required, and typical training requirements are presented in the technical analyses in Annex 10.

The CAPM TA extended short-term policy specialist in MOAC will have a principal full-time counterpart to work with on a day-to-day basis. Ancillary counterparts will be provided, as appropriate, by the MOF, the Central Bank, DEPS and the Assistant Tax Commissioner's Office. The Scope of Work for the extended short-term policy specialist is presented in the technical analyses in Annex 10.

c. MCIT

CAPM will provide MCIT with assistance in the agribusiness area. This help will be directed to facilitating MCIT action analyses, policy and program adjustments and pursuit of business and investment opportunities to increase commercial agricultural activities--especially agribusiness and domestic and export marketing. One long-term TA agribusiness specialist will be provided under CAPM to assist MCIT as above. Short-term TA from the pool available to the project will be used to meet specific MCIT requirements. Training funds also will be provide to strengthen MCIT staff capability.

The long-term agribusiness specialist will be located in the Industry Division. A principal full-time counterpart will be provided to work with the TA specialist on a day-to-day basis. An ancillary counterpart may be provided by the SIDC to enable the agribusiness specialist also to provide assistance to SIDC as appropriate. The Scope of Work for the long-term specialist is presented in Annex 10.

d. UNISWA

UNISWA will be provided with a broad scale support to enable it to provide, over the short- and long-term, trained persons who can support increased commercial agricultural production and other agribusiness expansion, and domestic and export marketing growth. Assistance will be given in refining and implementing its agricultural economics and management curriculum, in providing short courses for GOS and private sector personnel, and in strengthening the staff of UNISWA.

One long-term agribusiness specialist will be provided to work with the Faculty of Agriculture at UNISWA. Serving as a visiting professor, this specialist will be supported with short-term TA, training funds, and commodity procurement for teaching purposes. Long-term training of two members of the Faculty of Agriculture to prepare them to implement and refine the revised curriculum will be provided by CAF..

The long-term specialist to UNISWA will be located in the Department of Agricultural Economics and Management. A principal counterpart will be provided by that Department. Ancillary counterparts will be provided by MOAC and MCIT. The long-term specialist's Scope of Work can be found in Annex 10.

3. Training

Short- and long-term training will be important inputs to CAPM success. Long-term external training will be focused on preparing Faculty of Agriculture to further refine and implement the revised agricultural economics and management curriculum. Short-term training, both external and in-country, will be used to strengthen ministries, other public sector entities and private sector organizations in dealing with a wide range of issues impacting on commercial agricultural development. Illustrative training areas are included in the technical analyses. Within the resources available for training in Phase I of the project, specific short courses, familiarization tours, and workshops, as well as training sites and individual trainers, will be defined and arranged by ministry counterpart personnel and CAPM TA specialists in support of GOS and private sector efforts to increase commercial agricultural production and marketing activity.

4. Commodities

Computer equipment will be provided to counterparts and CAPM TA specialists to help ensure efficient policy and program and investment analyses, database development, and communications. UNISWA will also receive computer equipment for Faculty use and for classroom training purposes. Vehicles for long-term CAPM TA specialists will be provided. A central project office will be supplied with appropriate office equipment and furniture.

UNISWA's Farm Facility will be remodeled and renovated by the GOS to provide a sound forum for teaching and training about commercial agricultural production and other agribusiness and marketing. Proposed USAID procurement under the CAPM Project includes commodities to support the Farm Facility in the following areas: hydrology laboratory equipment; land use planning laboratory equipment; farm equipment; cold storage facilities; animal holding equipment; security, storage crib, silage pits; nursery equipment; irrigation facilities; fencing; crop laboratory equipment; demonstration teaching facilities; farm shop equipment; audiovisual equipment; and agricultural education equipment.

III. COST ESTIMATE AND FINANCIAL PLAN

A. AID Input

Table III-1 shows a breakdown of the total project costs for both AID and the GOS. See Annex 9, Budget Backup, for complete budgets and explanation of the basis of calculations. The budget includes costs by input and by institution for each year of the project. All cost estimates are based on current (1988) prices. Inflation is calculated at 5 percent on U.S. procurement and 15 percent on Swazi procurement for AID costs.

The total cost to AID will be \$6,000,000; the contribution by the GOS is \$2,104,000 and the project total is \$8,104,000 (Table III-1). By type the input USAID costs are as follows: long-term technical assistance \$2,717,000 or 45 percent; short-term technical assistance \$1,133,000 or 19 percent; training \$727,000 or 12 percent; commodities \$470,000 or 8 percent; project support office \$278,000 or 5 percent; contractor home office support \$321,000 or 5 percent; furnishings \$204,000 or 3 percent; and monitoring and evaluation \$150,000 or 3 percent. These items include funds for the final evaluation, audit assessment and external audit if necessary, and administrative and secretarial support in the local project office.

The total cost to GOS will be \$2,104,000 (Table III-1). By type the input costs are as follows: personnel \$1,298,000 or 62 percent; in-country project support \$653,000 or 31 percent; and travel \$153,000 or 7 percent. The backup of the GOS inputs are detailed in Annex 9.

Table III-1
Total Project Cost
AID and GOS Inputs
(U.S. \$000)

ITEMS	TOTAL	PERCENT
AID Inputs		
LT/TA	2717	45
ST/TA	1133	19
Project Office	278	5
Training	727	12
Commodities	470	8
Furnishings	204	3
Home Office Support	321	5
Monitoring and Evaluation	150	3
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AID Total	6,000	100
GOS Inputs		
Personnel	1298	62
- Counterparts		
- Ministry Management		
In-country Project Support	653	31
- Housing, facilities		
Travel	153	7
- In-country and out		
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GOS Total	2,104	100
* TOTAL PROJECT COST	8,104	

The yearly projection of expenditures is in Table III-2.

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Table III-2
Summary of Expenditures by Fiscal
(U.S.\$ 000's)

FISCAL YEAR	AID	GOS	TOTAL
1989	1,264	442	1,706
1990	1,923	745	2,668
1991	1,803	672	2,475
1992	1,010	245	1,255
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TOTAL	6,000	2,104	8,104

B. GOS Input

The GOS input consists primarily of in-kind contributions from the recurring budget. Direct GOS costs, which are additive to the GOS budget, are estimated at \$584,000, 28% of the GOS contribution to the project, and include \$453,000 of capital expenditures for UNISWA farm facility renovation, \$53,000 in international airfares for GOS participants in short- and long-term training, and \$78,000 for in-country training costs. See Annex 9, Budget Backup, for detail on budgeted items. The total for GOS input will be the local currency equivalent of \$2,104,000. These funds will be used for: in-country travel for counterparts and trainees; out-of-country travel for government employee participants in training; in-country office, housing and facilities support; and GOS personnel inputs including senior management, counterparts, trainees, etc. (see Table III-1).

Most of the host country inputs represent costs that are in the existing recurrent budget, such as personnel salaries, overhead, office space and housing. Some assignments may require new posts or personnel transfers in the budget and will represent added costs needed by that institution in order to function effectively given the increased level of activity generated by the project technical assistance. Recurrent costs may also arise to upkeep and maintain the UNISWA farm facilities.

IV. IMPLEMENTATION PLAN

A. Methods of Implementing and Financing

As illustrated in the following table, the primary implementing agent for this project will be an institutional contractor. All project resources will be funded through this contractor, with the following exceptions:

- 1) AID-mandated evaluation and audit requirements; and
- 2) AID-procured furnishings for long-term technical assistance housing.

All payments will be approved by the Project Office. The Project Office will have a good basis for voucher approval for services performed in the field, whereas home office services will be more difficult to monitor. The Controller's Office USAID/Swaziland will be the paying office.

CAPM Budget -- AID Payment Process

Project Assistance and Commodities:	Direct Contract
Method of Implementation:	Institutional Contractor
Method of Payment:	Direct Reimbursement
Audit:	IG
AID Internal Control:	Good to Excellent

B. GOS and USAID Responsibilities

1. Project authority within the GOS

The primary GOS institution responsible for CAPM implementation is to be MOAC; the PS of MOAC and the Director of Research and Planning in MOAC will have the major responsibility for ensuring successful project coordination and management within the GOS. The PS of MOAC will, accordingly, be vested with authority to sign project implementation documents in consultation with other ministries involved in specific project matters.

2. GOS coordination and management committees

Successful implementation will be helped measurably by regular coordination between MOAC, MOF, MCIT, SIDC, UNISWA/MOE, NAMB, DEPS and private sector liaison groups participating in the project. Active participation of representatives from these institutions will be important in maximizing project achievements. GOS management of CAPM at the policy level will be through the group who will meet as a Project Steering Committee under the chairmanship of the PS of MOAC. The group will include the PS's of MOAC, MOF, MCIT, and MOE. The USAID/Swaziland member will be the Mission Director or his designated representative (the Agricultural Development Officer). The Project Steering Committee will meet at least quarterly, or more frequently when warranted by project issues.

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Project coordination at the technical and implementation level will occur via the Inter-Ministerial Working Group chaired by the Director of Research and Planning. This working group will include GOS counterparts and CAPM TA specialist, both primary and ancillary. Others, including persons from the private sector, will be invited to working group meetings as appropriate. The Inter-Ministerial Working Group will meet on a monthly basis, or more frequently if required for the efficient implementation of the project.

These institutional arrangements for coordination have been agreed to by all participating GOS institutions.

GOS-private sector coordination will take place through formal and informal liaison groups of private entrepreneurs, via day-to-day contact with the private sector, and through GOS-private sector joint involvement in training programs. Private sector individuals have indicated their willingness to participate in CAPM efforts as part of the liaison groups with the GOS during the life of the project. They also have agreed to participate in CAPM training programs as appropriate.

3. GOS relations with technical specialists

The GOS managers of this effort will not view the CAPM specialists as "advisors" in the classic sense. Rather, they will encourage the CAPM specialists to provide operational support within each of their GOS institutions as the latter take action to increase commercial agricultural production and other agriculture business activities of all kinds. This activist model is intended to place CAPM long-term specialists in positions under the direct supervision of senior management within the key ministries involved in the project. In these positions, CAPM TA specialist will work with counterparts and others to help address priority areas--whether policy, program, or activity related--in which measurable progress toward project objectives can be achieved. See discussion of Implementation approach, Section II.C above, and Project Implementation Work Plans, Section II.C.4, above.

Each long-term TA specialist in conjunction with assigned counterpart(s) will prepare a three-year plan and, every six months, a Project implementation work plan for their area of responsibility in carrying out the project. These plans will be reviewed first with the working group and then with the Project Steering Committee. The contents of the work plans is described in Section II.C.4.c above. As stated in that section, the Project Steering Committee and USAID/Swaziland will have responsibility for approving the six month work plan of each CAPM TA specialist and counterpart. Specific terms of reference for short-term TA, and details of proposed training, procurement and other activities will be agreed upon by the working group, but supplied to executive committee members for their information. Each individual GOS organization involved in CAPM will approve its own candidates for CAPM sponsored short-term training and long-term training abroad.

4. Other GOS responsibilities

Other activities of the Project Steering Committee and working group will be to ensure timely provision of GOS resources to be supplied in support of the project; they also will participate in developing and approving monitoring and evaluation plans, will participate in review of the evaluations, and will generally review progress made as a result of CAPM efforts. The Project

Steering Committee also will be the forum for decisions involving policies and programs that cut across ministry lines of authority and for discussing various activities and decisions taken within individual ministries that impact upon the expansion of agricultural business activities in Swaziland.

The GOS will supply inputs such as trainees, office space, counterparts, fuel and vehicle maintenance, international travel for long-term participant trainees, housing, and materials. Adequate counterpart support will be important to the success of CAPM. The ministries involved are taking steps to ensure that long- and short-term TA specialists will have necessary counterparts for CAPM activities.

C. USAID and Contractor Responsibilities

Within USAID/Swaziland, the ADO, under the general guidance of the Director, will be responsible for ensuring USAID meets its agreed upon responsibilities in supporting the GOS in undertaking CAPM. The ADO will assist the GOS from within USAID to carry out the project. The ADO will provide oversight and monitoring of contractor performance. USAID/Swaziland will review and approve the project work plans. The Regional Contracts Officer (RCO) will also monitor the contract to ensure its specifications regarding performance and delivery of supplies and services are met by the contractor. The contractor's Chief of Party will work with the ADO on day-to-day USAID related administrative issues. The ADO will maintain liaison with MOAC, MOF, MCIT, SIDC, UNISWA/MOE, DEPS, NAMB and the private sector. USAID/Swaziland also will interact with the GOS and the contractor through participation on the executive committee and Inter-Ministerial Working Group; it will review and approve the six month work plans for CAPM, review project progress and assist in the evaluation of the CAPM effort. The USAID Training Officer will provide assistance in arranging long- and short-term training.

The majority of CAPM activities will be carried out by a contractor organization. The contractor will assume the administrative, logistical and technical management burden required to implement the project in a timely and effective way. The contractor will operate under a cost plus award fee services contract with USAID/Swaziland. The fee will be based in part on contractor achievement of successive targets--fielding the TA specialists on time, keeping the full TA specialist team in place during the life of the contract, etc.

With full assistance from the GOS, USAID/Swaziland will select the contractor on an unrestricted request-for-proposal basis in accordance with appropriate selection procedures of the Federal Acquisition Regulations (FAR). Because of the multiple GOS institutions involved and the need for constant careful management of the TA specialists in each, the overall management must be carried out under a single prime contract. Offerors, however, will be allowed to propose with subcontractors. The home office of the prime contractor will be required to provide support and guidance to the CAPM team in Swaziland through a senior project administrator versed in shaping public and private sector commercial agricultural development efforts.

Project contractor acquisition considerations are a key element in implementation of the CAPM. CAPM's most critical inputs will be TA specialists and their coordination/management, both to be provided by the

prime contractor. The CAPM Project is a multi-ministry project designed to achieve expansion of commercial agricultural production and agricultural business; successful implementation will be enhanced by strong contractor management in Swaziland and major substantive and management support by the home office of the prime contractor. The GOS and USAID/Swaziland agree that such an effort will best be carried out by a for-profit or non-profit entity whose central purpose, management structure and organizational experience is sharply focused on providing and supporting TA in developing countries. This emphasis precludes utilizing Title XII selection procedures in lieu of unrestricted competitive procedures.

Options for participation of Gray Amendment organizations in implementation of CAPM were reviewed by USAID/Swaziland. Full consideration was given to maximum involvement of such organizations in the procurement plan for CAPM. Certain Gray Amendment organizations do have the capability to implement CAPM, and the Mission would welcome bids from them to do so. However, the CAPM effort will require strong management, excellent home office, support and in-depth substantive expertise not only in agriculture and agribusiness, but in policies and programs, investment promotion, institutional strengthening and other areas.

There are no procedures within AID's present procurement regulations to restrict the contract to Gray Amendment firms only (i.e., small businesses, small disadvantaged businesses 8(a), small women-owned businesses and HBUCs); rather, either an 8(a) or a small business set-aside would need to be used. These are mutually exclusive for procurement purposes (and, incidentally, also preclude HBUCs). The GOS and USAID/Swaziland have concluded that limiting competition for the contract to 8(a) or small business set-aside firms will unduly reduce the Mission's viable prime contractor options to the detriment of the project.

However, Gray Amendment institutions, including the more limited categories of 8(a) or small business institutions, will be given maximum encouragement to participate in this procurement as prime or subcontractors. In this regard, the Mission will assure that the contract solicitation is affirmatively worded. Also, the Mission will follow the solicitation procedures in Contract Information Bulletin 88.3, whereas a list of the organizations requesting the RFP will be sent with the RFP, when it is issued, a list with entities self-certifying their Gray Amendment status identified on the list.

On the basis of this analysis, the USAID/Swaziland Director certifies that the CAPM procurement plan was developed with full consideration of involving Gray Amendment organizations to a maximum degree in the provisions of the required goods and services and that the project is appropriate for Gray Amendment contracting. Involvement of Gray Amendment entities will be determined through procedures for open competition and the selection criteria included in the RFP.

The contractor will provide the required long- and short-term TA specialists, provide placement and support services to long- and short-term trainees, and arrange for procurement of project commodities, arrange for and manage or carry out training.

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Within MOAC, the COP will report to the Director of Research and Planning. S/he will liaise with the PS of MOAC through the Director of Research and Planning to the degree necessary to facilitate achievement of CAPM Project objectives. The contractor's COP will administer contractor personnel in Swaziland, both long- and short-term, as indicated in the scope of work (see Annex 10). S/he will provide substantive guidance for TA specialists as received from the Director of Research and Planning and the Project Steering Committee. S/he will coordinate closely with all GOS institutions involved in CAPM (via the project Steering Committee, the working group and directly with appropriate staff as required) and with the USAID/Swaziland ADO to ensure completion of the activities planned and necessary to achieve project outputs.

A local project office, including secretarial and administrative support and office equipment, is included in the project budget to assist with the contract team's administrative matters. Within the prime contractor organization, the COP will report directly to a senior project manager in the home office; the latter will play an important active role in guiding and supporting the activities of the CAPM team of specialists in achieving the objectives set out in each six month work plan. The contractor's senior home office project administrator will be expected to communicate frequently with the CAPM team, to make project visits at least twice a year to monitor progress and assist in the next six month work plan cycle, and to plan an active liaison role with the GOS and USAID/Swaziland. Where appropriate, the home office project manager also should provide specialized short-term assistance as another means of remaining closely linked to day-to-day CAPM Project efforts and substantive, administrative and management issues.

D. Procurement

All procurement under CAPM shall be in accordance with Delegation of Authority 551, Section 5.K., and the Assistant Administrator for Africa (AA/AFR) approved Development Fund for Africa (DFA) Procurement Policy Recommendations and Africa Bureau Instructions dated April 4, 1988. Accordingly, except as indicated below, AID Geographic Cost 935 is the authorized code for source and origin of goods, including motor vehicles, and nationality of all services procured under the CAPM Project. No procurement waivers are required. The source/origin for procurement for ocean shipment of supplies shall remain as delineated in AID Handbook 1B. Long-term overseas training will take place exclusively in the US.

The contractor's home office support must include a specific procurement specialist position, at least in the first year of the project, to help facilitate purchase and delivery of the commodities required. A specified level of effort for the position and a person with prior successfully experience with United States Government (USG) procurement will be required of those competing to implement the CAPM effort. Commodities will be received and cleared through customs by the prime contractor. The general plan procurement of required commodities is discussed below.

1. Vehicles

Vehicles to be procured include four six-passenger automobiles; total cost is estimated to be US \$48,000. Vehicle procurement from Code 935 is authorized under DFA since right hand

drive vehicles are required which cannot be both supplied from the US and maintained locally. Procurement will be done by the CAPM prime contractor.

2. Computer and office equipment

Computer equipment subject to the planned needs assessment will be procured for each long-term TA specialist, each counterpart, the project office and for UNISWA. Requirements are for 46 micro computers and peripherals (mostly for teaching purposes at UNISWA) for an estimated cost of US \$125,000. A word processing unit and a desk top publishing unit are also required at an estimated cost of US \$10,000. Office equipment consisting of a copy machine, a fax machine, a typewriter and associated items is estimated to cost US \$14,000. Audio-visual equipment including a video tape machine, voice recording equipment, and camera equipment is budgeted at US \$5,000. Procurement will be done by the CAPM prime contractor from US sources to the extent such equipment can be operated and serviced locally and used in Swaziland without forfeiting warranties. Otherwise, such procurement will be from Code 935 sources.

3. UNISWA commodities

For UNISWA teaching purposes, commodities will be purchased under CAPM to upgrade the laboratory and commercial farm facilities of the College of Agriculture. Items to be procured, subject to the planned needs assessment by the CAPM TA specialist (and /or counterparts) upon his or her arrival, include: hydrology laboratory equipment; land use planning laboratory equipment; farm equipment; cold storage facilities; animal holding equipment; security, storage rib, silage pits; nursery equipment; irrigation equipment; fencing; crop laboratory equipment; demonstration teaching equipment; farm shop equipment; audiovisual equipment; agricultural education equipment. The estimated cost for these commodities, in total, is US \$268,000. They will be procured by the CAPM prime contractor from US sources to the extent that such equipment can be operated and serviced locally and used in Swaziland without forfeiting warranties. Otherwise, such procurement will be from Code 935 sources, or as imported shelf items.

E. The Illustrative Implementation Schedule

The illustrative implementation schedule is outlined as follows:

<u>Date</u>	<u>Activity</u>	<u>Primary Responsibility</u>
August 31, 1988	Project Agreement signed	USAID/GOS
October 21	Project advertised in the Commerce Business Daily (CBD)	USAID
October 28	RFP prepared and cleared	USAID/GOS
November 18	RFP issued	USAID

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<u>Date</u>	<u>Activity</u>	<u>Primary Responsibility</u>
December 30	Deadline for submission of proposals in Swaziland	Prospective Contractors
January 21, 1989	Evaluation of proposals complete	USAID/GOS
January 31	Best and Final negotiations	USAID
February 14	Contract negotiations completed	USAID
February 17	Contract awarded	USAID
April 1	CAPM TA specialists start-up	Contractor
April 1	Arrival of TA team	Contractor
April 10	First quarterly meeting, Project Steering Committee	GOS/USAID
April 29	Three year project plan	Contractor/GOS
May 6	First six months work plan	Contractor/GOS
May	Commodity need assessments	Contractor/GOS
May	Visits and marketers, agri-businessmen and commercial farmers	Contractor/GOS
May	Begin establishment of baselines	Contractor/GOS
June	UNISWA long-term TA specialist reports for duty; contract fully operational	Contractor
June	Purchase and placement of UNISWA computer complement	Contractor
June	Begin monitoring curriculum revisions	Contractor/GOS
June	Creation of private sector liaison groups for constraint identification, policy and program analysis and adjustment	GOS/Contractor

<u>Date</u>	<u>Activity</u>	<u>Primary Responsibility</u>
July	Procurement order for UNISWA farm	GOS
July	Summary of current assessments of commercial agriculture production	Contractor
July	Second quarterly meeting, Project Steering Committee	GOS/USAID/ Contractor
July	Begin development of investment profiles/identification of business and investment opportunities	GOS/Contractor
August	First MANANGA management training program	GOS
August	UNISWA Faculty members selected and sent for long-term training	GOS/USAID/ Contractor
August	First short courses for Faculty of Agriculture	GOS/Contractor
August	First short course training in marketing	GOS/Contractor
August	First agribusiness related management training seminar for GOS personnel	GOS/Contractor
August	GOS decision on upgrading Diploma employees	GOS
September	First short course for private sector agribusiness and marketing personnel	GOS/Contractor
September	First pilot testing of cooperative marketing channels	GOS/Contractor
September	First export marketing trails	
September	Observation tours to Southern Africa Development Coordinating Committee (SADCC) country agribusiness enterprises	GOS/Contractor

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<u>Date</u>	<u>Activity</u>	<u>Primary Responsibility</u>
October	Consideration of standard criteria and procedures for business and investment assessment	GOS/Contractor
October	Begin cooperative education program planning	
October	Third quarterly meeting project Steering Committee	GOS/USAID Contractor
October	Second six month work plan	Contractor
December	Start database strengthening in marketing and agri-business	Contractor
January 1990	Fourth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
April	Fifth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
April	Third six month work plan	
April	Begin specific business and investment promotion efforts	GOS/Contractor
July	Sixth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
September	Begin database strengthening in marketing and agribusiness	GOS/Contractor
October	Seventh quarterly meeting, Project Steering Committee	GOS/USAID Contractor
October	Fourth six month work plan	Contractor
January 1991	Eighth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
April	Ninth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
April	Fifth six month work plan	Contractor

<u>Date</u>	<u>Activity</u>	<u>Primary Responsibility</u>
July	Tenth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
October	Eleventh quarterly meeting, Project Steering Committee	GOS/USAID Contractor
October	Sixth six month work plan	Contractor
October	Decision on fifth year intern program at UNISWA	GOS
January	Eighth quarterly meeting, Project Steering Committee	GOS/USAID Contractor
February	Final evaluation	GOS/USAID
April 1	All CAPM TA specialists except UNISWA depart country (project administrative office continues to be operational)	Contractor
June 1, 1992	Activities completed by Contractor; UNISWA TA specialist departs country	Contractor
July 25	Life of Project (LOP) end date	

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V. MONITORING AND EVALUATION PLAN

A. Monitoring Plan

1. Activities and events to be monitored

The CAPM project will generate many activities and events to be monitored and ultimately evaluated within the context of the CAPM logical framework. The monitoring information system established as part of the CAPM Project must provide information to enable logical framework linkages to be examined and assessed, both as project implementation proceeds and when in-depth reviews and evaluations are carried out. Thus, the CAPM monitoring effort will need to collect data relating to the following dimensions of project implementation:

The goal: Goal level questions will address whether the "environment" created by CAPM activities has expanded the potential for, or resulted in, increased commercial agricultural production, marketing, and agribusiness activity that can or does contribute significantly to rural incomes and national economic growth. Indicators of goal achievement will be: GOS and private sector increasingly focused on fostering viable commercial agricultural activities; commercial farmers and agricultural businessmen interested in and pursuing viable agricultural business activities; farmers and businessmen perceive an enhanced GOS policy and program environment; GOS staff (including UNISWA Faculty) and the private sector more knowledgeable about viable commercial agricultural production and other agribusiness, domestic and export marketing, and input supply opportunities. The above indicators will be measured via documented policy and program analyses and changes; surveys of commercial farmers, agribusinessmen and marketers; interviews and other informal data collection techniques with GOS staff, farmers and businessmen.

The purpose: Purpose level questions will involve to what extent the strengthening and agriculture business stimulating activities of CAPM--increased GOS and private sector capacity, policy and program analyses and adjustments, and support for greater investment and agricultural business activities--have been effective in creating an environment that stimulates increasing commercial agricultural activities of all kinds. Indicators for this analysis will include improved GOS and private abilities to support and develop agriculture business opportunities; GOS, with private sector involvement, taking specific actions to stimulate commercial agricultural activity of all kinds; pursuit of viable business and investment opportunities by the private sector with direct GOS support; UNISWA providing commercial agriculture programs to students, GOS and business personnel; farmers and agriculture businessmen actively involved in helping shape GOS policy and program adjustments, the GOS role and activities in development of business and investment opportunities, and UNISWA's commercial agricultural programs. Measurement of these indicators will be by interviews and other informal data collection methods with farmers, GOS staff, private sector business people and students and Faculty of UNISWA; by use of special studies done by others; by agribusiness, marketing and commercial farmer surveys; by review of UNISWA records.

The outputs: Outputs to achieve the project purpose comprise: strengthening of GOS and private sector personnel to facilitate expansion of agriculture business activity through policy and program change and direct support of those pursuing viable business and investment opportunities; removal of constraints to increased agribusiness activity via policy and program changes; GOS and private sector identification of business and investment opportunities and viable options pursued directly by the private sector with proactive GOS support; implementation of revised UNISWA agricultural curriculum with faculty trained to refine and support it. Indicators of achievement of these outputs will include, but not limited to:

- Number of GOS and private sector staff experienced in identifying constraints and making policy and program adjustments to remove them to facilitate commercial agricultural activity and the quality and depth of their experience and capability;
- Number of and extent to which Swazi businessmen participate in GOS policy and program deliberations, investment seminars, etc.
- Extent of inter-ministerial coordination regarding agricultural business expansion needs and opportunities;
- Existence of established channel(s) for commercial farmers and businessmen to communicate perceived constraints and policy and program options to GOS;
- Number of constraints to agricultural business expansion identified and analyzed and policies and programs adjusted to remove them;
- Number of investment opportunities identified, qualified and pursued by the private sector with GOS support;
- Improvements in GOS design and execution of program efforts in support of private sector commercial agricultural expansion of all kinds;
- Revised agricultural economics and management curriculum at UNISWA implemented;
- Established channel for private sector to communicate needs to UNISWA expanded and operating effectively; and
- Two members of the Faculty of Agriculture trained abroad in fields supporting the revised curriculum.

Measurement of these indicators will be developed by conducting interviews with MOAC, MOF, MCIT, UNISWA, SIDC, and private sector personnel, including farmers, agribusinessmen, domestic and export marketers and input suppliers; by reviewing GOS, UNISWA and USAID records regarding participant training; by examining GOS ministry records regarding Policy and program analysis and adjustments, project formulation efforts and business and investment support activities; by observing the degree of capability displayed by GOS and private sector personnel in dealing with real or case study policy, program or business opportunity matters.

2. USAID, GOS and contractor responsibilities

CAPM Project progress will be monitored by USAID, GOS and contractor personnel working collaboratively. Within USAID/Swaziland, primary responsibility for monitoring project progress will be assigned to the Agricultural Development Officer (ADO) and will be twofold:

- To monitor conditions precedent, and covenants in the Project Agreement; and
- To ensure that project activities proceed a pace with the three year work plan and each six month work plan and that the specific and overall results produced by the project over time are commensurate with the plan(s).

The RCO will monitor the project to ensure that contract specifications regarding prime contractor delivery of supplies and services are met.

The ADO will receive quarterly reports from the prime contractor which will provide information both on inputs and outputs under the CAPM contract. These reports will supply details about the status of TA, training, commodity procurement, and other aspects of financial disbursement. They also will include a detailed statement of results achieved, divided by both project output and project element (GOS and private sector institutions). Regular visits to the sites of various project activities by the ADO will provide first hand project monitoring information to USAID. In addition, the ADO will be provided with other information about project progress as noted before.

GOS CAPM counterpart personnel and CAPM contractor staff will have primary responsibility for monitoring project progress and documenting it satisfactorily for USAID and GOS decision-makers. Several means will be used to accomplish this. First, contractor quarterly reports will provide indications of actual and planned inputs and progress, problems met and solutions fashioned, and next steps to attain desired project results. Second, the six month work plans create a detailed, timely framework for viewing CAPM progress for all participants. Third, meetings of the Project Steering Committee and the Inter-Ministerial Working Group will provide monitoring data and conclusions to all project participants. Minutes of the meetings of both groups will document facts and issues related to project progress. Fourth, the CAPM Project will develop specific monitoring mechanisms early in the project to assist in determining project progress. These monitoring activities will include developing baseline data for a special group of smaller commercial farmers, for selected agribusiness, domestic and export marketing and input supply businesses, and for the GOS entities involved in the project so that a baseline situation is measured and comparisons can be made from the established base to indicate project achievements. Conscious efforts will be made to establish controls in preparing the baseline--perhaps of SNL non-commercial farmers, non-agricultural businesses unlikely to participate in CAPM Project, changes in the activities of such enterprises or in their perceptions of the environment for commercial agricultural activity in Swaziland will be documented.

Responsibility for specific baseline development and preparation of monitoring reports for CAPM will be lodged in the Monitoring and Evaluation Unit (MEU) in MOAC; planned MEU TA staff from the EEC may be able to assist MEU in carrying out these monitoring responsibilities. In addition, CAPM TA specialists will assist MEU in developing and carrying out the methodology to be used. It appears likely that a sub-sample of data already being collected by MEU will be able to contribute to the CAPM monitoring effort. Non-MEU data, such as that from special surveys being carried out by researchers at Malkerns Agricultural Research Station, will be reviewed for usefulness in monitoring CAPM results. The TA contract will require the contractor to specify survey instruments and collect baseline data early in project implementation.

Other ministries involved in the project will monitor CAPM efforts and results in their own areas. Counterparts in each, with the assistance of their CAPM TA specialist, will develop a monitoring plan and methodology appropriate to their institution's needs and capability. Special attention will be given to developing monitoring data and databases that each ministry will actually use and be willing and able to sustain. MEU will work directly with GOS counterparts and CAPM TA specialists to develop common procedures for developing monitoring data for CAPM reporting purposes and to bring all CAPM monitoring results together for the Project Steering Committee, USAID/Swaziland and to others concerned with CAPM progress.

DEPS will collaborate with the MOAC's MEU in the monitoring and evaluation of this Project.

B. Evaluation Arrangements

The CAPM Project is of short duration--three years of TA effort. In this limited time frame, it seeks to learn by doing so as to prepare a foundation in the GOS and the private sector for additional agriculture business activity during a second, more extended project. Since CAPM is designed to cumulate progress during its own LOP and beyond, the first portion of the project time frame is likely to show fewer results than the last. Moreover, given the short duration of CAPM and the timing of AID funding cycles, the design of a follow-on project will have to be virtually completed before any meaningful evaluation results can be obtained from CAPM. For this reason, evaluation of the project will be through three internal reviews and one final external evaluation. The internal reviews will be extensive and provide design guidance for the follow-on effort. The external evaluation will document the final degree of success of CAPM and also lessons learned from CAPM experience, especially those relevant to the follow-on effort.

Internal reviews will involve all project participants--USAID, GOS, private sector and contractor. These internal reviews are important because much of the project's direction in terms of actions undertaken, businesses assisted, programs and policies analyzed and adjustments made, and training provided will be determined during the course of implementation. Each internal review will examine timeliness of inputs, realization of outputs, any management or implementation issues, and the appropriateness of planned inputs, activities and outputs in the future. The reviews will be timed to provide input and assistance to the working group of CAPM TA specialists and counterparts in developing their six month work plans. Thus, the three reviews should occur in July or August of 1989, 1990, and 1991 if the planned project implementation schedule is maintained.

The CAPM Project budget includes funds--\$150,000--for one final external evaluation schedule to occur in January 1992 and to meet audit needs. Because a follow-on effort to CAPM is planned, this evaluation will serve two purposes; to determine whether CAPM achieved its purpose and the expected end-of-project status and to provide important lessons learned for use in the follow-on project, as well as by all CAPM participants and other interested parties in the international development community.

Funds have been included in the project for an audit needs assessment to be conducted in year two. If determined that an audit is necessary, USAID/Swaziland will arrange for an independent audit firm to evaluate project costs, including an examination of the Grantee's financial procedures and internal controls relating to project expenditures. Such an audit is budgeted to occur during year three of the project.

VI. SUMMARIES OF ANALYSES

A. Technical Analyses

1. Agribusiness inputs and processing

a. Objectives

The objectives of the agribusiness inputs and processing component of the CAPM are to develop and improve the local agribusiness environment; to make agricultural inputs less costly and improve delivery; and to increase the value added to raw farm products.

b. Management issues

Both an understanding of the term "agribusiness" and the ability to coordinate a country-wide food system are currently limited in the concerned ministries in Swaziland, although the resources for regulating safety of the food supply are adequate. Knowledge about small-scale agribusinesses operated by entrepreneurs is especially lacking. The ability to develop and oversee a detailed agribusiness program must be strengthened.

c. Major constraints

1) Lack of inter-ministerial coordination

The Project Team estimated that 30 regulatory procedures were necessary during the first year of operation of a new agribusiness, necessitating contact with 22 governmental departments and agencies. Centralizing all required initial activities of a new business into one coordinating office may be a useful approach to relieve this constraint. The project should include an assessment of whether some regulatory requirements could be consolidated while still meeting their intended objectives. The extent to which the regulatory environment represents a serious constraint to the formation of agribusinesses should also be determined.

2) Insufficient indigenous private sector entrepreneurial capabilities

The Design Team concluded that personnel with an adequate understanding of the commercial skills required for managing an agribusiness enterprise are in short supply. In general higher education graduates with these skills possess little on-the-job experience. Large scale agro-industrial projects have themselves been disadvantaged by this lack of manpower and have contributed little to its development, having relied on imported management personnel. The project would address the manpower constraint by using short-term technicians to develop seminars and training materials on management, decision-making and entrepreneurial skills. Seminars will also be developed to identify areas for business expansion.

3) Limited access to credit for smaller agribusiness enterprises

Credit constraints include lack of financing and restrictive loan terms. Problems encountered are: interest rates which are typically 24 to 26 percent above prevailing rates offered to foreign owned agribusinesses, pay back schedules which are not related to seasonal cash flows, forced pay backs before due dates which do not include discounts, collateral requirements of as much as 150 percent of loan value, and little assistance in preparing loan applications.

Commercial bank managers expressed little interest in lending to smaller agribusinesses at any loan rate due to fear of losses and unwillingness to accept the type of collateral provided by such businesses. On the producer side, a credit constraint exists for those producers without titled land or cattle.

Recommended project activities are studies to more adequately understand credit constraints, training of loan officers and applicants in preparing loan applications and business plans, as well as policy studies dealing with legal issues.

4) Lack of promotional program to attract entrepreneurs to agribusiness

GOS programs have had success in attracting several foreign agribusiness companies but small-scale agribusiness technology and management has been largely ignored. Outside of butcheries and some maize hammer milling businesses, very little Swazi enterprise development has taken place. The GOS has not organized a promotional effort aimed at stimulating smaller scale enterprise development. This constraint will be addressed by both long- and short-term CAPM activities focussing on stimulating smaller scale business persons to expand their involvement in commercial agriculture.

5) Other constraints

The Design Team identified several additional constraints of lesser importance. These constraints involve transportation, collection and storage, conservation of perishable products, and restrictive licensing procedures for new agribusinesses.

c. Additional project activities

In addition to the activities which have been recommended to deal with the constraints identified above, the CAPM Project will produce a series of business opportunity profiles and will identify specific agribusiness projects.

1) Business opportunity profiles

The CAPM agribusiness TA specialists assigned to MOAC and MCIT and their counterparts will be responsible for assessing potential smaller scale agribusiness enterprise opportunities. Based on ministry priorities, between five and eight opportunities will be selected by the Inter-Ministerial Working Group for development of "business opportunity profiles." These profiles will include basic feasibility data including a brief description of

the enterprise, estimated output, available markets, employee and managerial requirements and potential location. Once completed, these profiles could be promoted by GOS or through SIDC to potential local and foreign entrepreneurs.

2) Specific agribusiness projects

CAPM agribusiness specialists and their counterparts will help provide technical guidance to establish expanded enterprises during the project. Specific projects will be selected from the business opportunity profiles and in response to private sector interest, and will provide "hands-on experience" for policy and program analysis, and for the investor promotion program. These projects will be representative of the real conditions that are encountered and will provide valuable information for designing the Phase II project.

d. Current issues for long-term TA specialists

Issues which long-term agribusiness TA specialists may consider undertaking include: (1) assisting in the location of working capital for CCU to improve purchasing and distribution of farm implements; (2) assisting in restructuring the Swaziland Dairy Board; (3) studying the expanded use of tax holidays in attracting new agribusinesses; and (4) analyzing issues relating to the selection of parastatal management personnel and the personnel policies of parastatal enterprises.

2. Agricultural marketing

a. Objective

The CAPM Project attempts to address a wide variety of technical and management constraints which impede the effective functioning and growth of the domestic and export marketing system for agricultural products in Swaziland. In accomplishing this objective, the project builds on strategies which were spelled out in two MOAC documents: Subsector Strategies for Agricultural Development in the Kingdom of Swaziland, Interim Report (October 23, 1987) and Workplans for Subsector Strategies, Agricultural Development in the Kingdom of Swaziland (March 10, 1988). It also proposes complementary activities to further strengthen the capacity of both the public and the private sectors to deal with constraints in agricultural marketing.

b. Constraints

The following constraints in the agricultural marketing system of Swaziland were identified by the Project Team and will be addressed by the project.

1) Structural constraints

Structural constraints include smallness of the market which limits the potential for expanded production and a lack of a means of transportation. Due to the latter farmers are often not able to reach larger markets or to get their produce to processing facilities.

2) Technology constraints

Improvements must be made in the information base available on marketing channels for the principal products. Two-way communications between the public sector and private market participants must be improved. In addition, reliable information on market growth and composition needs to be developed.

3) Entrepreneurship and risk-taking constraints

Farmers may be reluctant to pool their resources and market produce cooperatively. The necessary leadership may be lacking to form such cooperative ventures.

4) Legal and institutional constraints

The process by which the government makes decisions relative to marketing policy needs to be improved to avoid arbitrariness of interventions. Ill-defined standards and regulations need to be eliminated and shortages of technical personnel must be reduced.

c. Project activities

1) Market analysis

Assistance will be provided to the GOS and to interested private sector organizations to analyze the Swazi market as a prerequisite to developing and implementing effective policy and program options. Descriptive diagrams of market channels for the most important commodities will be developed, and estimates will be made of such quantifiable variables as the number of participants and the volume of throughput. In addition, margins will be calculated at the various points in the marketing channels, as a way of determining market performance.

In addition to developing a better understanding of marketing channels, CAPM specialists will help develop interview and questionnaire techniques which will allow the GOS and interested organizations to maintain working contact with each participant group in the marketing channels. On a macro-economic level, CAPM TA specialists will help determine the composition of the domestic demand for foods, thus helping to determine where future marketing opportunities lie. A systems approach to marketing will be used and CAPM TA specialists will help GOS and private sector representatives to understand this approach through a series of workshops.

2) Assistance in improving cooperative and private trading channels

As part of the CAPM Project, marketing strategies will be developed which will encourage farmers to expand commercial production. One such strategy is to develop networks of farmer groups. Existing production-oriented projects can be linked to farmer networks in order to strengthen the farmer's capability to market the product.

Farmers' marketing cooperatives can provide smaller farmers with alternative marketing channels which increase their bargaining power and income. Cooperatives can play an important role in Swaziland. Early TA activities

will focus on how to best organize farmers to improve basic functions of marketing, including the coordination of production and marketing.

Cooperative development is a slow process. In order to increase the likelihood of success the project will undertake cooperative activities in situations where member control, management and financing of cooperative activities is assured. Public sector intervention in the management and decisions of cooperative societies will be avoided. Activities of civil servants will include work with small farmers on motivation and instruction.

3) Livestock marketing

CAPM efforts will focus on the improvement of livestock marketing channels while bringing market forces more into play.

d. Export marketing

1) Trade within the SADCC region

A relatively open border with South Africa has had a depressing result on Swaziland's smaller commercial farmers. Regulations, subsidization, institutional limits, higher productivity, better organization and economies of scale of South African production and marketing have given South Africa a distinct advantage over Swaziland.

The potential for a significant intra-regional trade in southern Africa does exist. Differences in seasonality among Swaziland and several regions in South Africa could create potential "windows" for Swazi produce. The export market for agricultural products to Mozambique merits close watching by Swazi exporters as it seems profits are more favorable than those that can be realized on shipments to RSA. If the political climate of the region improves, opportunities will become easier to exploit.

CAPM TA specialists and their counterparts will look at pertinent constraints to regional exports and examine government policies to identify ways to reduce them. They will also help to determine the best ways to organize growers and traders for promotion, market expansion and quality maintenance. Firms or individuals who are qualified to lead in coordinating growers for timely shipments of economic size will be located and identified as "channel captains," and will follow export "deals" through from beginning to end, providing an opportunity for analysis of successful strategies.

The CAPM Project will assist MOAC in its on-going efforts to establish minimum standards of grading, sizing and packaging to make Swazi produce acceptable in foreign markets. A voluntary quality-policing system will be established to ensure exports of the highest caliber.

2) Trade with overseas markets

During the 1981-86 period sugar, citrus, meat and meat products, and canned fruit represented nearly half of all Swaziland's exports. Of these, sugar made up the largest share, with 37 percent of the total. In view of the state of the world market for sugar, it is doubtful whether smaller farmers should try to organize themselves as suppliers of cane for processing.

The marketing of canned fruit is handled by those who process the products. With regard to processing, fiscal incentives could be used as a way to encourage larger operators to contract with small farmers who would organize themselves as suppliers.

Currently the export marketing of meat and meat products is undergoing a reorganization. Whether this reorganization will create opportunities for intermediate marketing for the smaller operator remains to be seen.

As part of the CAPM Project the long-term TA specialist in marketing will provide assistance to monitor the demand for Swazi agricultural products, and to watch for possible openings for smaller farmer marketing activities as they develop. This specialist will also assist cooperative organizations to establish supply contracts with processors.

3. Policy and program analysis

a. Objective

The purpose of policy and program analysis in the CAPM Project is to contribute significantly to the elimination of the constraints which impede production by smaller commercial farmers, agribusiness enterprises, the agricultural marketing system and input suppliers. The end result of CAPM policy and program analysis activities will be the formation of realistic policy and program options for the rapid application of practical actions.

b. Approach

Each CAPM TA specialist will be involved in policy and program analysis. The counterpart and extended short-term CAPM TA macro-policy specialist will focus on broader, macro-policy issues bearing on commercial agriculture development. They will be supported by and, in turn support, the policy work of the other TA specialists.

Much of the policy and program analysis carried out in CAPM will arise directly from problems needing solutions so that specific commercial agriculture activities can expand. Other policy work may come about when a CAPM TA specialist, counterpart or other GOS decision-maker concludes a given situation merits analysis, and an appropriate work plan is developed and approved as indicated in Section IV.B.3 above.

Policy and program analysis will be result-oriented, not reactive and contemplative. The agenda for action analysis will be primarily demand driven. The challenge to the CAPM TA specialists and their counterparts is to translate the existing understanding of constraints into options for remedial policies, programs and actions.

In this approach, the task of the MOAC Macro-Policy specialist and his/her counterparts is to develop analytical generalizations, based on constraints and their remedies. These generalizations will then be presented to the GOS as policy options.

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c. Illustrative important issues for analysis

Numerous policy and program issues will be considered as problems and constraints surface. The following subjects were identified by the Project Team as appropriate areas for analysis during preparation of the project. An important aspect of the project will be to strengthen Swazi capability to formulate appropriate questions, undertake and accomplish analyses, formulate options, and arrive at and implement decisions.

1) Feedback mechanisms

Assistance will be provided to interested ministries and agencies to establish monitoring and feedback mechanisms designed to ensure periodic review of on-going programs and policies. These reviews will determine the continuing appropriateness of policies.

2) Marketing functions

The desirability of alternative marketing systems and policies will be determined.

3) Import regulations

Maize and maize products, rice, all fresh fruits and vegetables are currently protected from imports. Permits are issued on a monthly basis. Technical assistance would aim at ensuring maximum objectivity in the decision-making process regarding the issuance of import permits and the closing of the frontier. To the extent possible, information on domestic production, prices and demand would be consulted, and a dialogue established with growers, importers and consumers.

4) Price regulations

Regulations currently govern the price of bread, soft drinks, sugar, maize meal, milk, some dairy products, cement, petrol and petroleum products. CAPM TA specialists will assist, as appropriate, in establishing procedures for price regulation based to the extent possible on criteria of economic analysis and explicitly stated objectives of public policy.

5) Parastatal policy

CAPM TA specialists will have a role to play in evaluating numerous economic, administrative and social issues relative to the operation of Swaziland's parastatal agencies.

6) Taxes

Fiscal incentives can be used effectively to spur agribusiness activity. The competitive position of Swaziland relative to fiscal incentives as well as the question of whether these incentives need to be made more generous is an issue worthy of analysis.

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7) Customs duties and import regulations

The effect of customs duties and import regulations on the investment climate and profitability of Swazi agribusinesses is a likely area of investigation.

8) Banking regulations

Special attention will be attached to the state of credit accessibility for small farmers and agribusinessmen. Areas of potential reform will be investigated

9) Farm finance requirements

CAPM will aim to make significant progress to understand the issues related to making credit accessible to smaller farmers and agribusinesses. An evaluation of the performance of these groups as borrowers and an assessment of their creditworthiness will also be undertaken.

10) MOAC strategy issues

MOAC has identified a series of issues for analysis. The results will be important for shaping national policies. The macro-policy analyst will assist in carrying out and interpreting the results of this work for broad macro-fiscal and financial policies.

The issues in question include: (1) floor prices for farmers; (2) identification of priority crops to meet domestic needs and for export; (3) identification of crops for which self-sufficiency can be economically achieved; (4) establishment of food requirements for the population over five years; and (5) determination of crop production needs over five years for domestic consumption and export.

B. Administrative/Institutional Analyses

This section summarizes the assessment of each of the major institutions--MOAC, MOF, MCIT, SIDC and UNISWA--presented in Annex 6. The current responsibilities, policy and implementation capabilities have been examined as they relate to the absorptive capacity of each ministry relative to the inputs of the project. Attention was given to the quantity and quality of personnel relative to each type of project input and the budgetary capability to carry out the project.

In summary it can be stated, that although there are some institutional weaknesses related to the needs of CAPM, they are recognized by all concerned and a willingness has been indicated to eliminate or minimize them. The project fits well and complements a direction of activity in which the GOS, particularly MOAC and UNISWA, have some ongoing momentum. CAPM, relative to the direction of development in Swaziland, is not purporting to swing the ocean lines of development 180 degrees or even 45 degrees from where it is headed. Rather the approach is one of guidance, reinforcement and emphasis that complements other donor and GOS programs and direction of ongoing implementation.

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1. MOAC

MOAC is a large ministry with significant personnel and budgetary resources. Historically it has been oriented primarily to areas of rural development and small farmers. Now it is in the process of broadening its role to relate to all farming and to other agribusiness and marketing in support of the national development plan. The ministry has set goals in its plan to establish an agribusiness capability in the DRP. This department has about ten percent of the total ministry budget and has a marketing section. Being a staff type department, it is experienced in working with all the operating departments which from time to time would be technically involved in support of marketing and agribusiness activities. Thus DRP is a reasonable locus for enhancing the marketing efforts and for building an agribusiness oriented capability.

Careful consideration, however, needs to be given to the characteristics, training and qualifications of MOAC staff that will be involved with CAPM and that will be the basis of an agribusiness capability and enhanced marketing activities. Few people in MOAC have had training or experience in operating a business, be it commercial farming, food processing or a marketing company, profitably.

MOAC in recent strategy development sessions has identified major constraints in the areas of management, agribusiness and inter-ministerial coordination. The functional constraints identified cut across marketing, cooperatives and department/section activities. The workplans developed later by MOAC, identified programs, projects and tasks to overcome these constraints. Much work remains to be done, however, for MOAC to significantly ameliorate these constraints.

One of the priority strategies being pursued to achieve MOAC's objectives and to address these constraints is providing management training and on-the-job assistance. These and other activities planned by MOAC to overcome identified constraints provides a welcome environment for the effective implementation of CAPM.

2. MOF

MOF is a sizeable ministry in terms of total number of people (441 posts) with a budget of E6.4 million, about 2.5 percent of the national recurrent budget. In the MOF a small number of people have the broadest overview of, and impact on, the welfare and destiny of the economy of Swaziland. The MOF is the leader in directing national economic, monetary and fiscal policy. The MOF works with and draws on all the other ministries and organizations for policy analysis, decision on options and implementation of policy change.

The MOF is in a position to significantly impact the financial, fiscal and business climate in which marketing and agribusiness operate. This is true in many areas such as:

- a) taxes
- b) customs duties and import regulations and permits
- c) banking, credit and the money supply
- d) GOS investment policy such as with parastatals
- e) government expenditures
- f) national debt policy

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The MOF is organized functionally, not by industries or sectors of the economy. Thus they do not have a convenient organizational unit presently concerned about policy constraints to marketing and agribusiness development. There is no one place in MOF convenient to determining policy particular to agribusiness. Yet, in the Swazi economy nearly all the areas of policy analysis and control exercised by MOF impact agribusiness directly or indirectly. The MOF is interested in, and can be a major force in determining the success of the CAPM Project. It has indicated its willingness to work closely with the extended short-term policy advisor based in MOAC.

3. MCIT

Although MCIT is a relatively small ministry in terms of number of people and budget, it is directly involved and experienced in some of the types of activities envisioned in CAPM. Currently MCIT does not have anyone on staff specializing in the agribusiness or marketing sector of the economy (although MCIT staff do focus on export markets). Many of the private sector business initiation projects with which MCIT staff have worked, however, have been agribusiness related, even though not designated as such. Thus, they are experienced in this sector, are of the opinion that its further development is important to Swaziland, and are interested in working with and supporting a broad multi-ministry effort--CAPM.

A weakness in the participation of MCIT in CAPM is the relative lack of personnel for counterparts. The suggestion has been made that MCIT is willing to attempt, with AID's support, to obtain a new post from the ministry of Labor and would be interested in appointing an additional professional staff member with the required educational and experience background for agribusiness and marketing development. MCIT also may be willing to move a staff person into a position to support CAPM directly from elsewhere in the ministry.

4. SIDC

SIDC has some strengths and some weaknesses in participating in CAPM. Its basic purpose is to mobilize domestic and external resources to finance private sector projects in the several sectors of the Swaziland economy. This fits well with the developmental aspects of CAPM in marketing and agribusiness.

On the weaknesses side, SIDC historically has tended to work with larger projects and outside investors. Although CAPM does not exclude such, the emphasis is on Swazi investors, SNL farmers and the size of marketing or agribusiness projects appropriate for them.

5. MOE

Only one segment of MOE's wide area of responsibility for education is involved with CAPM, namely UNISWA. Therefore this institutional analysis will discuss only the capability of UNISWA as regards CAPM. The MOE fully supports UNISWA's participation in CAPM.

The staff and budget of UNISWA are modest, but the base and dedication are present for UNISWA to significantly contribute to CAPM. The overall aim of

UNISWA is to produce high and middle-level trained manpower needed for national development in applied sciences.

The more specific aims of UNISWA related to CAPM are:

- To provide a consultative and co-ordination machinery for all involved in agro-based industries, agricultural education and practices and other associated applied sciences;
- To develop a commitment to development of agricultural productivity and related agricultural services, supply, processing and marketing enterprises through the development of wholesome work habits, and positive attitudes toward improving rural life; and
- To stress the profitability of farm operations, the curriculum will include an element of confidence building in the student's ability to create on his own. This will involve learning the process of planning, securing finance, purchasing of inputs, seeding and controlling of various types of pests, irrigation, harvesting, shipping and marketing, all with profit-making as the objective.

This network of direction for UNISWA, set and pursued by the Faculty of Agriculture, establishes a firm base from which UNISWA can contribute significantly to the training components of CAPM.

C. Social Soundness Analysis

1. Socio-cultural context

Swaziland's economy is agriculturally based. There are two forms of agricultural land tenure: Title Deed Land and Swazi Nation Land, which is held in trust by the King for the Swazi people, and which is allocated to individual homesteads by the area chief. Several factors will dictate whether or not a homestead is likely to commercialize, including: available land area, labor and capital as well as motivation. Most of these factors increase during the first three phases of the five-stage homestead life cycle, but are likely to decline in the last two stages. Thus, there will be variation in the individuals who engage in commercial farming, although the absolute numbers of commercial farmers may stay reasonably constant.

2. Beneficiaries

The principal beneficiaries of this Phase I Project will be Swaziland's current small-scale commercial farmers both on SNL and TDL, associated agribusinesses and the Swazis employed in the commercial agricultural and agro-industry sector. As benefits become evident, it is anticipated that more Swazi Nation Land farmers will move into commercialized production and more Swazis will seek employment in agro-industry. As up to 70% of persons engaged in farming are women, a substantial benefit to women is anticipated, and the project is designed to specifically address the evolving role of women in commercial agriculture. Other beneficiaries include UNISWA students who will gain a more practical education and GOS officials responsible for the commercial agriculture sector.

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3. Participation

The project was designed collaboratively by the GOS and USAID, with a single design team. During implementation, it is anticipated that advisors will be assigned to three or four units of the GOS, and that they will be assigned one or more counterparts to assure that the necessary institutional strengthening takes place. It is anticipated that counterparts assigned on a task basis, rather than on a one-on-one basis in order to achieve the broadest institutional coverage. Because the Swazi organizations are already familiar with this mode of operation, no problems are anticipated in engendering participation. With respect to individual participant training, whether of long or short duration, past experience indicates that participation is easily elicited because the benefits of professional upgrading accrue to the individual as well as to society.

4. Socio-cultural feasibility

Swazi culture balances its historical monarchical system with a traditional consultative process consistent with its egalitarian ethic. Thus, in policy and program formulation, it is expected individual and corporate interests will be allowed to express their viewpoints to a significant degree before policy decisions are taken. The CAPM TA specialists must adopt a collaborative, consultative procedure to accommodate to the Swazi system. This normally entails long lead time and a period of internalization (of, for example, the results of an analysis or study) before a policy or program decision is made.

In terms of agribusiness development, the two features of the social landscape noted in the social soundness analysis; the importance of assuring equitable distribution of development benefits and the impact of colonial domination on the perception of foreign-owned and managed business enterprises in the agricultural sector. The first aspect might be addressed by encouraging a geographical dispersion of agribusiness, so that, for instance, rural areas benefit through employment in processing plants and the secondary economic growth that generally occurs following the establishment of such a large operation. In addition, emphasizing the employment benefits of an expanding agribusiness sector will assist in dispelling concerns about concentration of wealth. While sensitivity towards foreign-owned enterprises has not had a significant impact on Government's efforts to increase foreign investment, the project will nonetheless pursue ways of achieving greater understanding of the need for foreign capital and entrepreneurship in at least the initial stages of expanded agribusiness activities.

Although women are well integrated into public sector employment at all levels, less is known about women's participation in private sector decision making, although preliminary information suggests that it is low and might be raised by emphasizing management training opportunities for women. Certain legal obstacles are, however, unlikely to be overcome by this approach, and merit further investigation during the life of the project in terms of the extent to which they inhibit the full realization of Swaziland's economic potential.

5. Impact

The principal impact(s) of the CAPM Project will be development of an improved process for policy decision making and the emergence of specific joint public-private sector actions that allow the private sector to flourish. In more detail, this process will involve constraints analysis, presentation of policy and program options for addressing them, and, subsequently, implementation of the decision taken, including specific and direct action to assist the private sector to expand commercial agriculture. Commercial agriculture and agribusiness may be more directly affected by feasibility studies carried out for various firms. In addition, the revised curriculum at UNISWA should at the end of the project be well on its way to providing university diplomates and graduates with skills that will give them more employment options.

E. Economic Analysis

1. Cost effectiveness

As is appropriate for a project that is part institution building, part policy development and part programmatic, cost effectiveness considerations have guided design efforts to determine the mix of long- and short-term technical assistance and training; the mix of US based and Swazi input; and the degree of programmatic support and intervention to developmental investments. The potential for improving the performance of agricultural production, marketing and agribusiness by reducing policy and market constraints, the investment resource that could be attracted and the additional income generated are so great, that effectiveness considerations outweigh small differences in cost.

Even so, least-cost considerations have guided choices among in-country and overseas training, long- and short-term training, and long- and short-term technical assistance, resulting in the indicative mix of assistance appearing in the project budget. The right balance of inputs to yield the targeted output has been discussed at length with the organizations involved and has benefited from the experience of foregoing projects. The question has constantly been asked whether there is a better way to do it. The development of the combinations of inputs has gone through several iterations seeking cost and impact effectiveness. In order to achieve maximum impact using limited funds, planned support has been concentrated on the three GOS ministries in the strongest position to impart the agribusiness/marketing sector of the economy, namely MOAC, MCIT and UNISWA.

2. Macro-Economic Policy

In another effort to improve the overall effectiveness of the project and to help assure the successful implementation of policy changes affecting the agribusiness/marketing climate, the following illustrative list of major pertinent macro-economic policy areas that the ministries involved, either singly or in concert can impact, was developed:

- Taxes
- Customs duties, import regulations and permits
- Banking, credit, money supply regulations
- GOS investment policy, loan approvals
- Governmental expenditures
- National debt policy

3. Recurrent costs

With respect to recurrent costs, it does not appear that they will be increased greatly by the activities of this project for any of the GOS ministries involved. The project has been purposefully designed to minimize the increase in recurrent costs. The MOAC has strongly expressed the desire to build a capability to work with agribusiness. This may require a new or transfer of a post from within MOAC by the PS. This direction of development in MOAC, however, was well underway prior to this project. Thus any resulting increase in recurrent cost will not directly result from the initiation of this project. Rather this project is supportive of an earlier development MOAC strategy.

As far as is generally known, all of the ministries designated to receive support from CAPM expect to use the technical assistance and training to upgrade and expand the capabilities of currently employed personnel. The activities to be supported are not generally new to the ministries except for the identification of agribusiness as a specific industry segment, and except for MOAC which, as described above, has had little if any involvement with agribusiness but has earlier selected it as an area of expanded attention. MCIT and MOF in working with the industry/commercial sector have been involved with agribusiness almost inadvertently. Although the majority of UNISWA graduates historically have found positions with the government the agribusiness door has been open to them. Now UNISWA is emphasizing better training graduates for management positions either in agribusiness, the private sector generally or in the government. Some of the training segments of the project are designed to upgrade the management capability of current and new ministry personnel, and thus, if successful, will improve the efficiency of the ministries.

4. Economic risk in the project

The history of budgetary allocations over the last few years to the key ministries involved in CAPM indicate that the GOS places sufficient priority on their activities to be assured they will receive sufficient funds to maintain effective operations and be able to be supportive to CAPM. While recognizing that GOS budgetary pressures will likely continue throughout the next few years, it is not expected that recurrent cost problems will be of such a magnitude as to seriously interfere with the implementation of this project.

It would seem to be a propitious time for a project stressing efficiency of marketing and agribusiness as it relates to farm production and upgrading related management in both the public and the private sector. Project risks are low as a result of the recent development by MOAC of a strategy aimed at upgrading management, agribusiness capability and marketing of major agribusiness capability and marketing of major agricultural products from commercial farms. The intent has been committed to in writing and CAPM will help provide some of the needed resources.

VII. CONDITIONS AND COVENANTS

A. Conditions Precedent

1. FIRST DISBURSEMENT

- a) Evidence that the Government of Swaziland has established a Project Steering Committee to provide Government managerial and policy direction and coordination for the Project, whose members shall be Principal Secretaries of the Ministry of Agriculture and Cooperatives (Chairman); the Department of Economic Planning and Statistics; the Ministry of Commerce, Industry and Tourism; the Ministry of Finance; the Ministry of Education; and the Dean of the Faculty of Agriculture of the University of Swaziland.
- b) A statement of the name and position of those persons in the Government of Swaziland and the University of Swaziland who are authorized to sign Project documents and communications for each such agency, together with a specimen signature of each such person specified in such statement.

2. DISBURSEMENT FOR LONG-TERM TECHNICAL ADVISORS

- a) Evidence that the Ministry of Agriculture and Cooperatives, the Ministry of Finance, the Ministry of Commerce, Industry and Tourism and the University of Swaziland have agreed to provide full-time or part-time counterparts for Project-funded technical advisors, with each such counterpart designated by name, or by position with the date it is planned to be filled.
- b) Evidence that the Government of Swaziland has established an Inter-Ministerial Working Group to provide technical direction and coordination for the CAPM Project, whose members shall be the counterparts to the prospective long-term advisors and whose chairman shall be the Director of Research and Planning in the Ministry of Agriculture and Cooperatives.
- c) Evidence that the Government of Swaziland has provided adequate housing for the long-term technical advisors.

B. Covenants

The Government of Swaziland will ensure that the Project Steering Committee and the Inter-Ministerial Working Group functions appropriately over the life of the CAPM Project.

PROJECT DESIGN SUMMARY LOGICAL FRAMEWORK

Project Title and No: Commercial Agricultural Production and Marketing Project 645-0229

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Goal:</u></p> <p>To increase the agricultural sector's contribution to the national economy of Swaziland.</p>	<p><u>Indicators:</u></p> <ol style="list-style-type: none"> 1. GOS and private sector increasingly focused on fostering viable commercial agricultural activities; 2. Commercial farmers and agricultural businessmen interested in and pursuing viable agricultural business activities. 3. Farmers and businessmen perceive an enhanced GOS policy and program environment; 4. GOS staff (including UNISWA faculty) and the private sector more knowledgeable about viable commercial agricultural production and other agribusinesses, domestic and export marketing, and input supply opportunities. 	<p>Documented policy program analyses and changes, surveys of commercial farmers, agribusinessmen and marketers, interviews and other informal data collection techniques with GOS staff, farmers and business persons.</p>	<p>Expansion of commercial agricultural production, marketing and agribusiness activity will increase the agricultural sector's contribution to the national economy.</p>
<p><u>Purpose:</u></p> <p>Establishment of an environment that is stimulating increases in small-scale commercial agricultural production and other agribusiness and domestic and export marketing activity.</p>	<p><u>End-of-Project Status:</u></p> <ol style="list-style-type: none"> 1. <u>Policy Analysis</u> GOS professionals, working in a coordinated manner and in collaboration with the private sector, will be providing decision makers with quality analyses, options, and recommendations for policies and programs that will reduce constraints to production and stimulate private sector increases in private sector commercial agricultural activity. 2. <u>Policy Decisions</u> GOS policy makers will be taking action on policy program recommendations needed to stimulate private sector initiatives in commercial agriculture. 	<p>Interviews and other informal data collection methods with farmers, GOS staff, private sector business people and students and faculty of UNISWA; by use of special studies done by others; by agribusiness, marketing and commercial farmer surveys by review of UNISWA records.</p>	<p>The identification and analysis of existing constraints and the strengthening of both GOS and private sector capabilities will enhance the development of effective GOS strategies, programs and actions and private sector activities for increasing commercial farm production and other agribusiness and domestic and export marketing in Swaziland.</p>

Annex 1

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End of Project Status

3. Policy Implementation

GOS ministries will be implementing programs required to effect policy changes.

GOS documents and GOS internal communication.

4. Private Sector Facilitation

The GOS will be playing a regulatory and facilitative role in commercial agricultural development by working collaboratively with the private sector to facilitate its responses to an improved environment of commercial agricultural activity.

Regular communication between GOS/private sector and within GOS entities.

The private sector will readily take to commercial agriculture development and GOS will move toward the objective of playing a regulatory and facilitative role in commercial agriculture.

5. Private Sector Responses

Private sector entrepreneurs (small scale commercial agricultural producers, marketers, suppliers, exporters and other agribusinesses and agribusiness associations) will be responding to opportunities for increased commercial agricultural activity.

Surveys of Small-scale commercial agricultural producers, marketers supplies exporters and agribusinesses and agribusiness associations.

6. Academic Support

The University of Swaziland will be (a) training current private and public sector individuals to participate more effectively in commercial agricultural production activities and (b) preparing future private and public personnel to contribute to commercial agricultural expansion.

UNISWA records interviews with faculty and private and public sector individuals.

The private sector is basically interested in agribusiness and therefore will effectively use training courses.

7. Communication

The above initiatives will be facilitated by improved communication among GOS entities, including UNISWA, and between the GOS and the private sector.

Records of minutes of meetings.

Communications channels opened by project will continue to function past its involvement and result in improved support for commercial agricultural expansion.

h/b

Outputs:

1. GOS policy and program analysis and development

1. (a) Identification and prioritization of constraints to be addressed by project.

GOS reports and records HOAC's subsector strategy document.

Policy and program changes will lead to an environment favorable to stimulating increases in small scale commercial agricultural production and other agribusiness and domestic and export marketing activity.

(b) Action analyses of constraints.

Interviews with GOS project implementing ministries and private sector farmers.

(c) Action assessments of policy and program options to address constraints.

GOS/Private sector assessment reports interviews.

(d) Preparation/presentation of policy issues/options/recommendations to decision makers.

GOS/Private sector collaborative reports.

(e) Identification and prioritization of current policy decisions intended to stimulate private sector activity that will be implemented with project assistance.

Data from GOS/UNISWA official documents.

(f) Implementation of policy and program decisions resulting from policy decisions options selected.

GOS records and CAPM TA reports.

(g) Linkage mechanisms between private sector and policy analyses and policy makers.

GOS correspondence, interviews with private sector, UNISWA and GOS minutes of meetings.

2. Private Sector Opportunity Identification, Analysis, and Development.

2. (a) Identification and viability analysis of opportunities for expanded or new private sector activities that will stimulate increased commercial agricultural production.

GOS/Private sector data on viability studies.

Private sector will respond to opportunities available to it to expand commercial agricultural activities.

(b) Pre-feasibility studies of selected opportunities for expanded or new private sector activities that will stimulate increased commercial agricultural production.

Data from private sector/GOS and CAPM/TA records.

(c) Technical guidance for businesses responding to viable new opportunities.

UNISWA study records and materials.

3. Government and Private Sector
Institutional Capacity Strengthening.

(d) Analysis and recommendations on potential for divestiture of government owned or managed economic activities that relate to small scale production.

(e) Analysis and recommendations regarding appropriate role of GOS in supporting private sector cooperatives in commercial agriculture.

(f) Analysis and recommendations on potential world markets for exports based on small scale agricultural production.

(g) Linkage mechanisms established between private sector and GOS and between GOS entities.

3. (a) Manpower

(1) UNISWA staff training at academic level.

(2) Needs assessment for specialized skills training.

(3) Specialized skills training for GOS professionals, farmers and other private Swaziland individuals.

(4) Non-formal skills development for GOS professionals, farmers and other private sector individuals by project staff and UNISWA.

(5) On-going specialized courses for commercial agricultural sector developed by UNISWA.

Reports of CAPH/TA reports.

Reports on market studies by CAPH/TA and GOS counterpart.

Project reports by observing the degree of capability displayed by GOS and private sector personnel in dealing with real or case study policy, program or business opportunity matters.

Manpower Development training reports.

GOS needs assessment report.

Data from UNISWA records, GOS manpower development.

GOS training reports, CAPH TA training reports and UNISWA records.

Data from UNISWA records.

Strengthened GOS and Private Sector institutional capacity will help in the identification and effectively dealing with constraints that are experienced.

(6) New curriculum implementation at UNISWA.

(b) Systems

(1) Improved database for commercial agricultural production and marketing.

(2) New analytical methodologies introduced in policy analysts and private sector offices.

(3) Improved GOS market information system.

(4) System established to monitor social and economic issues relating to increased commercial agricultural production and to factor them into policy analysis as required.

(5) Standardized criteria and procedures for analyzing and evaluation business and investment opportunities.

(6) Standardized/streamlined systems and procedures for qualification of investors and establishment of businesses.

(c) Physical infrastructure:

(1) Needs assessment for UNISWA equipment and data processing system.

(2) Farm training facility at UNISWA renovated and equipped.

(3) GOS/UNISWA data processing system established.

4. (a) Summary of current assessments of problems and potential for commercial agricultural development.

A lot of reliable data in GOS ministries data units (computerized information).

GOS official data.

Surveys and research findings.

Data from interviews and other data collection techniques.

Data from surveys and interviews and study reports.

The improved systems will continue to function past the project period to support commercial agricultural expansion.

Swaziland has a range of potential comparative/competitive advantages in commercial agriculture.

4. Strategy and plans.

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Project Inputs

Technical Assistance (TA)

- Long Term

- Short Term

TA Support In-Country

Training

- Out-of-country

- In-country

Commodities

(b) Documentation and analysis for post-CAPH support of commercial agricultural expansion activities, if such support is shown to be appropriate by the experiences and results obtained by the CAPH project.

(c) Detailed implementation plans.

USAID:

- Technical Assistance (TA)

Long-term 12 person years

Short-term 93 person-month

- TA support in-country

- Training

U.S. Long-term degree training

6 person years

Short-term U.S. and 3rd country

38 person months

Short-term in-country training

357 person months

- Commodities (computers, vehicles,

UNISWA equipment, training

nationals, etc.)

GOS:

Counterparts, office space, land,

housing, materials, UNISWA farm

facilities support costs,

participants transportation.

GOS/CAPH TA reports.

CAPH reports.

AID financial reports and records, contracts, training records, GOS budget records.

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ANNEX 2

STATE 111672/01

action? ASD
info: PPD

ACTION: AID INFO: AME/DCM - 2

VZCZCMB0192
PP RUEHMB
DE RUEHC #1672/01 0992252
ZNR UUUUU ZH
P 082251Z APR 88
FM SECSTATE WASHDC
TO AMEMBASSY MAPANE PRIORITY 3272
BT
UNCLAS STATE 111672

LOC: 092 588
18 APR 88 0537
CN: 10650
CHRG: AID
DIST: AID

DUPE MON

AIDAC

C.O. 12356: N/A

SUBJECT: SWAZILAND COMMERCIAL AGRICULTURE PRODUCTION AND MARKETING PID (645-0229)

REF: STATE 086143

SUMMARY. ECPR APPROVED SUBJECT PID 3/18/88, PER EFTEL. ECPR WAS CHAIRED BY AFR/PD DIRECTOR C. PEASLEY, AND ATTENDED BY REPRESENTATIVES FROM AFR/SA, PD/SAP, R/ARD, BIFAD, GC/AFR, PPC/PDPR, AND OTHERS. DIRECTOR CARLSON REPRESENTED USAID/SWAZILAND. THIS CABLE PROVIDES FEEDBACK FROM MEETING AND GUIDANCE TO MISSION AND PP DESIGN TEAM FOR PREPARATION OF PROJECT PAPER. PROJECT PAPER WILL BE APPROVED AND PROJECT AUTHORIZED BY SAID/SWAZILAND DIRECTOR. MAJOR ISSUE DISCUSSED AT ECPR WAS WHETHER IMPLEMENTATION OF POLICY REFORMS AS DISTINCT FROM PLANNING SHOULD BE INCLUDED AS A PROJECT ACTIVITY, AND IF YES, HOW TO INCORPORATE IT WITHIN A FRAMEWORK OF CREDIBLE OBJECTIVES. OTHER KEY ISSUES CONCERNED COMPOSITION/FUNCTION OF LONG-TERM T.A. TEAM AND STRUCTURING OF UNISWA COMPONENT. END SUMMARY.

INCLUSION OF POLICY REFORM WITHIN PROJECT SCOPE. ECPR PARTICIPANTS QUESTIONED (A) WHETHER ACTION-ORIENTED, POLICY REFORM OUTPUTS COULD BE ACHIEVED THROUGH PROJECT INPUTS (MAINLY T.A.) AND (B) WHETHER AMBITIOUS ECPR INDICATORS WERE REALISTIC. ACHIEVEMENT WOULD BE PREDICATED ON ASSUMPTION THAT ONCE CONSTRAINTS TO INCREASED PRODUCTION/MARKETING WERE IDENTIFIED, GOS COULD MOVE QUICKLY TO INSTITUTE NEEDED POLICY CHANGES. WHILE ECPR APPRECIATED MISSION'S EXUBERANCE AND CONFIDENCE IN GOS, FEELING WAS THAT GOS IMPLEMENTATION OF POLICY REFORMS WAS TOO BASIC A REQUIREMENT TO BE MERELY SUBSUMED IN THE ASSUMPTION COLUMN OF THE LOGICAL FRAMEWORK, AND THAT AID NEEDS TO BE MORE MODEST IN ITS EXPECTATIONS.

AFR ALSO RAISED A 611(A) CONCERN, VIS-A-VIS THIS ISSUE. STATING POLICY REFORM AS A SPECIFIC OUTPUT PRESUMES THAT PROJECT PAPER WILL PROVIDE DETAILED ANALYSIS OF CONSTRAINTS AND IDENTIFY WHAT REFORMS WILL BE INITIATED TO RELIEVE THEM. HOWEVER, THE PID SUGGESTS

Date Rec'd		
	Action	Info
DIR		
DD		
DDO		✓
DM		
DMN		
ADO	✓	
DFW		
DM		
DDO		
DDO		✓
AF		✓
Ready Date	4/13	
Actions Taken:	1	
Initial/Date:		
File Loc.		

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HAT THIS WILL NOT BE THE CASE, I.E. THAT THE PROJECT ITSELF WILL INCLUDE THE NEEDED CONSTRAINTS ANALYSIS AND PLANS FOR POLICY REFORM.

MISSION DIRECTOR CARLSON EXPLAINED THAT THE CONSULTING FIRM DEVRES IS CURRENTLY CARRYING OUT RESEARCH IN SWAZILAND WHICH WILL ALLOW THE PROJECT PAPER TEAM TO RANK ORDER IN TERMS OF IMPORTANCE CONSTRAINTS TO IMPROVE COMMERCIAL PRODUCTION AND MARKETING POTENTIAL OF SMALL SML PRODUCERS. IN ALL LIKELIHOOD AT THE TOP OF THE LIST WILL BE CERTAIN CONSTRAINTS FOR WHICH REFORMS COULD BE FORMULATED IN THE NEAR TERM -- E.G., REGULATORY STATUTES AFFECTING SMALL FARMER ACCESS TO PRODUCTION INPUTS. THE PROJECT PAPER COULD THEN DESCRIBE THESE PLANNED REFORMS AND LEGITIMATELY LIST IMPLEMENTATION OF THEM AS OUTPUTS AND PLAN NEEDED INPUTS ACCORDINGLY. IMPLEMENTATION OF OTHER REFORMS WOULD AWAIT A SECOND PHASE PROJECT.

ECPR RECOMMENDATION: POLICY-REFORM RELATED OUTPUTS SHOULD BE SCALED BACK. IN ORDER TO MEET 611(A) REQUIREMENTS, PROJECT PAPER TEAM SHOULD EXAMINE FOLLOWING TWO DESIGN OPTIONS FOR INCLUDING POLICY REFORM IN THE PROJECT:

A. SCALING BACK PROJECT TO FOCUS PRIMARILY ON PLANNING OF POLICY REFORM, I.E., CONSTRAINTS ANALYSES AND IMPLEMENTATION PLANS. TO EXTENT SOME ANALYSES ARE COMPLETED DURING PROJECT DESIGN AND SPECIFIC REFORMS IDENTIFIED, INPUTS CAN ALSO BE PLANNED FOR POLICY REFORM IMPLEMENTATION. THIS MORE MODEST PROJECT WOULD EASILY COMPLY WITH 611(A) REQUIREMENTS. THERE COULD BE SOME ADDITIONAL SHORT-TERM T.A. TO DEAL WITH IMPLEMENTATION OF OTHER REFORMS IDENTIFIED EARLY ON.

B. RE-FRAME THE PROJECT RATIONALE AS A CAPACITY-STRENGTHENING ENDEAVOR WHEREBY U.S. TECHNICIANS WOULD WORK WITH GOS COUNTERPARTS TO DEVELOP THEIR ABILITY TO FORMULATE AND PUT INTO PRACTICE NEEDED POLICY REFORMS. THIS APPROACH WOULD ALSO MEET 611(A) CONCERNS AND WOULD NOT REPEAT NOT PRECLUDE U.S. T.A. HELP IN IMPLEMENTING REFORMS. A DRAWBACK WOULD BE POSSIBLE DIVERSION OF ATTENTION FROM POLICY REFORM TO CAPACITY-BUILDING. RECURRENT COST IMPLICATIONS OF INSTITUTION-BUILDING APPROACH ALSO WOULD BE A CONCERN.

3. USE OF LONG-TERM T.A. THE PID PROVIDED LITTLE DETAIL ON FUNCTION OF LONG-TERM ADVISORS AND INSUFFICIENT JUSTIFICATION FOR SUCH A HEAVY DOSE OF T.A. (12 PERSON-YEARS), GIVEN CONCENTRATION ON STUDIES/CONSTRAINTS ANALYSIS.

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ECPR RECOMMENDATION: PP TEAM SHOULD CAREFULLY EXAMINE NUMBER AND MIX OF LONG-TERM ADVISORS TO BE PROVIDED. DRAFT SCOPE OF WORK FOR EACH ADVISOR SHOULD BE PREPARED AS PART OF PP.

4. UNISWA COMPONENT: MISSION DIRECTOR CLARIFIED LINK BETWEEN RE-DESIGN OF AG FACULTY CURRICULUM AND TRAINING OF LONG-TERM PARTICIPANTS, WHICH WAS MISSING FROM PID. IN PHASE 1 OF PROJECT, LONG-TERM ADVISOR(S) TO AG FACULTY WOULD CONCENTRATE ON CURRICULUM PLANNING AND RE-DESIGN, WITH ACTUAL REFORM OF CURRICULUM AND TRAINING OF SWAZI STAFF AWAITING A PHASE 2 EFFORT. DURING PHASE 1, SELECTED AG FACULTY STAFF WOULD UNDERTAKE STUDY IN THE U.S., IN AREAS DIRECTLY RELATED TO KEY PROJECT OBJECTIVES -- E.G., AGRIBUSINESS AND AGRICULTURE MANAGEMENT. SHORT-TERM TRAINING IN SWAZILAND AND/OR NEIGHBORING SADC COUNTRIES ALSO A POSSIBILITY.

REVIEWERS QUESTIONED MANAGEMENT IMPLICATIONS OF A FACULTY OF AGRICULTURE REFORM ACTIVITY: THIS COMPONENT COULD CONSTITUTE A PROJECT IN AND OF ITSELF. SITUATION IS COMPLICATED BY THE FACT THAT AG FACULTY REPORTS TO MOE AND NOT MOAC, THE PRINCIPAL LIAISON FOR THE REST OF THE PROJECT. SUBCONTRACTING TO A TITLE XII OR OTHER U.S. AGRICULTURAL INSTITUTION, MENTIONED AS A POSSIBILITY BY THE MISSION DIRECTOR, MIGHT FURTHER EXACERBATE MANAGEMENT DIFFICULTIES.

ECPR RECOMMENDATION: PP TEAM SHOULD REVIEW MANAGEMENT IMPLICATIONS OF UNISWA COMPONENT, AND EXPLORE OTHER OPTIONS, SUCH AS DROPPING IT ENTIRELY FROM THE PROJECT, OR FUNDING LONG-TERM PARTICIPANT TRAINING ELEMENT FROM OTHER SOURCES. IF UNISWA COMPONENT IS RETAINED, PROJECT PAPER SHOULD CLEARLY LAY OUT RATIONALE FOR AND SEQUENCING OF ACTIVITIES -- CURRICULUM PLANNING, LONG-TERM U.S. TRAINING, SHORT-TERM TRAINING, IMPLEMENTATION OF CURRICULUM REFORM (PROBABLY IN PHASE 2).

5. BUMPERS AMENDMENT/PD 15/71. THE SPECIFIC CROPS AND THE SPECIFIC INTERVENTIONS (SOME OF WHICH COULD HAVE AN EFFECT ONLY ON THE DOMESTIC MARKET) HAVE NOT YET BEEN SELECTED. HOWEVER, ACCORDING TO MISSION DIRECTOR, NEW CROPS FOR EXPORT BY SMALL COMMERCIAL FARMERS COULD INCLUDE STRAWBERRIES, ASPARAGUS, AND OTHER MORE EXOTIC HORTICULTURAL CROPS, PRIMARILY IN FRESH FORM AND PRINCIPALLY FOR THE EEC MARKET. MORE TRADITIONAL CROPS (E.G., BEANS AND AVOCADOES) ALREADY BEING PRODUCED ON SML COULD BE ASSISTED UNDER THE PROJECT THROUGH LINKING SMALL PRODUCERS WITH LARGER PRIVATELY CONTROLLED AGRIBUSINESS INDUSTRIES IN SWAZILAND.

SINCE THE PROJECT'S PURPOSE IS TO STIMULATE PRODUCTION, PRIMARILY FOR EXPORT, GC/AFR ADVISES THAT A BUMPERS/PD 15 PROBLEM COULD EXIST, DEPENDING UPON THE CROP AND THE OTHER FACTORS REQUIRED TO TRIGGER BUMPERS. WHEN MISSION DETERMINES THE CROP, THE INTERVENTION, AND WHETHER THE EFFECT WILL BE ON THE EXPORT OR DOMESTIC MARKET, THE

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REST OF THE BUMPERS ANALYSIS SHOULD BE PERFORMED, I.E., IF FOR EXPORT, CAN IT REASONABLY BE EXPECTED TO HAVE A SIGNIFICANT IMPACT ON THE EXPORT OF A SIMILAR U.S. AGRICULTURAL COMMODITY IN THE INTENDED MARKET?

THIS ANALYSIS SHOULD PREFERABLY BE DONE IN THE PP. IF THIS IS NOT POSSIBLE, THE PP DESIGN SHOULD BUILD IN A PROCESS FOR UNDERTAKING THIS ANALYSIS AS EACH CROP AND INTERVENTION IS IDENTIFIED, AND EXCLUDING THE CROP AND/OR INTERVENTION IN CASE OF A BUMPERS/PD 15 PROBLEM. IF CITRUS OR SUGAR FOR EXPORT IS INCLUDED, PD 71 APPROVAL SHOULD BE OBTAINED.

5. BENEFICIARIES. QUESTIONS WERE RAISED ABOUT HOW BROADLY DISTRIBUTED BENEFITS WOULD BE. MISSION DIRECTOR CLARIFIED THAT IN ADDITION TO SMALL COMMERCIAL FARMERS DESCRIBED AS THE PRIMARY BENEFICIARY POPULATION IN THE PID, THE PROJECT WOULD SEEK TO INVOLVE AS BENEFICIARIES THE 62,000 HOMESTEAD FAMILIES WHO CURRENTLY PRODUCE LARGELY FOR SUBSISTENCE PURPOSES.

THESE LATTER FAMILIES COULD BENEFIT DIRECTLY AS THEY MOVE INTO COMMERCIAL PRODUCTION OR INDIRECTLY THROUGH INCREASED EMPLOYMENT OPPORTUNITIES. IN ORDER TO ENSURE BROADEST POSSIBLE BENEFITS, PROJECT DESIGNERS SHOULD EXAMINE EQUITY IMPLICATIONS OF VARIOUS CROPS, AS WELL AS SPECIAL CONSTRAINTS SUBSISTENCE FAMILIES FACE TO ENTRY INTO COMMERCIAL PRODUCTION. WE WOULD HOPE THAT THESE SMALLHOLDERS WILL BE PROVIDED ACCESS TO INCREASED COMMERCIAL OPPORTUNITIES.

7. ROLE OF WOMEN. THE PID DOES NOT MENTION THE ROLE OF WOMEN IN THE FARMING SECTOR IN SWAZILAND. BECAUSE THERE ARE MANY FEMALE FARMERS/HEADS-OF-HOUSEHOLD ON SNL, IT IS IMPORTANT THAT THEIR FARMING ROLES AS WELL AS SPECIAL CONSTRAINTS FACED BY WOMEN FARMERS BE LOOKED AT DURING PROJECT DESIGN.

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ECIR RECOMMENDATION: THE PP DESIGN AS WELL AS SUBSEQUENT STUDIES UNDER THE PROJECT SHOULD COLLECT DATA DISAGGREGATED BY GENDER. TO THE EXTENT THAT POLICY INTERVENTIONS ARE PLANNED, THE PROJECT SHOULD SEEK WAYS TO BENEFICIALLY INVOLVE WOMEN FARMERS.

6. GRAY AMENDMENT. THE PID DID NOT DISCUSS POTENTIAL FOR INVOLVEMENT OF GRAY AMENDMENT ENTITIES IN THIS ACTIVITY. ONE OPTION PROPOSED BY MISSION DIRECTOR IS PROCUREMENT OF TECHNICAL SERVICES THROUGH FULL AND OPEN COMPETITION WITH AN AGRIBUSINESS FIRM AS PRIME CONTRACTOR AND A TITLE XII INSTITUTION AS SUBCONTRACTOR. HOWEVER, MISSION SHOULD BEAR IN MIND THAT:

A. THERE ARE 2(A) AND OTHER GRAY AMENDMENT FIRMS WITH EXPERTISE IN AGRIBUSINESS (COPIES OF SEVERAL CAPABILITY STATEMENTS PROVIDED TO DIRECTOR CARLSON).

B. THERE ARE 17 HBCU'S WHICH ARE ALSO TITLE XII INSTITUTIONS.

C. CONTRACT INFORMATION BULLETINS E7-14 (FURTHERING GRAY AMENDMENT OBJECTIVES) AND 28-3 (ENRANCING SUBCONTRACTING OPPORTUNITIES FOR SMALL AND SMALL DISADVANTAGED BUSINESSES AND GRAY AMENDMENT ORGANIZATIONS) APPLY TO THIS PROCUREMENT.

D. A TITLE XII INSTITUTION PER SE SHOULD NOT BE REQUIRED AS A SUBCONTRACTOR BECAUSE WE WOULD NOT BE FOLLOWING THE TITLE XII PROCEDURE IN THE AIDAR. RATHER, THE SOLICITATION SHOULD DESCRIBE THE REQUIRED CHARACTERISTICS OF THE SUBCONTRACTOR (E.G., INSTITUTION HAS ENGAGED IN THE BUSINESS OF AGRICULTURAL EDUCATION).

9. IIE. CATEGORICAL EXCLUSION HAS BEEN APPROVED BY BUREAU ENVIRONMENTAL OFFICER, AND SENT TO GC/AER FOR CLEARANCE. WILL ADVISE SEPTEL WHEN CLEARED. WHITEHEAD
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ANNEX 5

TECHNICAL ANALYSIS

A. Agribusiness Inputs and Processing

1. Objective

The objective of the agribusiness component of this project is to develop and improve the local agribusiness environment; to make the delivery of agricultural inputs, e.g. seeds, fertilizer, chemicals, custom tractor services, animal feeds, animal health products, etc., more efficient and less costly and to increase the value added to raw farm products. This will be accomplished through analysis of present policies, programs and business organization structures, identification and analysis of high priority constraints, and preparation of alternatives which increase efficiency of the food system. CAPM TA specialists will assist in taking direct action to help the GOS implement program changes and to enable private sector entities and individuals to expand their commercial agricultural output.

This technical analysis concentrates on constraints related to farm inputs, on policies, programs and regulations, and on procedures for identifying opportunities to increase the value added to raw farm products. Specific potential projects cited by the private sector are cited later in this section. GOS potential projects are noted in its Workplans for Subsector Strategies (March 10, 1988) and set out below.

2. The current agribusiness industry in Swaziland

a. Industry turnover and employment

A summary of the estimated current agribusiness industry in Swaziland was developed during the preparation of the project to serve as a reference point for considering programs and actions. Data were obtained from published financial reports, reports by various consultants, personal interviews of companies during May 1988, and estimates based on available data by Devres, Inc. These industry data will be updated during the CAPM Project as additional information becomes available.

The estimated annual industry wholesale value for the agribusiness industry in Swaziland was about E 531.8 million in 1987. Employment among the 100 companies in the industry totaled about 12,000 permanent positions and 18,000 seasonal positions.

The only historical comparison of the agribusiness data located during our field investigations was the 1981 Census of Industry. It showed a total of 23 agribusiness companies with an annual turnover of E 186 million and permanent employment of 7,500 persons.

b. Input and processing subsectors

The estimated retail turnover value of the input subsector was E 30 million during the 1987-88 crop season. This subsector includes 12 companies handling production supplies used by farmers. It excludes cattle supplies

purchased by MOAC and given to farmers and the value of power supplied by the MOAC tractor pool.

The estimated turnover value of the agribusiness processing subsector was about E 500 million during 1987-88. This includes the estimated turnover of parastatals, 15 of the larger processors (in sugar, forestry, beverages, meat and pineapple) and an undefined number of smaller enterprises.

c. Retail markup on agribusiness inputs

The retail markup on farm input ranges from 11 percent to 16 percent for CCU and 33 percent to 50 percent by private sector suppliers. Although private sector markups are substantially higher than CCU, they offered a greater variety of products, convenience (especially in the form of small packaging and timeliness of availability), and technical advice. Some private suppliers offer credit to accounts of long standing, but generally a policy of "cash at delivery" prevails among all suppliers.

3. Capacity building in agribusiness management

a. Current status

An understanding of the term "agribusiness" and the capacity and/or capability to support agribusiness development is limited in the relevant GOS ministries and agencies, which include the MOAC, MCIT, MOF, MOE and SIDC. Each has only a limited institutional and systematic capability for agribusiness policy analysis and developing support programs.

Coordination between ministries is limited. Considering the complexities and needs of the country-wide food system, such coordination is important and a logical next step in increasing the GOS's capability to deal adequately with commercial agricultural expansion, especially beyond the farm gate. Manpower resources to regulate agribusiness for safety in the food supply are at adequate levels. However, human resources must be strengthened to be effective. A detailed policy should be set to encourage and oversee an expanded program of agribusiness activities.

Knowledge about agribusiness in the ministries is primarily from involvement with the sugar, timber, citrus and pineapple estates and with meat processing, dairy processing and other parastatal or quasi-parastatal activities. Smaller agribusinesses operated by Swazi entrepreneurs have been virtually ignored by all ministries.

b. Proposed capacity building

The project will address this limitation of resource capacity by placing a long-term agribusiness TA specialist in MOAC for three years. Another long-term agribusiness TA person will be located in MCIT. These persons will have one or more counterparts in other ministries as well to assist in the analytical work and ensure transfer of technical skills and of shared perceptions.

The output of this and other TA in different ministries will be to strengthen the ministries' capacity to analyze, develop, and effect agribusiness policies and programs; to improve the linkages and strengthen the

coordination between the ministries involved; to encourage more dialogue between agribusiness and the ministries; and to assist ministries in undertaking action to support private sector entities and individuals in commercial agriculture.

The proposed scope of work for the long-term agribusiness TA specialists proposed for MOAC and MCIT are presented in Annex 10.

4. Constraints to agribusiness in Swaziland

The major constraints to agribusiness in Swaziland discussed herein are those constraints identified by MOAC in March 1988 in its Workplans for Subsector Strategies.

a. Lack of inter-ministerial coordination in agribusiness

The latest promotional literature of SIDC lists 12 advantages available to new private sector agribusiness investment in Swaziland. Similar information from the "Business man's Profile of Swaziland" published by Barclays Bank lists 16 factors favoring investment in Swaziland. The two listings of favorable factors are similar and indicate a high degree of competitiveness with other countries of the continent.

Conversely, three unfavorable factors toward establishing new agribusiness activities in Swaziland are listed in a Barclays bulletin including: 1) The pressure to localize jobs in the middle and upper management of factories; 2) the difficulty in obtaining work permits for non-Swazi management and skilled technicians; and 3) the bureaucracy. During our field interviews of a sample of agribusiness companies, the respondents generally confirmed the advantages and disadvantages of establishing a new agribusiness venture in Swaziland as presented by the two published sources.

The first two factors are problems only because a sufficient number of skilled Swazis is not available to fill all the positions open to them. In an effort to better understand the disadvantage of "the bureaucracy", the project team made an analysis of the regulations and requirements of the various government agencies that a new agribusiness would encounter during the first year of operation. This analysis indicated 28 different steps (as shown in Table 5-1) would be required for the start-up of most agribusiness enterprises and 12 additional requirements during or at year end. These steps involve 22 governmental departments and agencies. Only about 8 steps would be required annually thereafter.

This required documentation approval procedure is not unusual for a business start-up in many countries. The important challenge is the speed with which applications are processed for approval. Our sample survey of businessmen indicated that this process could be accomplished within a few days, but in some cases, it had required several months. There may have been unusual factors in the delayed cases.

The CAPM project should include an assessment of the average time needed to meet start-up requirements in Swaziland and whether they represent a serious constraint to the formation of agribusinesses. If so, alternative ways need to be explored of revising the procedures to encourage new agribusiness development in Swaziland while continuing essential regulatory/monitoring functions.

Table 5-1 Government regulatory requirements for establishing a new agribusiness in Swaziland

<u>Approving authority at startup</u>	<u>Action document</u>
-----	-----
Registrar General	Business name check & registration
Registrar General	Annual business licence
Central Bank	Inward transfer of investment funds
Immigration Office	Expatriate residence work permit
Director of Post and Telecommunication	Mail service
National Trade Licence Board	Non-Swazi trading licence
Regional Trade Licence Board	With-Swazi trading licence (1)
Ministry of Labor	Wage payment security bond
Land Control Board	Land purchase (non-Swazi) (optional)
Registry of Deeds	Register of deed to land (optional)
Ministry of Labor	New building permits (optional)
Ministry of Finance	Import permits

Table 5-1 (continued)

Swd. Electricity Board	Electricity service
Water & Sewerage Board	Water and sewerage service
Director of Post & Telecommunications	Telephone service
Commissioner of Taxes	Registration of motor vehicle
Swd. Royal Insurance Co.	Workmen's Compensation Insurance
Central Bank	Tax (10%) on interest paid on external capital borrowed, if any
Central Bank	Royalty's Payments, if any
Ministry of Labor	Registration of employees
Ministry of Labor	Individual contracts of employment
Commissioner of Taxes	Payroll tax registration
Ministry of Finance	Certificate of qualification for new manufacturing tax holiday concessions for 5 years if any, (2)
Ministry of Finance & Commission of Taxes	Application for training subsidies, if used
Central Bank	Local capital raising
Central Bank	Registering of any securities being offered
Ministry of Labor	Agreement on severance allowances
National Provident Fund	Pension contributions.

Table 5-1 (continued)

B. During & End of Year

Registrar General	Annual audited statement
Registrar General	Annual licence renewal
Commissioner of Taxes	Annual Tax return
Commissioner of Taxes	15% Dividends Tax
Commissioner of Taxes	Licence to tender to GOS
Commissioner of Taxes	Tax clearance certificate (3)
MCIT	Export licenses
Customs Dept. MOF	Export clearance
Commercial Bank	Clearance of payments on exports
Ministry of Labor	Libandla committee
Royal Family and Chiefs	Services as requested
MOAC Vet Dept.	Food Safety inspection

- (1) Swaziland Commercial Amadoda licenses business which are 100% Swazi owned if on SNL lands. Licenses for fruit and vegetable stalls in municipal markets are issued by the respective municipality.
- (2) Reportedly granted one time only to the first entrant for a given product line and only available to a non-Swazi investor
- (3) Required for approval of any transfer of ownership of a registered business.

A few countries with successful agribusiness development programs have alleviated bureaucratic requirements by centralizing all steps through one office. The concept is that of a "one stop service" for business start-ups. End-of-year reporting and annual renewals thereafter usually remain under existing ministries and agencies. Such a coordinating office could make all of the required forms available, assist with completion of forms in priority order (except for forms requiring legal counsel) and provide guidance to the proper offices for each activity for Swazi and non Swazi-investors.

- b. Insufficient indigenous private sector capabilities and experience to identify and evaluate potential opportunities or to initiate, manage and operate agribusiness.

The essential commercial skills required for managing an agribusiness enterprise include finance, accounting, selling on credit, income and profit, and costing. These skills are often limited in Swaziland to higher education graduates who have little on-the-job experience. Large scale agro-industry projects are often initiated, managed and operated by imported management. These businesses encounter difficulties in finding qualified middle managers and technical staff who can be prepared to rise to upper management positions. Further, the dependence on foreign marketing infrastructure has tended to limit Swazi entrepreneurial and management opportunities. These factors have hampered the growth of a Swazi middle and upper management cadre and indigenous enterprise development.

This constraint will be addressed by using short term technicians to assist in preparing seminar materials on the "management and decision making process" and on "training prospective agribusiness entrepreneurs." These prepared materials will be used to conduct one or more seminars (1 to 5 days) of each kind. One-day seminars also would be used to help identify opportunities for business expansion. The seminars will be repeated several times if the post-mortem evaluations prove their merit to the participants.

- c. Limited access to credit for smaller agribusiness enterprises.

The development of smaller agribusinesses is constrained by lack of financing, restrictive loan terms and the limited availability of equity. Lending and equity participation are primarily available only to large foreign operators. Smaller agribusiness enterprises are largely unable to get credit. Small, women-owned firms face even greater constraints, arising from the Anglo-Dutch legal system, than others. Obstacles to credit include:

- High interest rates (currently 24 to 26%) above prevailing rates offered by the banks to foreign-owned agribusinesses;
- Pay-back schedules not related to seasonal cash flows common in agribusiness;
- Short-term, low loan values against collateral available which force pay-back out of principal rather than from profits. Forced pay-backs before due dates usually do not include discounts;

- High collateral requirements (150% of loan value);
- Little assistance in preparing loan applications in loan management or monitoring cash flow and repayment schedules.

Meetings with the managers of the commercial banks in Swaziland indicated a high degree of liquidity for making commercial loans but little interest in extending credit for smaller agribusinesses at any loan rate. This is due to fear of losses and unwillingness to accept the collateral available from such businesses. Two banks would review applications for working capital loans in agribusiness but would do so only when cattle were offered as security by small-scale agribusinesses. If an expatriate were a majority participant in the business the working capital loan required a joint and several personal guarantee of all participants in addition to the cattle owned by Swazi participants. One commercial bank indicated that the common stock of the agribusiness company could be used as collateral if the individual Swazi investors would form an "investor syndicate" and provide proportionate personal guarantees for any losses on the loan. In this case, cattle as additional collateral would not be required.

Interviews with agribusinesses did not indicate farmer credit as a major constraint except for the farmer without titled land or cattle. MOAC studies have found that access to credit by farmers on SNL has not been a significant constraint. However, our interviews with prospective local investors and representatives of SIBACO and Commercial Amadoda indicated a severe credit constraint. Credit for establishment of new agribusinesses, even at interest rates above 25% per annum, are reportedly difficult to arrange.

It is recommended that short-term TA evaluate agribusiness financing, including credit availability, interest rates, required business margins, and rates of merchandise turnover. GOS counterparts and short-term TA also could review Central Bank policies and suggest remedies if problems are found. If the hindrance is a combination of lending factors, as appears possible, the study could recommend methods of training agricultural loan officers in banks and prospective investors in preparing business plans, margin evaluations and cash flow analyses so that their creditworthiness is more apparent.

During interviews with the private sector, some concern was expressed about the legal rights of minority ownership in agribusiness. If the minority interest is expatriate, there were indications that Swazi Traditional Law prevailed in legal matters. Conversely, if the minority interest represents Swazi investors, then Anglo-Dutch legal rules prevail in disputes arising from minority positions. This may not be a serious constraint. However, this concern is illustrative of technical and policy issues which will be assessed as part of this project with recommendations for alternative changes to be considered.

- d. Lack of promotional programs to attract entrepreneurs to agribusiness.

The GOS has successfully attracted several foreign agribusiness companies who have imported management, technology, and capital for large-scale processing and manufacturing operations. These enterprises range from agricultural machinery manufacture to fruit canning. Such successes have been due in part to the efforts of MCIT and SIDC. Small-scale agribusiness technology and

management, however, has been largely ignored. With the exception of butcheries and a few small-scale maize hammer milling businesses, very little Swazi enterprise development has taken place. This may be due primarily to the absence of an organized GOS promotional effort aimed at stimulating smaller scale agribusiness enterprise development.

This constraint will be addressed by nearly all aspects of the CAPM Project. Long-term TA, short-term TA, short-term training, and commodities will focus on stimulating smaller scale business persons to expand their involvement and activity levels in commercial agriculture.

e. Other constraints to agribusiness

Several other constraints were identified during the sample survey of agribusinesses or gleaned from discussions with prospective investors. It was the opinion of GOS ministries and the project team that these constraints were less significant than the four constraints discussed above. However, they will require further evaluation during the project. These constraints include, but are not limited to:

- Farm-to-market small vehicle transport--demand, availability, cost, frequency, speed, quality, reliability and refrigeration;
- Lack of all-weather farm-to-market feeder roads;
- Collection and storage locations for less perishable raw farm products;
- Systems to condition or conserve perishable raw farm products for a short time period at assembly locations to await collection and removal;
- Restrictive licensing procedures for new agribusinesses related to location or prior concessions.

5. Ministries and agencies involved in agribusiness constraints

The point of intervention of the primary constraints addressed herein is shown on Table 5-2. Some constraints may involve only two or three groups while improved inter-ministerial coordination relates to all ministries and agents.

6. Beneficiaries of reduced constraints

The output from analyzing the primary constraints will affect all commercial farmers and different components of agribusiness as shown in Table 5-3. Most of the direct benefits of the project will accrue to smaller commercial farmers and agribusiness enterprises. Larger commercial farmers and other agricultural businesses also will benefit. In addition, indirect benefits will accrue to consumers by providing additional employment as well as a more efficient food production and delivery system.

TABLE 5-2 GOS MINISTRIES AND AGENCIES INVOLVED IN AGRIBUSINESS CONSTRAINTS
 AGRIBUSINESS CONSTRAINTS

<u>POINT OF INTERVENTION</u>	IMPROVED INTERMINISTERIAL CONSIDERATION	MINISTERIAL CAPACITY	MANAGEMENT TRAINING	CREDIT AVAILABILITY	INVESTMENT PROMOTION	MARKETING INFRASTRUCTURE	CROP DIVERSIFICATION
MOAC	X	X	X	X		X	X
MICT	X	X	X	X	X	X	X
MOF	X		X	X	X		
MOE	X		X				
MNR	X						
SIDC	X	X	X		X	X	
SDSB	X		X	X	X		

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TABLE 5-3 POTENTIAL BENEFICIARIES FROM REDUCING AGRIBUSINESS CONSTRAINTS

<u>BENEFICIARY</u>	<u>AGRIBUSINESS CONSTRAINTS</u>						
	<u>Improved Interministerial Coordination</u>	<u>Ministerial Support capacity - MOAC MICT</u>	<u>Management Training</u>	<u>Credit Availability</u>	<u>Investment Promotion</u>	<u>Marketing Infrastructure</u>	<u>Lack of crop diversification</u>
Small scale commercial farmers	X	X	X	X	X	X	X
Input supply	X	X	X	X			
Domestic Marketing	X	X	X	X		X	X
Export marketing	X	X	X		X	X	
Processing	X		X		X		X

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7. Potential agribusiness opportunities

a. Brief description of potential opportunities

The GOS has identified projects in agribusiness, marketing, input supply and other areas it believes have high potential. These projects grow directly out of its subsector strategies and workplans. A detailed list of these projects from MOAC and MCIT includes the following:

Livestock

- Economic analysis of costs for stocking cattle on fattening and sisa ranches
- Short-term livestock assistance to MOAC
- Establish a national livestock marketing system
- Small scale cattle feeding schemes
- Establish a grazing management policy for SNL
- Use forage and crop by-products in livestock production
- Establish a cooperative cattle ranching scheme

Crops

- Seedstocks and agricultural inputs for introducing various crops
- Prepare visual-only bulletins, e.g. on marketing
- Describe grades and standards and codify
- Define grades, standards, and allowable pesticide residues for domestic and import-export crops
- Prepare agricultural video tapes for national television and extension
- Vehicles and computers for research
- Vehicles and computers for National Subject Matter Specialists (in marketing and agribusiness)

Agribusiness

- Feasibility of establishment of a hides and skins tannery in Swaziland
- Develop improved agricultural credit programs
- Fish meal for livestock and poultry feed
- Small-scale charcoal and wattle-bark production
- Medium-scale fuel briquettes (maybe combined with industrial charcoal production for export)
- Small-scale unit for collection and conditioning of waste-paper (may also include cotton lintels and textile cuttings) for sale to big paper mills
- Produce toys, accessories and home decorations as sideline by furniture makers or specialized woodwork shop
- Produce standardized school furniture and educational equipment
- Small and medium-scale production of jam, marmalade, pickles, sweets, juices, etc.
- Extraction of essential oils (aloe, lemon grass) for export
- Small-or medium-scale production unit for stationery for schools and offices (exercise books, envelopes, note-books etc.)
- Produce bakery yeast;

- Produce roofing and other building materials from asbestos and vegetable fibers
- Small or medium-scale unit for production of leather goods for tourists
- Hand-loom weaving for export
- Machine-embroidery and sequence sewing on women's clothing for regional and export markets
- Small-scale enterprise for drilling and maintenance of water bore-holes and wells
- Small-scale production of mattresses and pillows from textile/cotton-waste, duck and chicken feathers, etc.
- Preservation and dehydration of vegetables
- Gums and resins
- Alcohol from molasses
- Honey

Ancillary industries -(import substitution)

- Usutu Pulp
- Sugar
- Inter-Board

Textiles

- Cotton made ups
- Garments

During the sample survey of the agribusiness industry of Swaziland and other field investigations in May 1988, numerous additional agribusiness investment opportunities were identified by private sector individuals or firms. The opportunities below represent smaller agribusiness enterprises employing 5 to 50 persons that have some potential to be profitable in the country.

- Produce and package snack food (using maize meal)
- Establish low-cost vegetable storage and distribution facility
- Produce and bulk package selected vegetables (using individually quick frozen method)
- Establish a small-scale fertilizer bulk blending plant
- Poultry processing enterprise
- Popcorn processing and packaging enterprise
- Hide and skin collection
- Protein supplements and mineral mixes or blocks
- Micro propagation of selected planting materials
- Soybean and sunflower processing
- Assembly of components for small hand tools or oxen drawn equipment
- Conserve vegetables by brine solutions for holding until further processing
- Repackage selected animal health products purchased in bulk into small farm package sizes
- Process specialty products such as guar, aloe vera, marigold, etc. for export markets
- First-stage processing of medicinal herbs and wild plants
- Prepare hides and skins with hair on for rugs, wall hangings, etc.

8. Business opportunity profiles

The CAPM agribusiness TA specialists assigned to MOAC and MCIT and their counterparts shall identify and assess smaller-scale agribusiness enterprise opportunities. Their potential will be arrayed against criteria supportive of national goals, priorities in the development plans of MOAC, the availability of agricultural raw materials, gains likely to be possible from reducing constraints, and the potential for entrepreneurial interest.

Based on this screening process, each ministry will review these business opportunities according to their respective priorities. Between five and eight opportunities will be selected by the Inter-Ministerial Working Group for development of "business opportunity profiles" to be used in an business promotion program to attract potential entrepreneurs.

The investment profiles will be based on pre-feasibility studies. These studies will be carried out in sufficient detail so that the profile can include the following information:

- Brief description of potential enterprise;
- Estimated output, investment requirements and profitability;
- Available markets and raw material supplies;
- Estimated number of employees and degree of skills required and available;
- Managerial and technical requirements and availability;
- Key economic variables for success i.e. unit price, yield, volume, labor costs, facility costs, etc.;
- Potential location site(s).

When completed, these profiles could be promoted by GOS or through SIDC among potential local entrepreneurs and those in other countries. In most cases, interested respondents to these profiles will want to conduct complete feasibility analyses of their own before making a final decision on whether to go forward.

The TA specialists and their counterparts can provide guidance, if requested, to the investor in obtaining the necessary information. Guidance to the appropriate ministries and institutions who can furnish the required information, for example, could be given.

9. Potential beneficiaries of business opportunity profiles

The potential beneficiaries from the preparation of business opportunity profiles are shown in Table 5-4. None of the potential agribusiness opportunities identified will benefit every subsector group to be served by this project, but all groups will benefit from the portfolio of opportunities to be developed under the CAPM Project.

TABLE 5-4 BENEFICIARIES OF POTENTIAL AGRIBUSINESS OPPORTUNITIES

<u>BENEFICIARIES</u>	<u>POTENTIAL AGRIBUSINESS OPPORTUNITY</u>							
	<u>Vegetable Storage</u>	<u>Poultry Processing</u>	<u>Soyabean Processing</u>	<u>Snackfood Extrusions</u>	<u>Assembly of farm tools components</u>	<u>Poncorn processing</u>	<u>Fertilizer bulk blend</u>	<u>Micro propagation</u>
Smaller commercial farmer	X	X	X		X	X	X	X
Input supply			X		X			X
Domestic marketing	X	X		X			X	X
Export marketing		X				X	X	X
Processing		X	X	X		X	X	X

X Yes.

100

10. Specific agribusiness projects

The CAPM agribusiness TA specialists and their counterparts will help support private entrepreneurs in establishing or expanding agribusiness enterprises during the project. For example, specific projects will be selected from the business opportunity/investor profiles or from other well-planned agribusiness opportunities that may be presented by private individuals or groups. These projects will provide "hands-on experience" for policy and program analysis and adjustment and will be representative of the real conditions that are encountered. As such they will provide valuable information for designing the Phase II project.

11. Implementation

a. Current issues for long-term TA specialists

Examples of current issues that the long-term agribusiness TA specialists may consider undertaking in the project are: 1) assisting in the location of working capital for CCU using a 5 to 7 year revolving working capital loan; and 2) assisting in restructuring the Swaziland Dairy Board.

CCU has facilities and a management group which appears to be hampered by the lack of working capital to purchase farm inputs and distribute them to depots and primary societies for farmer purchases on a timely basis. Most international donors have limited funds for use as working capital.

CCU should approach the private sector affiliates of the African Development Bank for a revolving working capital loan for a 5-to-7 year period. The amount of money needed each year would be renewable annually for the agreed time period, if repayment of the amount borrowed was made before the end of each year. Any deficiency at year end would reduce the amount of credit available for the following year. Any possibility of a net shortfall at the end of the loan period probably would require a GOS guarantee.

The Swazi Dairy Board reportedly is losing money even though protected by a monopoly position on imports of milk powder for reconstitution, cheese, butter, ice cream and other dairy products. CAPM TA specialists with their counterparts could, for example, analyze each component of the SDB for profitability. It may be necessary to enter into a private sector management agreement for certain components and continue GOS support for components that may involve GOS development goals. This activity would involve knowledge of partial divestment, contract negotiations, reorganization of the capital and management structure, solicitation of private investors, a revision of the business plans and monitoring of results against plans.

b. Other issues affecting agribusiness in which long- or short-term TA specialists may participate

- o Effective use of tax holidays in attracting new agribusiness; i.e., the value of a new company, competitiveness with other similar countries, length of time covered and number of permits issued for each product/group of products;

- Procedure for selecting directors for parastatal boards, professions of the nominees and the process of decision making by members of the board;
- Selection of management for parastatals, including qualifications, responsibility for implementing decisions of the board of directors, responsibility for performance against objectives of the parastatals and performance incentives/penalties;
- Review of procedures in parastatals to ensure compliance with the intent of the enabling legislation for them;
- Interrelationships of price controls, monopolistic production concessions, import permits and import substitution on selected food products like maize, dairy products, bread and sugar.

c. Schedule of proposed activities for the long-term TA specialists

Proposed subjects for the long-term TA specialists in agribusiness management are identified in Table 5-5 with a proposed time frame. This framework represents a guide line which can be adjusted or amended as needs become more specific or new ones are identified.

d. Schedule of proposed activities for short-term TA

The project recommends a number of specific activities that will require short-term TA. This assistance will be provided subject to confirmation by USAID/S, the GOS and the CAPM Project Chief of Party and after preparation of a specific scope of work. The preliminary activities, estimated person months required and the proposed scheduling for such short-term TA efforts are presented in Table 5-6. The proposed scheduling can be adjusted to need and priority by the CAPM team working with USAID and the GOS. Some of this short-term TA may be subcontracted in Swaziland or in the region.

Important aspects of the short-term TA proposed are the management and decisionmaking seminar and the entrepreneurial training sessions. Both should be open to all interested parties; but special efforts will be made to select participants (especially women) for each session to achieve a mixture of various ministries, companies and professions in order to encourage inter-linkage and understanding of respective interests. It also is recommended that attenders of each activity complete an evaluation report so as to improve the contents presented and to estimate potential interest in planning additional sessions.

12. Monitoring and evaluation

The activities of the agribusiness TA specialists will be monitored for performance against objectives. Three internal reviews are planned during the project. The final external evaluation will be done in the last year of the project. The specialists should prepare a progress report every 6 months, to include activities completed and events in progress and planned, for discussion with designated parties.

Table 5-5

Schedule of proposed activities for the LT/TA

Proposed subjects for the LT/TA in agribusiness management are identified below with a proposed time framework. This framework represents a guide line which can be adjusted or amended as needs become more specific or newly identified:

Activities	Schedule of activities - LT/TA			
	Year 1	Year 2	Year 3	Year 4
Meetings with the private agribusiness sector to discuss constraints	-	-	-	-
Respond to agribusiness enquiries by potential investors	-----	-----	-----	-----
Liaison with other LT/TA's, ST/TAs and counterparts	-----	-----	-----	-----
Provide assistance in analysis of changes in policies and programs	-----	-----	-----	-----
Supervise management seminars and entrepreneurial training	-----	-----	-----	-----
Present promotional aids to potential agribusiness prospects	-----	-----	-----	-----
Organise and conduct periodic agribusiness tours in SADCC region	-----	-----	-----	-----
Assist in establishing pilot agribusiness entrepreneurs	-----	-----	-----	-----

Table 5-6 Schedule of activities - ST/TA

<u>Activities</u>	<u>Person Months</u>			
	<u>Year 1</u>	2	3	4
Management and decision making seminar	2.0	1.0**		
Entrepreneurial Training and Promotion Aids		2.0		2.0*
Specific agribusiness financing problems	2.0*	1.0	1.0	
Prefeasibility Analyses	1.0	1.0	2.0*	1.0
Investor Promotional Aids				
Incountry preparation			1.0	
External preparation			1.0	
Pilot Enterprise Program				
TOTAL SHORT TERM MONTHS	5.0	4.0	5.0	4.0

* Swaziland T/A could be used.

13. Outputs

The project will result in several outputs including the following:

- Increased inter-ministerial coordination on agribusiness policies, issues and reduction of constraints;
- Improved GOS policy, programs and business climate for the input supply system to smaller-scale commercial farmers;
- Increased access to and information concerning Swaziland financial and credit policy available to indigenous smaller scale commercial farmers and agribusiness enterprises;
- Improved business environment as perceived by entrepreneurs in considering initiation of a venture;
- Increased information and assistance available concerning agribusiness opportunities, investments and profitability.

14. Inputs

a. USAID

(1) Long and short-term technical assistance

Budgets for long- and short-term TAs were based on the implementation schedules presented in Tables 5-5 and 5-6. Dollar amounts are provided in detail in Chapter III, "Cost Estimates and Financial Plan," and in Annex 9.

(2) Commodities

The project budget includes vehicles for the long-term TA specialists, office support equipment and supplies for them, and computers for them and their counterparts.

(3) Training

(a) Out-of-country

The project budget includes funds to provide for taking groups of current, potential and prospective Swazi agribusiness entrepreneurs to visit businesses of the type and size of their respective interests in third countries. Through these trips they would acquire a better understanding of how different enterprises are managed and operated, including marketing, purchasing, production and promotion, information on investment requirements and profit potential. Additional funds are provided to enable Swazi private and public sector individuals to participate in selected short-term training opportunities abroad.

(b) In-country

The project budget includes funds to cover in-country expenses associated with seminars and training sessions. This budget will cover facility rental, travel, accommodations and meals if required and miscellaneous directly related costs. It also could cover expenses related to organizing and promoting tours of local agribusinesses to observe first hand the many facets of organizing and managing a small agribusiness based on the experience of existing enterprises.

b. GOS

The GOS inputs will include counterparts and other staff time, office space for TA specialists, housing, participant trainee travel costs, and funds for improving UNISWA teaching facilities.

B. Agricultural Marketing

1. Objective

The present project, in addressing the constraints which impede the effective functioning and growth of the domestic and export marketing system for agricultural products, builds upon strategies recently defined and adopted by the MOAC. These strategies are spelled out in two MOAC documents: Subsector Strategies for Agricultural Development in the Kingdom of Swaziland, interim report of October 23, 1987 and Workplans for Subsector Strategies, Agricultural Development in the Kingdom of Swaziland, of March 10, 1988. They deal with technical and management constraints which obstruct the growth of the livestock, crops and agribusiness subsectors.

In addition, the present project proposes a number of complementary activities designed to support, strengthen and augment the strategies postulated by the above mentioned documents. These complementary activities are designed to further strengthen the capacity of both the public and the private sectors in the Kingdom of Swaziland to deal with the constraints in agricultural marketing.

2. Constraints to effective marketing

The constraints in agricultural marketing which the present project seeks to overcome will be dealt with under broad headings which facilitate their analysis and the search for remedies. These headings are:

Structural Constraints

- Smallness of the market
- Economic dependency on the R.S.A.
- Distance to European, Middle Eastern and Asian Markets

Technology Constraints

- Physical production and distribution/consolidation
- Information, coordination, management

Entrepreneurship and Risk-taking Constraints

- Individual
- Cooperative

Financial Constraints

- Inaccessibility to credit
- Poor repayment performance of borrowers

Legal and Institutional Constraints

- Decision-making process to avoid arbitrariness of governmental policy and interventions
- Shortage of personnel with requisite skills for important technical functions
- Ill-defined standards, regulations

Infrastructure constraints

- Insufficient transport, domestic
- Insufficient transport, export
- Storage and refrigeration
- Communications
- Water, electricity

Some of the above indicated major groups of constraints are illustrated on the following pages by specific examples. These examples will then be generalized into illustrative activities in the present project.

a. Example of constraints

(1) Smallness of the market

Twenty-five members of the Central RDA irrigation scheme at Mbekelweni grow citrus and various vegetables on about 12 hectares of land and sell their produce to traders at the Manzini town market. There is enough good land and water to substantially increase their output. However, they are reluctant to do so, not being sure whether the market could absorb the additional production without depressing prices.

(2) Insufficient transport

A small SNL maize farmer (widowed), near Motshane (north of Mbabane), grows mainly for subsistence but sells some maize within her close neighborhood. She thinks she could grow more, but then she would encounter problems with transport to a larger market.

A middle-sized expatriate dairy farmer declares himself willing to work with a few SNL farmers, helping them in production and taking their milk, together with his own, to the dairy plant. However, the potential SNL candidates lack the transport needed to deliver their milk to his farm and he himself cannot afford to render this service to them gratuitously.

A group of 25 small vegetable farmers on an irrigation scheme could make use of a three-ton truck, but find the price (about E25,000) more than they can afford; credit at a reasonable cost is not accessible.

(3) Absence of cooperative attitudes among small farmers

Simon Williams in 1983 visited the Vuvulane Irrigated Farms project organized and supervised by CDC. He found that, 21 years after the inauguration of the scheme, the small farmers of the projects still try to individually market their garden crops. As Williams observes, "one gets an image of a vigorous, economically self-sufficient venture waiting to be developed, but without the necessary leadership to convert the concept to a practice."

The above examples illustrate the actual impact of constraints on real-life situations and give a sense of the disadvantages under which the Swazi agro-industrial economy labors. The present project is designed to start a process of progressive elimination of these disadvantages.

3. Project activities/inputs

From illustrative examples we turn now to a systematic exposition of type and scope of activities to be pursued under CAPM in the domain of marketing.

a. Assistance to GOS and interested private sector organizations in techniques to analyze the Swazi market

Analyzing the Swazi market for specific commodities will provide a basis for developing program options and in facilitating development of market channels for individual farm products. This activity will include assistance in 1) developing descriptive diagrams of market channels for the most important groups of commodities; 2) quantifying these channels in terms of number of participants and volume of throughput (annual, seasonal, etc.); and 3) estimating the value added and margins which accrue to the participants at various stages, as the farm products move through assembly points toward final consumers.

b. Assistance in preparing and conducting field surveys

CAPM TA specialists will help develop interview and/or questionnaire techniques which will allow the GOS and interested organizations to maintain working contact with each participant group in the above described marketing channels. These contacts are needed to give market participants a chance to identify perceived constraints and to air their ideas of possible improvements in the system.

CAPM TA specialists will also cooperate with MOAC's marketing department. They will help carry out scheduled tasks such as projections of the composition of the domestic demand for foods and the relative shares of plant products as compared with animal products. Such analyses and projections will provide indications of where the future marketing opportunities will lie. TA specialists also will assist, through periodic workshops, the GOS and private sector in understanding the benefits of a systems approach to marketing; i.e., analysis of a complete marketing channel system for various commodities of importance to Swaziland. This approach helps to identify issues, define options and rationalize decision making.

c. Assistance in improving cooperative and private trading channels

The strategy here is to encourage increasing numbers of farmers via CAPM marketing activities to expand commercial production. Swaziland has 55,000 to 60,000 homesteads out of which some 17,000 to 18,000 are commercial or semi-commercial. Most of them grow the country's most important crop, maize, and are engaged in livestock production. Potatoes and other fresh produce constitute items of some importance, as do cotton, sorghum and pulses.

The magnitude of the production expansion needed can be illustrated by the rough estimates that, in some years, about one third of maize and more than half of fresh produce consumed in Swaziland is imported. This situation is imminently correctable in a country where an overwhelming majority of population is rural.

The strategic question is: "How can CAPM most effectively assist the nearly 20,000 commercial and semi-commercial farms (and others that would like to become commercial) with the project resources available?"

(1) Networks of farmer groups

One means is to act through networks of farmer groups. For example, there are networks of farms endowed, under an IFAD smaller scale irrigation project, with the physical amenities needed to produce and market produce. Some of these groups of farmers produce some horticultural crops on relatively small irrigated plots; all the farmers are engaged in dry-land culture of maize and other crops, and livestock raising.

There are 14 farmer groups in this IFAD project. They are spread over the country. TA provided to this substantial "pilot network" of farmer groups will have a demonstration and education effect throughout Swaziland. Results will reach a large proportion of commercially oriented small and middle-size farmers.

(2) Cooperatives

It also is desirable to endow smaller farmers with alternative marketing channels which increase their bargaining power in the market and, eventually, their income. This alternative channel has been provided traditionally in most free-economy countries by farmers' marketing cooperatives. Such cooperatives can, if further developed, play an important role in Swaziland as well.

To avoid errors of over-optimism, it must be recognized that the skills and commercial judgement of small-farmer marketing cooperatives, like those of newly emerging small-scale businesses, require much effort and patience to develop. The process must deeply involve truly interested farmer members. Where this is not the case, the CAPM private sector oriented approach is unlikely to work well.

In this project, activities involving cooperatives will be undertaken in situations where member control, management and financing of cooperative activities is assured. Hopefully, additional societies will, in time, grow sufficiently to employ their own managers and other employees. Cooperative management and staff should be selected by, and exclusively responsible to,

the membership of the cooperative society, according to the bylaws of each particular society. The CAPM Project adopts the principle that the functions of the civil service or academic personnel (from MOAC, CODEC, UNISWA, etc.) should be limited to motivation, advice and training in commercial procedures, accounting, techniques of packaging, etc. Public sector intervention in the management and decisions of cooperative societies should be limited specifically to legally prescribed regulatory functions, such as supervision, audit, etc.

The activities of the public sector personnel, to be assisted by the present project's long- and short-term TA, will include work with smaller farmers. Such work will include motivation and instruction in purposes of cooperation; advantages to be expected; and attitudes necessary for cooperatives to function. It also will include evaluation of particular cooperative societies from the points of view of 1) their capability to perform marketing functions, and 2) their potential economic strength and volume of output. Could a particular cooperative ever grow sufficiently to warrant the employment of a marketing manager, or must it use another solution for the management of its affairs? Could it ever afford to have its own transport? These investigations will be related to, and coordinated with, the other market analyses indicated above.

Experience from all over the Third World shows that the formation and development of cooperatives is a task which cannot be performed in haste and under pressure. To try to do so, would be a sure guarantee of failure and would discredit for a long time any future attempt, even if subsequently undertaken wisely and with due deliberation. Accordingly, the type, quality and timing of technical assistance under the heading of cooperative marketing by smaller commercial farmers must be scheduled with utmost care. Early TA activities will focus on how best to organize farmers to perform basic functions of marketing efficiently and how to coordinate production and marketing.

Tasks to be performed by long-term TA which will be related to cooperative endeavors will include:

- Evaluation of the state of willingness of farmers to engage in cooperative marketing;
- Evaluation of technical, communication and quantitative skills and the numerical strength of the personnel of CODEC and MOAC for cooperative promotion, training and advice to fledgling cooperatives; evaluation of the extent to which all important aspects of cooperative strengthening work are covered by the human talent available;
- Preparation of plans for continuing on-the-job training and improvement of cooperative employees;
- Preparation of plans and budgets for following years' activities.
- Preparation of promotional and training materials, printed, audiovisual, etc.

Later in the project cooperative promotion and organization will be pursued. Short-term TA visits will be used to evaluate the results achieved.

CAPM TA specialists and their counterparts will conduct several test (pilot) cases of marketing operations. These pilot activities will cover all the main possibilities of the choice of marketing channels-- cooperative to hawker or wholesaler's buying agent; cooperative to urban market (e.g. Manzini, Mbabane, Mahlanya, etc.); cooperative to National Agricultural Marketing Board's warehouse in Nokwane and any other realistic channels. Each operation will be described and analyzed to identify its strong and weak points. Lessons learned will become material for further training of cooperative members and personnel.

Undertaking a study of the possibility of establishing a cooperative sales agency at the National Agricultural Marketing Board's wholesale market at Nokwane will be considered. There are three agents who make the market at Nokwane produce market (at least one of them is a subsidiary of a South African produce company). There is some evidence that when these agents take ownership positions in the produce they sell, they do not adequately represent smaller commercial farmers who provide the agents with produce on consignment. Thus, it is not clear that the agency structure leads to a fully competitive situation and guarantees to a smaller farmer grower the best possible return on his product. An additional agent directly representing smaller farmer marketing cooperatives could conceivably improve the bargaining powers of its members.

The study would, of course, consider the economics of the possible agency operations to ascertain whether the probable volume of business could support the cost of agency operations. An equally important aspect of the study would be to ascertain whether individuals of sufficient competency, integrity, energy and drive could be found to assure the commercial survival of the agency and the desired services to its member cooperatives.

d. Livestock Marketing

Technical assistance in the field of marketing of livestock and livestock products requires special resourcefulness and innovative thinking because cattle play a special role in Swaziland. Cattle numbers are a major indicator of wealth and well-being and thus their sale for slaughter is not purely an economic decision. CAPM efforts will be to assist in improvement of livestock marketing channels while bringing market forces more into play. Such improvements should stimulate more economic practices, without violence to the traditional value system.

4. Export Marketing

a. Trade within the SADCC region

The unsettled situation in Mozambique makes it difficult to analyze and evaluate in full detail that market as a potential outlet for Swaziland's produce. It is, however, certain that buyers from Mozambique often visit Swaziland in search of produce. While no records of quantities traded and prices are available, it seems that profits often are more favorable to Swazi growers or middlemen than those that can be realized on shipments to RSA. The future of the agricultural exports to Mozambique probably will depend on

politico-economic developments in that country. That market merits close watching and continuous evaluation by Swazi exporters. It is not certain that the high Mozambican demand for Swazi products will continue if the internal struggle in Mozambique subsides and that country's farm production recovers.

The relatively open border with South Africa, a result of the common Customs Union of southern African countries (including Botswana and Lesotho), has had until now a depressing result on Swaziland's smaller commercial farmers. Regulations, subsidization, institutional limits, higher productivity, better organization and economies of scale of South African farming and marketing of farm products have given it a distinct advantage over Swaziland's agricultural sector. By way of contrast, Swaziland has a smaller volume of product, dispersed production, low productivity, uneven product quality and lacks established marketing channels. As a result, the balance of trade in such important commodities as maize and horticultural products is almost entirely in favor of South Africa. During the lowest-production period (March - May, 1988) about 95% or more of the produce in the central warehouse of the National Agricultural Marketing Board at Nokwane (serving the country's most populated urban corridor Mbabane - Manzini) was of South African origin.

And yet, the variety of climatic zones in Swaziland, as well as the numerous good production sites and reasonably adequate manpower, provide, even now, some opportunities. And, more potential could be developed to achieve a better trade balance. To cite a few examples of current shipments to RSA:

- Occasional table tomatoes and more often tomatoes for the cannery in Malalane, Eastern Transvaal, RSA;
- "Green" (sweet) maize to Durban;
- Occasional potatoes for the fresh market; regularly potatoes to potato-chip plants in Eastern Transvaal and in Natal, RSA;
- Occasional sales of various vegetables during the off-season in South Africa.

Potential exists for a significant intra-regional trade in southern Africa. Only a very small fraction of this potential has been activated up to now. If the political climate of the region improves, opportunities will become easier to exploit.

Swaziland has actual and potential marketing relationships with four agricultural production regions in South Africa: Eastern Transvaal, Orange Free State, Natal Midlands and Northern Cape. Knowledgeable observers maintain that the differences in seasonality among these regions create potential "windows" for Swazi produce. The volume of produce that could flow through these windows--at least a few thousand additional tons--would make a significant difference in the incomes of producers. The discipline of reliable supply and quality required to place Swazi produce into the sophisticated market of South Africa would stimulate modernization and better organization of marketing channels for both the domestic and export markets of Swaziland.

CAPM TA specialists and their counterparts will look at constraints to regional exports and examine government policies and programs to identify ways to reduce them. They also will help determine the best manner in which growers and growers' organizations, as well as traders interested in the exports within the region of Southern Africa, could be organized for promotion, expansion and quality maintenance of export shipments within the region. Mechanisms will be developed for identifying businesses (persons, firms or cooperatives) qualified and ready to lead in coordinating growers for timely shipments of economic size. Such entities--firms or individuals--will be marketing "channel captains," organizing and operating a system for marketing particular commodities.

Pilot trading, both single trades and "deals", will be followed from beginning to end under the operational authority of a channel captain. Circumstances and experiences surrounding these selected shipments (preferably ones of combined origins) will be described and analyzed. Efforts will be made to disseminate these results to the industry, MOAC, and other interested entities.

In carrying out this work, the advantages of the participation in trial or special shipments should not be unfairly restricted. Rather, they need to be open to any individual, firm or organization willing to participate in the effort and risk and to comply with the operational discipline required for successful exporting.

MOAC is currently undertaking a program of establishing grades and standards for important horticultural crops. Accordingly, what is required in this area is close collaboration with MOAC. CAPM TA specialists may assist MOAC in the establishment of minimum standards of grading, sizing and packaging to make Swazi produce acceptable to foreign markets. A voluntary quality-policing system will be established so the reputation of Swazi produce does not suffer in the eyes of foreign buyers and consumers.

b. Trade with overseas markets

(1) Traditional export products

Four major groups of agricultural products represented, during the 1981-1986 period, nearly half of all Swaziland's exports. They were as follows:

Commodity	1981 - 1986 Average share of Total Exports
Sugar	37.1%
Citrus	4.8%
Meat & Meat products	1.7%
Canned fruit	5.6%

	49.2%

Among these products, the marketing of sugar and canned fruit (pineapple and citrus), is handled by those who also process the products. In view of the state of world market for sugar, it is doubtful whether smaller farmers should try to organize themselves as suppliers of cane for processing. In the case of retrenchment of production, they would be the first ones to suffer.

With regard to processed produce (canned, etc.), there could be an advantage in investigating how to induce the processor to contract with small farmers to organize themselves, singly or in groups, as suppliers. Such a process would put, at the beginning at least, some technical and management burden on the processor. Accordingly, consideration could be given by the GOS to granting the processor some temporary fiscal incentives with regard to that fraction of his raw material which he buys from smaller farmer suppliers.

Export marketing of meat and meat products was undergoing a reorganization at the time of preparation of the present project (May/June, 1988). On May 31, 1988, The Times of Swaziland announced the forthcoming creation of a consortium consisting of Tibiyo, Commonwealth Development Corporation (CDC), Lorrho Sugar Corp. and Swaziland Industrial Development Corporation (SIDC). The consortium, according to the newspaper, will take over the business of former Swaziland Meat Corporation, the country's sole meat exporter. Whether this change of ownership in meat processing and marketing will create opportunities for intermediate marketing of cattle on the smaller-farmer level remains to be seen.

In the area of traditional export products, the tasks of the long-term TA specialist in marketing will be to:

- Monitor demand for meat and fresh citrus and watch for possible openings for smaller farmer marketing activities;
- Assist cooperative organizations to establish supply contracts with processors;
- Assist in pursuing opportunities above as they materialize.

CAPM TA advisors assistance to smaller commercial farmers in arranging sales of citrus to larger Swazi based processors will be a tangential and very small aspect of the project. This activity, if it occurs, is not expected to result in any significant expansion of citrus production or exports from Swaziland. Nor will it be sufficient to impact citrus export markets in Europe or the Middle East (the prime markets for Swazi citrus) in any discernible way. CAPM assistance, if any, to smaller scale commercial farmers will not affect the U.S. share of these markets or any regional citrus market in any important way. Finally, the CAPM Project will not have any significant impact on US citrus exporters.

(2) Non-traditional Export Products

Many horticultural crops have been discussed as potential Swaziland exports to overseas markets. Some of them (e.g. avocados and flowers) are currently being exported in limited quantities. The UNCTAD/GATT report "The potential for Establishing an Airfreighted Horticultural Export Industry in Swaziland" dated July 1984, prepared by G.B.R. Dixie and the report by Robert E. McCorkle of February 1985, "European Potential for Select African Fruit and Vegetable Commodities" list a number of fruits (such as mangoes, avocados, strawberries, passion fruit, peaches and papayas) and vegetable crops which are potential export candidates. The EEC protection against agricultural imports does not discriminate against Swaziland.

On the other hand, Swaziland's products do not appear to enjoy a comparative advantage over a number of other countries located in the Southern Hemisphere. These other countries have appropriate climates, good agricultural sites and, in many cases, easier transportation links.

A strong competitive position can only be gained through high technical proficiency, knowledge of foreign markets, good and timely information. Indeed, some cases of export performance based on the mastery of these factors have been noted. They include shipments of avocados and fresh flowers to Europe, flower bulbs (*Amaryllis*, known as "Christmas flower") to the United States, and even yellow maize to Reunion islands.

The development of non-traditional exports is likely to remain for a number of years the domain of the sophisticated, well informed, technically skilled, large agriculturalist. Whether small farmers, individually or as cooperatives, could be included in the process as contract suppliers at this early stage will require careful analysis by the entrepreneurs and government's advisors to cooperatives. At present, it would seem that the training for small farmers in the marketing discipline of quality, grading, packaging and punctuality which will take place in the domestic and regional operations, should run a sufficient course before sub-contracting for overseas shipments could be considered.

Present and potential overseas shippers principally confront difficulties of transport. Shipping through Johannesburg is not too expensive, but requires additional trucking and time, and reduces the shelf life of the fresh produce. Direct shipments from Matsapha airport by aircraft of the size of a Boeing 707 or 737 would be much preferable. However, at the moment, no single shipper would have sufficient volume to fill the airplane. It would require a great effort, with no certainty of success, to test whether coordination of multiple small-farmer shipments is possible.

MCIT has a capability to study the problems of non-traditional exports and a program, though modest, of promotion. As attractive as the subject is the limited resources of the CAPM project would be over-extended by an attempt to fully treat non-traditional exports. However, by the end of this CAPM Project there will be sufficient experience and knowledge developed to focus on high potential export possibilities in Phase II.

The long-term CAPM TA specialist for marketing will follow developments in this field, but no major effort is foreseen in the initial stages of the project.

5. Technical Assistance

The assistance provided by long-term TA will be strengthened by a number of short-term visits by specialists in certain disciplines of particular interest to the project (Table 5-7). Some of these specialists will visit twice, the second visit serving to evaluate, together with long-term TA and counterparts, the progress made in that area.

The following marketing opportunities illustrate areas on which the ST/TA may work. The ST/TA, in conjunction with the LT/TA, should identify and prioritize the opportunities in his/her assignment area, select one or more, develop options and work to implement the change needed.

Table 5-7 Schedule of activities - ST/TA

Activities	<u>Person Months during year</u>			
	Year 1	Year 2	Year 3	Year 4
New business requirements	0.5 *			
Management and decision making seminar				
(a) preparation	1.0			
(b) seminars	2.0	1.0 **	1.0 **	1.0 **
Entrepreneurial Training and Promotion Aids				
(a) Preparation		1.0		
(b) Seminar		1.0	2.0 **	2.0 **
Specific agribusiness financing problems	3.0 *	2.0	1.0	2.0
Prefeasibility Analyses	1.0	1.0	2.0 *	
Investor Promotional Aids				
Incountry preparation			1.0	
External preparation			1.0	
Pilot Enterprise Program				
TOTAL SHORT TERM MONTHS	8.5	7.0	11.0	5.0

* Swaziland I/A could be used.

** Optimal based on post-mortem evaluation

One area for short-term TA assistance could concern description and quantification of market channels for important commodities, techniques of interview, communications with participants in various marketing channels and presentations of policy options for decision-makers.

Another subject which merits two visits is that of assistance in the operation of marketing cooperatives. The subject of the first visit, early in the project will be motivation, evaluation of the capability of cooperatives and the need for training to prepare them for competitive commercial operations. The second visit, about a year or so later, will evaluate the results of training and will help in the selection of promising cooperatives on which the project should spend the balance of its effort.

Export marketing, with special emphasis on exports within the Southern Region of Africa, will also merit two visits. In the case of these visits, they will take place later than the other ones, in the second and third year of the project. Preparations for the export campaigns will require much effort and time and the success will be more likely if the training and experience in the local market will have had their positive influence on the capability of Swazi farmers.

Short-term specialists should be considered in year two to review the present transport system, types of vehicles in use, etc., and recommend possible improvements. Another one should advise on the infrastructure of post-harvest storage and handling of town markets.

C. Macroeconomic, Fiscal and Monetary Policy

1. Objective

The approach of policy and program analysis in CAPM has several aspects. First, every CAPM TA specialist will be involved in policy and program analysis. Second, much--but not all--of the policy and program analysis carried out in CAPM will arise directly from problems needing solution so that specific commercial agricultural activities can expand. It is important, then, to note that the macro-policy analyst is not the only "policy and program" TA advisor in CAPM; rather, each CAPM TA advisor will deal with policy and program matters in their own areas and cooperate with team member advisors working on policies and programs in other areas.

A major purpose of the macro-fiscal and financial policy aspect of the present project is to help eliminate key constraints which impede expansion of commercial agriculture and agribusiness. The output will be the formation of realistic policy and program options for rapid application and practical actions. The principal constraints are known by MOAC and others in the GOS, at least at an overall level. The challenge to the CAPM TA and their counterparts is to translate this understanding of constraints into options for remedial policies, programs and actions. The challenge to decisionmakers in the GOS is to decide among these options, after which the CAPM TA and counterparts can facilitate GOS efforts to make policy, program and action adjustments accordingly. Thus, the Project focuses, in large part, on helping GOS and private sector entities make policy and program changes. In most cases this process will be iterative and incremental.

The broad categories of constraints, against which remedies will be formulated and their application tested, can be characterized by headings, as suggested by the following indicative, non-inclusive list:

- o Structure of economy (size, dependency on the R.S.A., discrepancy between the traditional and the modern sector);
- o Technology of production and distribution;
- o Management and management information;
- o Entrepreneurship and risk-taking;
- o Infrastructure;
- o Financial resources and mechanisms for extending credit to small businesses including commercial farms;
- o Impact of taxes, levies, exemptions/holidays, etc., on entrepreneurship and increases in production and marketing;
- o Sufficiency of fiscal incentives for the establishment of new enterprises and expansion of existing enterprises or production;
- o Decision-making techniques and procedures for policies regarding regulated prices and import restrictions;
- o Organization and attributes of parastatal enterprises.

As actual commercial agricultural production, agribusiness or marketing activities are undertaken by private sector firms and individuals, GOS and CAPM technical resources will be focused on the policy and program issues that arise in connection with these activities.

To take an illustrative case, the CAPM marketing TA specialist may find a group of maize growers who could substantially advance their business by installing a simple threshing and grain-drying facility. However, they can find no easy formula for obtaining credit for the project.

Through a review of possibilities within the farmer group itself, bringing the group into discussions with MCIT's Industry Section, preparing loan applications for additional financial institutions, and via similar steps, this specific project would provide much analytical insight into the credit constraints, and may provide ideas for remedies. The analysis of this specific case, together with many building blocks from similar situations, will help the TA macro-policy specialist in MOAC and his/her counterparts to generalise the analysis and proceed to options for remedial policies and programs in areas where MOF has primary responsibility.

In the above outlined model, the task of the MOAC Macro-Policy specialist and his/her counterparts is to translate particular difficulties, grievances and short-comings as well as their specific remedies, into analytical generalizations with respect to Swaziland's economy and present them to the GOS as policy options.

Examples of action research issues that may emerge in the above described way to be pursued are:

- How to influence risk-avoidance strategies of smaller commercial farmers and businessman, to make them more supportive of growth in commercial agriculture, without compromising the function of protection against risks?
- What strategies does the above mentioned class use to overcome difficulties in obtaining credit?; how can it be helped without an undue exposure of lenders?
- What policies can be used to strengthen the bargaining power of smaller commercial farmers and businessmen in situations where they face economic power greatly surpassing theirs?
- What programs or program adjustments are needed to strengthen and speed up the acquisition of marketing skills of members of fledgling cooperatives initiated by the IFAD and other projects?

In addition to this demand-driven policy and program analysis, CAPM makes provision for action analyses to explore documented problems or constraints arising from actual business activities. Such analyses will stem from observation of actual agribusiness activities and problems made by CAPM TA specialists, their counterparts, those in the private sector and from GOS officials.

2. Illustrative important issues for analysis

As of the date of the preparation of the present project, (May/June 1988), the following macroeconomic policy issues were identified as appropriate areas for analysis.

a. Import regulations

To protect Swazi produce growers, NAMBoard restricts importations of certain agricultural products during the months when they are in season in Swaziland. Citrus fruit is protected throughout the year. The "scheduled products" which are placed under the regulatory powers of NAMBoard include: (a) maize and maize products, (b) rice, (c) all fresh fruits, and (d) all fresh vegetables.

The control of imports is exercised through the granting (or refusal of) import permits, issued one-month at a time for, generally, unspecified quantities to registered produce importers. (Certain details of procedure allow the period to be shortened to less than one month and the quantity to be limited).

Technical assistance under this heading would aim at ensuring maximum objectivity in the decision-making process regarding the opening or closing of the border to imports. This process, ideally, ought to be a judicious mixture of the interpretation of up-to-date statistics and forecasts of domestic production and prices with rapid consultations (perhaps public hearings) with growers, importers and consumers. It is well understood that this ideal procedure may be impossible due to the lack of statistics and

uncertainties of projections. However, it is important, even if only symbolically, to establish mechanisms which protect the market from the appearance of arbitrary public-sector decisions.

b. Price regulations

A number of necessities have their prices controlled under various acts by several ministries. MCIT controls the prices of bread, soft drinks, sugar, cement, and maize meal. Milk and some dairy products are controlled by MOAC. MNR controls petrol and petroleum products, including paraffin.

Long-term CAPM TA specialists will assist, as appropriate, in establishing procedures for decision-making based to the extent possible on criteria of economic analysis and explicitly stated objectives of public policy.

c. Assistance in shaping policies regarding parastatal agencies

Numerous economic, administrative and social issues are rooted in the operation of Swaziland's parastatal agencies. Resolution of these issues may require the services of the TA of the present project. Two examples were encountered during the preparation of the present project. The issues involved were these:

- How to reduce the conflict between the commercial mission of an agency and its developmental role (e.g., the Dairy Board's cow breeding farms, a developmental undertaking, are a financial burden);
- How to decide to grant certain exclusive rights to parastatal agencies (e.g. the granting to itself by the Dairy Board of exclusivity with regard to the production or imports of ice cream).

d. Taxes

Individual and company taxes, as well as tax-relief incentives for new enterprises, are very important in the determination of decisions of investors, Swazi and foreign ones. The fiscal incentives which Swaziland offers to new investments possibly are not as generous as those offered by some other countries. Whether they should be made more generous than they are now, is a question that deserves analysis. The answer may be not necessarily in the positive, because in view of many other attractive features of Swaziland, other kinds of incentives, e.g., improvement in overseas air-transport facilities, may be more effective and less costly to the Treasury. Also, tax holiday provisions appear to be reserved exclusively for non-Swazi investors. This may be sound policy, but examination of the results stemming from it for Swazi entrepreneurs may provide insight into ways to stimulate more local investment as well.

e. Customs duties and import regulations

Customs duties and import regulation affect the establishment and operations of any new agribusiness enterprise. Equally, agricultural marketing operations may feel the impact, positive or negative, of MOF measures under this heading.

f. Banking regulations

The MOF has supervisory authority over all commercial banks, savings and loan and building societies, insurance funds and companies and similar potential sources of credit and equity funds. At the peak of the financial pyramid, even the Central Bank, which sets interest rates, reports to MOF.

Because the state of credit accessibility for small farmers and small businessmen seems to be unsatisfactory, a major part of future financial improvements and reform should, and hopefully will, be in that domain. Special attention will be attached to that group of issues.

Finally, MOF has the final decision in approving or disapproving loans which parastatal agencies wish to contract. Some of these agencies have an important role in agribusiness and/or agricultural marketing. Accordingly, their financial position, as regulated by MOF, will affect these sectors.

g. Assistance in assessing farm finance requirements

The problem of making credit accessible to some smaller farmers, especially women, and most smaller businessmen and women remains formidable. While contributions have been made by many in the GOS and some firms from outside, such as ACDI, to understanding the issues involved, much remains to be done.

It will be impossible to do full justice to this difficult subject in the first phase of the present project. However, CAPM will aim at making significant progress. It will assist in the search for new methods of lending, possible sources of capital (e.g. savings leagues), and evaluation of the degree to which these sources can incur risk inherent in agricultural marketing operations and small-firm agribusiness.

Parallel to the investigations of the availability of credit to small farmers and business persons will be an evaluation of the performance of these groups as creditworthy borrowers. For example, there have been reports of various subterfuges used by cotton growers used to shirk the repayment of advances extended by the ginning firm COTTONA. The TA specialist who will perform this technical assistance assignment will look into that matter and offer advice about how to deal with it.

h. MOAC issues for macroeconomic analysis

MOAC has a plan of work in economic analysis, projections and policy recommendations in its MOAC Subsector Strategies of March 10, 1988. Many facets of that work bear on key issues of future policies for the development of agribusiness and agricultural marketing. The following subjects are among the programs, actions and tasks outlined in Workplan C1 of the subsector strategies document:

- o Depend upon the market--international/domestic--to determine crop prices, but provide specific protection for farmers via floor prices for some commodities;
- o Identify the priority crops to meet domestic needs and for export based on market research, demand price, quality and marketing channels;

- Identify specific commodities for which self-sufficiency can be economically achieved or is socially/politically desirable;
- Establish price protection levies that provide incentives for production and marketing of high priority crops;
- Establish the food (calorie and protein) requirements of the population, projected for five years, by residence (SNL farmers and all others), by age, and by gender;
- Determine which crops and what amount of production is required over the next five years for national food needs and for export.

The above program of MOAC will be of great importance in shaping national policies with regard to agricultural production, marketing and agribusiness. The macro-policy analyst will assist in carrying out and interpreting the results of this work for broad macro-fiscal and financial policies.

D. UNISWA

1. Training constraints to management capacity building in agribusiness and commercial farming

In the last 10 months several education and training constraints to the development of agribusiness in Swaziland have been identified. They are:

- The agricultural college curriculum, Luyengo Campus, is not responding to the requirements of the growing commercial agriculture sector in Swaziland. (Agricultural Employment Demand and Proposed UNISWA Response, Robert E. McCorkle, Aug. 1987);
- Insufficient in-depth, indigenous private sector entrepreneurial capabilities and experiences to initiate, manage and operate agribusiness. (Subsector Strategies, MOAC, Oct. 1987);
- Insufficient MOAC capability in agribusiness and a lack of inter-ministerial coordination in Agribusiness (Subsector Strategies MOAC, Oct. 1987);
- Insufficient stimulation, motivation and challenge to develop quality management plans. (Subsector Strategies MOAC, Oct. 1987);
- Need for improved management coordination and communication. (Subsector Strategies MOAC, Oct. 1987).

2. Options to address constraints

To address these constraints requires an all-out "management capacity building" effort on the part of the public and private sector. It includes:

- Revising the UNISWA Faculty of Agriculture Curriculum to emphasize commercial farming and agribusiness management;

- Providing additional training for ministerial staff in agribusiness management;
- Training private sector agribusiness personnel and commercial farmers in management principles;
- Utilizing technical assistance within the ministries to strengthen their capability to stimulate increases in agribusiness activity in Swaziland;
- Providing additional training for UNISWA staff and adding at least one agribusiness management staff member;
- Developing agribusiness management short courses for both the public and private sector.

3. Issues and major changes

In January 1988 the Faculty of Agriculture consultative body deliberated the issues identified in the "Agricultural Employment Demand and UNISWA Response" report of August 1987 (this report, referred to as the McCorkle report, was financed by USAID in response to a consultancy request from the Faculty of Agriculture, University of Swaziland). By actions of the faculty the goals of the University have been revised and the curriculum reorganized.

In April 1988 the academic planning committee approved the following major changes:

- Extension of the diploma and degree program to 3 and 5 years respectively;
- Introduction of curricula options in Crop Production, Animal Production, and Agricultural Economics and Management and discontinuation of the general agriculture degree;
- Improvements in practicals (facilities will need to be rehabilitated and modified to make this possible);
- Placement of special emphasis on agricultural management;
- Introduction of additional field practicals. (Diploma students will spend 50% of their time on practicals and 50% classroom, BSc will spend 40% practical and 60% classroom);
- Inclusion of basic sciences and communication skills in the first year;
- Modification of the entrance qualifications making them more applicable to modern agriculture.

The proposed changes significantly reduce the "congested" curriculum schedule identified by the McCorkle report.

4. Department of Agricultural Economics and Management

To be more responsive to commercial agriculture and agribusiness, the Faculty has established the Department of Agricultural Economics and Management (Table 5-8). This is in direct response to one of the identified needs of the private sector. Some Government ministries are also placing more emphasis on development of agribusiness, entrepreneurship, and commercial agriculture.

This creates increasing demand for diploma upgrades and short course updates for BSc graduates. UNISWA will be able to support the training needs within the ministries as well as providing new graduates that can address the problems of agribusiness, cooperatives and commercial farmers. Management decision making, supervision and business communications short courses will be developed as part of an outreach effort.

The main areas of emphasis for the new Agricultural Economics and Management departments are:

1. Agricultural Business Management
2. Agricultural Marketing
3. Farm Management
4. Economic Development and Policy
5. Production Economics
6. Business Communication
7. Biometry

Business Communications and Biometry serve the entire faculty and currently are not taught by agricultural economics, but some of the courses are required in the agribusiness option.

The agribusiness and management courses are primarily taught in years four and five at the BSc level. However, some elementary work is introduced in the diploma program. These are primarily survey courses to build the background for future specialization. It is recommended that accounting, economic and financial analysis and decision making be incorporated into the student's practical project. This is being developed and will be introduced as soon as possible.

5. Project Inputs

- a. Additional faculty member

The department has asked for one added faculty member in Agricultural Business Management. As recommended by the McCorkle report this is the program area which needs to be strengthened in the Department of Agricultural Economics and Management.

A faculty member or future faculty member should be recruited and trained to teach Agricultural Business Management and Finance to BSc students. This will require training someone in a PhD degree program in Agricultural Economics specializing in agribusiness management or an MBA. Upon completion of the degree this person will return and fill the staff vacancy in the new Department of Agricultural Economics and Management. This will require a three-year training program out of the country. USAID should provide assistance in selecting an appropriate university.

TABLE 5-8 UNISWA FACULTY OF AGRICULTURE, LUYENGO AGRICULTURAL ECONOMICS AND MANAGEMENT DEPARTMENT STRUCTURE AND STAFFING

CURRENT STAFF POSITIONS

1. Agricultural Business Management
Requested Position
Temporarily staffed by Dr. P.M. Dlamini
2. Agricultural Marketing and Quantitative Analysis
Dr. P.M. Dlamini, PhD. Univ of Manitoba, 1988
3. Development Economics
Prof. G.T. Magagula PhD*, University of Maryland or Prof. Winters
4. Production Economics
(Temporary) Mrs. I.K. Rwelamira, MSc University of Florida or Mrs. B.C. Thwala**

* Leave of absence

** On study leave (Southern Illinois University, working on MSc programme in agricultural economics)

The agribusiness and management courses are primarily taught in years four and five at the BSc. level. However, some elementary work is introduced in the diploma program. These are primarily survey courses to build the background for future specialization. It is recommended that economic and financial analysis and decision making be incorporated into the student's practical project. This is being developed and will be introduced as soon as possible.

b. Training at MS level

Another faculty member will be trained in agricultural business management at the MS degree level for the Agricultural Economics and Management Department. The two newly trained faculty will provide added strength to develop the agribusiness management curriculum. Care should be taken in selecting a university that will allow a strong management emphasis. This can be achieved either in a selected Business School or in an Agricultural Economics Department strong in business management. USAID should provide assistance in selecting the appropriate university.

c. Long-term TA visiting professor

One expatriate staff member will be assigned to the Faculty of Agriculture for a three year period. S/he will be a full time member of the Faculty and of sufficient experience to qualify for the rank of Associate Professor. This staff member will teach some degree and short courses, monitor others, develop course syllabi, help refine the agribusiness curriculum, identify internships with the agribusiness community and GOS ministries and generally help develop agribusiness training. (For more detail see position description, Annex 10).

d. Management training for College of Agriculture Faculty

To sensitize the faculty to the agribusiness management emphasis, the College of Agriculture should be trained in a Management Development Program such as the one offered by MANANGA Agricultural Management Center. This can be organized at the faculty level and offered between semesters so as not to interrupt normal classroom teaching. Such a short course will help bring the faculty together with a common understanding and commitment to this new educational thrust. If it is impossible to arrange this with MANANGA, a series of two to three weeks of business management short courses should be conducted with the faculty utilizing consultants.

e. Internships

The agribusiness BSc option, led by the visiting professor in cooperation with other staff, should include as an option having students serve an internship with a cooperating business between their third and fourth year and/or their fourth and fifth year. This will bring training into focus by exposing the student to the world of business. It will also allow agribusiness to become an active partner in training the student, influencing course content and make them aware of the quality of the program. Frequently such internships lead to subsequent full-time employment opportunities. This program likely would include five to seven students per year. If successful the internship should become part of the curriculum.

f. Training in cooperative management

The Faculty of Agriculture and the CODEC faculty need to review and evaluate training for staff positions with cooperatives, for cooperative directors and

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for general cooperative management. They should explore ways that they can complement each other's efforts. Some items to consider are:

- Would it be practical and useful for some UNISWA BSc students to participate in a CODEC course? This could be done between semesters. It would provide students the opportunity to be in the classroom with practical, cooperative task oriented business practitioners, and expose them to potential job opportunities.
 - Consider designing and implementing a cooperative business diploma course at CODEC in partnership with UNISWA ("Cooperative training needs" Hovendick 1987, page 10 Recommendation G). It needs to be determined if this can be accomplished to mutual advantage.
 - Can UNISWA, CODEC, and MCIT's commercial extension personnel team up on short courses for agribusiness that emphasize finance, management, and starting a business? The facilities at each location could be used depending upon audience and resources needed.
- g. Familiarization visits to other faculties

Three representatives of the GOS, including UNISWA, should conduct familiarization visits to other faculties of agriculture in Africa and the U.S.A., including at least one business school. The African Universities should be visited as soon as possible. The USA observation and review can be taken at a later date. The objectives for visits to other faculties are to:

- Examine teaching facilities available and used in the conduct of practicals in the different universities and elicit views on needed facilities for effective teaching in the improvement and development of their commercial production and agribusiness management courses;
- Conduct discussions with Deans and members of staff regarding successes, problems and constraints encountered in the implementation of agribusiness management and commercial production programs;
- Examine the procedures followed in integrating the university and other farms into the teaching of commercial agriculture;
- Review Internship programs and evaluate how businesses perceive and support them;
- Examine the methods used in evaluating students' practical work;
- Evaluate how other universities are responding to shifting job opportunities;
- Evaluate cooperative education efforts, work/study, scholarships and other student support programs.

It is suggested that the following universities be considered as candidates for site visits:

- University of Zimbabwe, Harare, Zimbabwe;
- Bunda College, University of Malawi, Lilongwe, Malawi;
- Edgerton College, Kenyatta College and University of Nairobi's College of Agriculture, Kenya;
- California State Polytechnic University, Pomona, Ca. USA;
- California Polytechnic State University, San Luis Obispo, Ca. USA;
- Either Purdue University, Lafayette Ind. USA or Ohio State University, Columbus, Ohio USA;
- Georgia Institute of Technology, Atlanta, Ga. USA;
- Either Colorado State University, Ft Collins, Colo. USA or Montana State University, Boseman, Mt. USA;

Others may be substituted depending upon time and schedule; at least one business school should be visited in conjunction with one of the above agricultural universities.

(3) Familiarization guidelines

The African universities are selected because of the similarities to the Luyengo faculty and their progress in reorganizing their curriculums and campuses. The U.S. universities suggested represent a variety of programs, size and emphasis. However, if they do not adequately satisfy the objectives or travel schedule, alternative universities should be selected. During the observation visit to the USA, a stop should be arranged in either Kansas City, MO or Minneapolis, MN to meet with agribusiness firms. These on site visits with management will provide insights into practical application of agribusiness management principles.

7. Implementation

a. In-service training

UNISWA should consider development of an in-service training program in cooperation with the GOS and private sector that will allow current workers with the diploma degree to obtain college credits for certain training programs. This will require close coordination as the university would have to give prior approval and the student would need to pay the necessary fees. Options can include intensive management decision making courses using the case study method of instruction offered on a part work time/part employee's time basis. This should be explored in depth as such a program requires a great deal of time and is expensive unless there are reasonably large numbers of students.

A GOS policy should be considered that will allow exceptional GOS employees with a diploma to take a paid leave to pursue a BSc degree. If a few

bursaries are made available it could spark more enthusiasm to upgrade diplomas to BSc Degrees. This upgrading of staff is needed if the government is going to fully support staff capacity building. The private sector should also be encouraged to do the same.

b. Training in decisionmaking on campus

Economic analysis and marketing need to be incorporated into the three year Diploma hands-on production experience. Economic analysis needs to be part of decisions regarding, for example, variety selection, cultivation, to spray or not to spray, what and how much fertilizer, pricing inputs, fence repairs and harvesting. Each decision should have an economic component included and accurate records need to be kept on all phases of their work. The students should do the marketing of products produced and make a profit and loss analysis of their project.

c. Training in accounting

As the AEM faculty develops its courses it will be necessary to incorporate some added emphasis on basic accounting procedures. Interviews with agribusinesses in Swaziland indicated that new hire college graduates are not as well trained as they would like in accounting techniques.

d. Balance in consultative body

The UNISWA Faculty of Agriculture has a consultative body that has assisted in the revisions of the curriculum and helped chart new directions for the college (Table 5-9). The addition of two more agribusiness entrepreneurs would provide increased private sector involvement and help shape training that was more responsive to industry needs.

e. Off campus short courses in management

As UNISWA faculty expertise is developed in agribusiness management, an outreach short course function should be developed. By 1991-92 the faculty should be sufficiently entrenched that they could provide agribusiness management short courses (One to four weeks in length) to specific businesses, groups of business persons and government officials in Swaziland. Such courses should be geared towards middle and top management but need to fit the specific needs of the business persons who will be trained.

f. Coordination with other management training units

During the initial phase of the agribusiness management curriculum (first through the fourth years) the Faculty of Agriculture should have regular consultations with MANANGA and CODEC to utilize their expertise in the management area. It is visualized they could be used in several ways, such as, review of proposed curriculum; guidance in teaching techniques; as trainers; source of examples from other countries; case studies; as general consultants; guest lecturers.

Table 5 - 9

UNIVERSITY OF SWAZILAND
FACULTY OF AGRICULTURE
CONSULTATIVE BODY

 A record of the meeting of the Faculty Consultative Body held on
 Monday, 25 January, 1988 in the Conference Room at 14.00 hours.

PRESENT:	Dr. G.T. Masina	- Dean and Chairman
	Mr. S.H. Silaula	- Head, Home Economics
	Prof. J.C. Norman	- Head, Crop Production
	Dr. S.H.B. Lebbie	- Head, Animal Produc. & Health
	Mr. F.L. Guma	- Head, Land Use & Mechan.
	Mr. C.B. Mndebele	- Head Dept. of Agric. Econ., Educ. & Ext.
	Dr. P.M. Dlamini	- Lecturer, Dept. of Agric. Econ., Educ. & Ext.
	Dr. J.L. Fischer	- Policy Adviser, Ministry of Agriculture.
	Mr. D. Khumalo	- Technical Officer's Rep., Ministry of Agriculture.
	Mr. J. Pape	- Swaziland Farmers Development Foundation
	Mr. P.D. Mkhathshwa	- Chief Research Officer's Rep., Ministry of Agriculture
	Mr. G. Baier	- Ubombo Ranches
	Mr. P. Hughes	- Tabankulu Estates
	Mr. T.L. Fearse	- Swaziland Sugar Association
	Mr. J.G.W. Roques	- Min. of Education (Schools Agricultural Program.)
	Mr. J.V. Dlamini	- Director of Education's Rep.

g. Visual aids classroom

At least one training room needs to be established on the Luyengo Campus that utilizes video instruction. Video teaching tapes are available on a variety of subjects and the campus needs to expand its capability and video library. A recorder and large screen monitor are the minimum pieces of equipment needed to launch the effort. Video tapes can also be used to support the outreach functions.

h. Input of computers

Computers are being adopted by agribusinesses and GOS ministries. These are the primary employers of UNISWA graduates. For UNISWA to effectively train students to enter the agribusiness management market they will need to have classroom instruction in the use of computers to solve agribusiness and commercial agriculture problems. Firmly establishing computer instructional capability will require:

- Adding one computer training room;
- Purchasing 21 additional computers for training students;
- Buying computers (8) for use by the AEM faculty members, and training them in their use, so that they can incorporate computer usage into their classroom instruction;
- Establishing a computer and word-processing unit in the Dean's Office. As the Chief Executive Officer of the Faculty of Agriculture, he needs to demonstrate the practicality of computer usage;
- Adding a computer graphics and desk-top publishing capability to enhance analytical and teaching skills.

i. Short term technical assistance

It is recommended that short-term TA be funded over the life of the project to conduct short-term training, planning and to meet special needs for the agribusiness thrust as identified by the Faculty. It is recommended that the GOS fund adjunct faculty appointments to recognize and strengthen local capabilities. Such appointments of skilled local professionals to the Faculty would provide expertise at low cost. Broader coverage of areas of interest to the Faculty and students could be provided in this way; involving individuals as adjunct faculty would link them strongly to the College of Agriculture and broaden the base of knowledge and support for UNISWA activities and objectives in Swaziland.

j. Farm facilities renovation

The farm facilities at UNISWA need considerable repair and renovation. The areas where rehabilitation is needed include buildings, fences, equipment, crop and horticulture fields, orchards, and livestock facilities. The Faculty has developed renovation actions to provide the needed opportunity for student field practicals.

ANNEX 6

Administrative and Institutional Analysis

In this analysis the characteristics of key GOS institutions are reviewed and evaluated as they relate to providing a suitable basis for the achievement of CAPM. This section of the analysis focuses on the capacity of each ministry and organization that will be involved in CAPM to respond to the needs and contribute the inputs imperative to the success of the project. To contribute significantly to this project organizations must be in a position to, or have the foundation on which to build a capacity to, promote a commercial environment that will stimulate a significant expansion in the productivity of commercial farms and of markets for farm products, and impact expansion of investment in agribusiness.

A. MOAC - Ministry Responsibilities

1. Objective

Development of the agricultural economy; to formulate policy and administer all legislation related to agriculture and the organization and management of cooperative societies; to develop and implement plans in pursuit of the national agricultural development policy, especially in the area of rural development and subsistence farming.

2. Activities

a. Ministry Administration

Executive direction and common service for the Ministry; including administration, planning, finance and publicity.

b. Livestock Development

Facilities and services to improve livestock quality; veterinary services; breeding services; dip tanks, husbandry and training services.

c. Agricultural Promotion and Extension Services

Facilities and services to improve crop production including new crops; mechanization training and other training facilities for farmers.

d. Fisheries Development

Policy and plans for improving the harvesting of fish from rivers introducing new species as a source of food.

e. Forestry Development

Policy and plans for the greater utilization of marginal land for forestry purposes and development of the forestry industry.

f. Land Development

To undertake capability assessment for sound land use planning and to implement the comprehensive land use plans prepared by the Land Use Section.

g. Research and Planning

To undertake all agricultural research; design and formulate agricultural plans and projects and to evaluate, monitor and recommend measures that will advance agricultural and rural development.

h. Home Economics

Training facilities in improved nutrition and sanitation methods in rural areas.

i. Co-operatives

Advising on the formation of cooperatives including training in their administration and operation; registration of cooperatives; assistance in organizing market facilities for small farmers engaged in horticulture and animal husbandry.

The objective and activities of MOAC, as described above, are based on the GOS budget estimates book for 1988-89. They emphasize serving the areas of rural development and subsistence farming. MOAC has expanded these established objectives to broaden its role. It now relates to all farming and related agribusiness in support of the national development plan.

3. Budget

The total 1988/89 recurrent budget of MOAC is a little over E21 million, about 8 percent of the GOS budget. This is about 12 percent above the budget of the prior year. Direct personnel expense is 57 percent of the total recurrent budget. This indicates the availability of substantial human resources within MOAC if reallocation of priorities is feasible.

Discussions have indicated the possibility of assigning and building the agribusiness capability in the Department of Research and Planning (DRP). This Department's budget is about 10 percent of the total ministry's recurrent budget. A large portion, however, of which is for the Malkerns physical sciences research activities.

4. Human Resources (1351 - total posts)

Recent development of subsector strategies and workplans for MOAC analyzed the personnel resources needed and available for high priority programs, ongoing programs and staff program support, including general and administrative. Table 6-1 identifies the proposed allocation of resources to the various levels of programming and the departments that will be impacted most by the staffing requirements estimated in the workplans. The amount of time programmed to these high priority programs does not use large quantities of the person months available in most of the departments and sections. In some areas, however, the tasks require more personnel resources from a section/department than are currently available or personnel resources with different capability requirements. For example, this proved to be true in the livestock subsector and in the Department of Research and Planning (DRP) where nearly

TABLE 6-1 - MOAC STAFF GRADE 16 AND ABOVE
ALLOCATED TO HIGH PRIORITY PROGRAMS BY SUBSECTOR AND TO OTHER PROGRAMS

ANNUAL AVERAGE PERSON MONTHS FOR LIFE OF PROGRAM HIGH PRIORITY PROGRAMS BY SUBSECTOR													
ACTIVITY	LIVESTOCK	CROPS	AGRIBUS	PLANNING	TOTAL		OTHER PROGRAMS		PROGRAM SUPPORT		G. & A.		CURRENT STAFF GRADE 16 & ABOVE
					P.M.	(%)	P.M.	(%)	P.M.	(%)	P.M.	(%)	
Ministry Admini- stration		2.1		0.5	2.6	0.8					309.4	99.2	312.0
Agr. Promotion & Extension	119.4	419.7		3.3	542.4	34.8	306.2	19.6	340.1	21.8	371.3	23.8	1560.0
Livestock	96.0	0.6	20.3	3.3	120.2	12.4	408.6	42.0	211.9	21.8	231.3	23.8	972.0
Research & Planning	42.5	294.1	18.4	18.3	373.3	62.2	34.7	5.8	90.0	15.0	102.0	17.0	600.0
Cooperatives		0.1	1.6	0.9	2.6	1.4	95.4	53.0	39.2	21.8	42.8	23.8	180.0
Home Economics		6.5	1.2	0.9	8.6	7.2	56.6	47.2	26.2	21.8	28.6	23.8	120.0
Total	257.9	723.1	41.5	27.2	1049.7	28.0	901.5	24.1	707.4	18.9	1085.4	29.0	3744.0

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all of certain kinds of available human resources were used up by new programs, leaving few for other programs already on-going.

In the agribusiness area, provision will need to be made to reassign personal or establish new posts since little agribusiness activity is currently included in MOAC activities.

The DRP is the logical place organizationally to build an agribusiness capability. A large proportion of DRP's resources of grade 16 and above, however, are currently occupied on priority programs in planning, monitoring and evaluation, research, marketing and other aspects of strategy and program development. Consequently, as the development of an agribusiness capability is emphasized, DRP's present resource base will be too small. Some reallocation of resources within DRP or MOAC may be feasible. A further review is needed of the quantity, quality and capability of the resource base needed on which to build an agribusiness capability. The training, experience and other qualifications required may be different than those required by other areas of the work of DRP. Attention will also need to be given to the strengths and capabilities of various departments and sectors of MOAC and possible resources available from other sections such as the cooperatives department.

5. Constraints

Constraints to developing an agribusiness capability in MOAC that can effectively orient to boards of directors, agricultural supply, processing and marketing firms have been identified in the MOAC strategies and must be addressed. An agribusiness capability must be prepared to identify and analyze constraints to agribusiness growth, develop and implement policy and program options, and select and implement courses of action with the private sector. Constraints previously identified by MOAC are;

a. Insufficient MOAC capability in agribusiness and a lack of inter-ministerial coordination in agribusiness

With the exception of the special effort of the Cooperative Department, little systematic, institutional capability or coordination exists for agribusiness development. The MOAC has limited manpower capability and resources to promote, oversee and regulate agribusiness. MOAC activity has been limited to regulatory and parastatal boards and to large scale agricultural processing and marketing which have been acquired on an ad hoc basis and continue to be run with minimal medium/long range planning. Small-scale agribusiness has been virtually ignored by all ministries.

b. Insufficient in-dept, indigenous private sector entrepreneurial capabilities and experience to initiate, manage and operate agribusiness

Commercial skills including finance, accounting, selling on credit, income and profit, and costing tend to be limited to a few MOAC higher education graduates from selected programs and who have had little if any business experience. This has hampered MOAC involvement in the development of small-scale rural-based agribusiness. While large scale agro-industrial projects

are often initiated, managed and operated by imported management, they also encounter difficulties in finding qualified middle managers and technical staff who could eventually rise to upper management positions. Further, the dependence on foreign marketing infrastructures has tended to limit Swazi entrepreneurial and management opportunities and has consequently hampered the growth of a Swazi middle and upper management cadre.

c. Insufficient business management capability and experience in MOAC management

Many line managers at the various levels in MOAC feel they have had inadequate opportunities to experience or receive training in modern business management/planning approaches. Their experience at the various levels of management in MOAC has been limited. This weakness constrains the effectiveness of the current MOAC personnel to orient to and works with agribusiness companies.

d. Need for improved coordination and communication between ministries and within MOAC in management and planning

In MOAC's project oriented approach each manager works with project statements without adequate communication concerning what is being planned and done by other projects and managers in MOAC or by managers with related activities in other ministries.

e. Lack of an effective national public sector promotional program and organization to attract indigenous involvement (management, marketing appropriate technology, and equity participation, etc.) in small-scale agribusiness

The government has successfully attracted numerous foreign agribusiness companies who have imported know-how, technology, and capital in large-scale processing and manufacturing operations ranging from agricultural machinery manufacture to fruit canning. These successes have been due in part to the efforts of MOAC as well as the Ministry of Industry, Commerce and Tourism (MCIT) and SIDC. However, with the exception of a few small-scale maize hammer milling operators and butchers, very little indigenous small-scale development has taken place. This is due primarily to lack of any organized focused promotional effort.

f. Lack of credit availability to small-scale agribusinesses

Despite high liquidity levels at the development bank (Swazi Development and Savings Bank-SDSB), the Swazi Industrial Development Corporation and among the commercial banking sector (Standard, Barclays and BCCI), there is little effective credit available to the small-scale agribusiness entrepreneur. The commercial banks and the SIDC lend virtually exclusively to large scale agribusiness while the institutions catering to the small-scale sector (SDSB, SEDCO, etc.) have faced difficulties in being as effective as desired. SEDCO has been stripped of its lending/equity functions, and the SDSB is hampered by administrative inefficiencies and portfolio constraints.

- g. Inadequate marketing channels, infrastructure, organization and grades and standards to encourage farm production for domestic needs and export to improve the competitive position

Swaziland can increase crop production but the present marketing system has not developed adequately to match the current and potential production increases. The system has not expanded privately or publicly to be able to accumulate, handle and process these products into the form demanded by the indigenous and international markets.

- h. Incomplete government policy and marketing information regarding prices, grades/standards, inspection and border regulations

Swaziland's agricultural pricing and regulatory policies and systems need attention. Grades and standards are not sufficiently defined to maintain uniform quality levels or to serve as a basis for effective inspection and enforcement. Border protection against unnecessary imports is not as effective as desired as a result. Inspection and enforcement of grades and standards is inadequate and lax. The organization, system and personnel are not in place to carry out the program of inspection that is needed.

- i. Lack of effective/fair marketing system for livestock/meat

Producers on SNL are understandably reluctant to increase production if there is no obvious return for their efforts. At present, the marketing system does not provide the information or regulation needed to assure them they will receive an adequate and fair return for their livestock or livestock products.

These producers seldom have adequate information on prices nor is there any grading system so that they are rewarded for better quality animals. The system also does not furnish adequate price incentives and assistance in improved marketing methods to act as rewards to the producers. There appears to be an insufficient number of markets or collection points for marketable animals especially in the SNL.

6. Performance

MOAC has well articulated and defined objectives, programs and projects in the MOAC strategy that are supportive of national needs and objectives. This strategy identifies and addresses these constraints to MOAC's capacity to successfully execute this CAPM project as they relate to marketing and agribusiness.

One of the priority strategies being pursued to achieve MOAC's objectives and address these constraints is providing management training and on-the-job assistance. Efforts are in progress.

Improved communication and coordination is a high priority that relates to the capacity of the ministry to work as a team within MOAC, with other ministries, and with non-government organizations/private sector companies. The direction in which MOAC is moving in marketing and aiming to move in agribusiness will enhance their capacity to support and assist in the achievement of the outputs of this project.

B. MOF--Ministry Responsibility

1. Objective

The objective of MOF is to ensure that Government is prudently advised on all fiscal matters and that annual estimates and appropriation drafts are prepared and processes as required.

2. Activities

The activities of the MOF are: Advising Government on financial legislation, fiscal policies and measures, rates of exchange, international monetary and financial matters; preparation and monitoring of consolidated budgets; policy, legislation, and administrative direction of Treasury and Stores, Income Tax and Customs Departments, the Central Bank and other financial institutions.

3. Administrative direction

The MOF provides administrative direction for Treasury and Stores, Income Tax, and Customs and Excise.

a. Treasury and Stores

(1) Objectives

(a) Government accounting

To maintain Central Government accounts and other records; to prepare the public accounts.

(b) Procurement and supply of materials

To procure and provide in the most economical manner goods and services required by Government agencies.

(2) Activity

(a) Treasury

Executive direction and common services; collection and accounting for revenue due to the Government, including the operation of five District revenue offices; payment of Government accounts; limitation of payments to the amounts authorized by warrant for each item; supplying monthly abstracts of accounts to controlling officers; production of annual accounts as required by the Finance and Audit Act, systematic review of procedures within the Treasury and within Ministries and departments to ensure adherence to the Financial and Accounting Instructions issued in accordance with the Finance and Audit act.

(b) Computer

To operate the Government's computers.

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(c) Procurement and supply of materials

To provide effective buying services to supply goods and services at minimum costs to Government.

b. Income Tax(1) Objective

To assess and collect taxes under the Income Tax Order.

(2) Activity

Review of tax returns submitted by taxpayers in the commerce and industry sectors to ensure that each taxpayer is properly assessed; audit of the records of taxpayers to ensure compliance with the taxation laws; development of staff to ensure adequate manpower resources are available for the administration of the tax system; assisting employers and employees in the proper operation of the P.A.Y.E. employee taxation systems including compliance with the taxation laws.

c. Customs and Excise(1) Objective

To assess, collect and control duties and taxes on imported and domestically produced goods and to provide statistical information for the purpose of the Customs Union.

(2) Activity(a) Departmental administration

Provide executive direction and common support services.

(b) Customs and Excise

To enforce all customs, excise and sales duties laws and to provide information and services necessary for compliance with customs and excise laws and regulations. To provide services for collection of information relative to the sharing of the revenue pool under the Customs Union Agreement.

4. Policy areas impacted by MOF

The MOF is in a position to significantly impact the financial, fiscal and business climate in which agribusiness operates. This is true in many areas such as the following:

a. Taxes

- Individual and company
- tax relief incentives

b. Customs duties and import regulations, permits

- c. Supervisory role in banking, credit, money supply
 - commercial banks
 - Swazi Development and Savings Bank
 - Swaziland Building Society
 - insurance funds
 - Swaziland Royal Insurance Company
 - equity funds
 - d. GOS investment policy
 - approves all parastatal loans
 - GOS capital budget
 - the utility boards--electric, water
 - e. All government expenditures
 - f. National debt policy
5. Human resources

MOF is a sizeable ministry, with a significant number of employees and with responsibility for activities that are critical to the development and growth of the Swaziland economy and to agribusiness in particular. The number of people and activities at MOF that are currently directly involved with agribusiness are small. However, in terms of impacting the commercial conditions and the business environment in which agribusiness operates, MOF has a very significant role from a macro-economic and financial perspective. The table below shows the number of MOF employees in the key functional areas of the ministry.

	No. of Posts	
	Grade 16 and above	Below Grade 16
Finance	17	20
Treasury	69	159
- includes computer section	13	20
Income Tax	28	69
Customs and Excise	18	28
	145	296
	===	===

6. Budget

The annual recurrent budget of MOF (including treasury and stores, income tax and customs and excise to which it gives administrative direction) in 1988-89 is E6.4 million, about 2.5 percent of the national recurrent budget. This is an 18 percent increase over the prior year. Recurrent personnel expenditures are 58 percent of the ministry's budget, but a large proportion of the personnel are involved in revenue offices, customs posts, and government stores operations.

7. Performance

In the MOF a small number of people have the broadest overview of, and impact on, the welfare and destiny of the economy of Swaziland. The MOF is the leader in national economic, monetary and fiscal policy changes. The MOF works with and draws on all the other ministries and organizations for policy analysis, decisions on options and implementation of policy and program change. A broad consensus for change is required in the way decisions are made in the Swaziland system.

The MOF is organized functionally, not by industries or sectors of the economy. Thus, it does not have a convenient organizational unit presently concerned about the constraints to or policy affecting development of commercial agriculture or the very important agricultural sector. Commercial agriculture, however, is such a significant contributor to the Swazi economy that nearly all the areas of policy analysis and control exercised by MOF impact agribusiness directly or indirectly.

The MOF is interested in, and will be a major contributor to, achievement of the success of the CAPM project.

C. MCIT--Ministry Responsibility

1. Objective

The principal purpose of MCIT is to ensure and promote efficient and sustained development of the industrial, commercial and tourism sectors of the economy.

2. Activities

a. Ministry administration

Executive direction and common support services.

b. Foreign trade

Negotiation of trade agreements; promotion of better trade relations; and formulation of policies and regulations having trade and Industrial implications.

c. Industry and tourism

Provision of assistance to citizens of Swaziland in developing and operating secondary industries through training in production, marketing, and administration; analysis of the tourist industry and formulation of policy to assist its development; production of material at home and abroad to promote tourism.

d. Handicrafts

Through cooperatives and other entrepreneurial means, to promote development of existing craft industries and to introduce new ones; to provide technical advice and training in improved techniques and quality control.

e. Regulation of trade

Assistance to local entrepreneurs in taking over commerce; administration and weights and measures legislation.

3. Other activities

Another activity of MCIT is to identify potential business projects that support the GOS growth strategy and that have indications of being economic. The following is an illustrative list:

a. Domestic industrial projects

- Small-scale charcoal and wattle-bark production unit;
Raw material: wild growing wattle and other trees in Shiselweni District;
Location: Nhlangano Industrial Estate;
- Medium-scale fuel briquettes (maybe combined with industrial charcoal production for export);
Raw material: sawdust from Usuthu Pulp Co. Ltd and sawmills or furniture makers;
Location: Usuthu and near other wood industries;
- Small-scale unit for collection and conditioning of waste-paper (maybe also cotton lintels and textile cuttings) for sale to big paper mills--e.g., Swazi Paper Mills Ltd--or to small or medium scale carton unit;
- Production of toys, accessories and home decorations as sideline by furniture makers or specialized woodwork shop;
Raw materials: recycled wood and plywood cuttings or local timber; paint, varnish and fittings to be imported;
- Production of standardized school furniture and educational equipment;
Raw materials: local timber;
- Small and medium scale production of jam, marmalade, pickles, sweets, juices, concentrates etc.;
Raw materials: local surplus fruit, sugar and spices (e.g., guava, pineapple, citrus fruits etc.);
- Extraction of essential oils for export;
Raw materials: locally grown plants such as aloe, lemon grass, eucalyptus, etc.;
- Small-or medium scale production unit for stationery for schools and offices (exercise books, envelopes, note-books etc.);
- Production of bakery yeast;
Raw materials: molasses from sugar factories (maybe side products from local brewery);

- Production of roofing and other building materials from asbestos and vegetable fibers;
Raw materials: local asbestos, sisal fibers, agro-waste products, wood by-products etc.;
- Small-or medium scale unit for production of leather goods for tourists;
Raw materials: awaiting our tanning unit, the enterprise could use imported goat leather from Lesotho cow leather for Botswana and special leather (e.g., crocodile, lizard, snake, ostrich) from other PTA countries;
- Hand loom weaving for export;
Raw materials: cotton or silk yarn;
- Machine-embroidery and sequence sewing on women's clothing for regional and export markets;
- Small-scale enterprise for drilling and maintenance of water bore-holes and wells;
- Small-scale production of mattresses and pillows from textile/cotton-waste, duck and chicken feathers, etc.

b. Export oriented projects

In addition to the above domestic industrial projects, MCIT also is seeking to develop numerous export oriented projects. These projects include, but are not limited to, the following:

(1) Agriculture

- Preservation and dehydration of vegetables
- Jams and jellies
- Leather training, footwear and leather goods
- Gums and resins
- Vegetable oils extraction
- Alcohol from molasses

(2) Forestry

- Wattle bark extract
- Plywood and veneers
- Charcoal
- Honey

(3) Minerals

- Asbestos sheeting and products
- Diamonds cutting and polishing
- Coal based chemicals
- Mini-cement plants

- (4) Ancillary industries--(import substitution)
 - Usutu Pulp
 - Sugar
 - Inter-Board
 - Mining industries
- (5) Drugs and pharmaceuticals--bulk breaking and retail packaging
- (6) Textiles
 - Cotton made ups
 - Garments
- (7) Auto parts--import substitution and exports
- (8) Meat by product industries
- (9) Builders hardware (import substitution and exports)
- (10) Small and hand tools--largely exports

c. Support of other business development organizations

Another area of activity of MCIT is working in collaboration with, and in support of, business development organizations. SEDCO is such an organization with which MCIT works.

SEDCO is a parastatal organization established in 1970 by the Government of Swaziland in collaboration with the United Nations Development Program, the International Labour Organization (ILO) and the Swedish International Development Agency.

The main objectives of SEDCO are: (1) to develop local entrepreneurs; and (2) to provide loans to Swazi entrepreneurs.

Activities of SEDCO can be categorized into:

(1) Accommodation of entrepreneurs

SEDCO has eight estates around the country which house small entrepreneurs. The entrepreneurs rent stalls from SEDCO at highly subsidized rentals.

(2) Training

SEDCO is involved in training of Swazi entrepreneurs in 3 ways:

- (a) Business consultancy and bookkeeping
This category involves classroom work where entrepreneurs undergo one week of intensive training in business management and bookkeeping.
- (b) Technical training
SEDCO provides technical training to entrepreneurs for refresher courses to upgrade their skills.

(c) Pre-entrepreneurial training

This training is directed at prospective businessmen who do not yet have business experience.

(3) Provision of project appraisals and feasibility studies for entrepreneurs interested in starting businesses

SEDCO assists with or provides studies that guide interested entrepreneurs in beginning their own small businesses.

(4) Building construction project

SEDCO advises small scale building contractors on construction matters to help insure their success.

(5) Assistance in obtaining financing

SEDCO helps entrepreneurs get loans funds from commercial banks.

4. Human Resources - (Total posts 89)

Minister, Undersecretary and TA advisor to the Minister

- Administration
- Accounting
- Handicraft Extension Service _ 14 persons
- Handicraft Training Center (Manzini) _ 2 EEC TA's arrive soon
- Tourism 5 persons
1 EEC TA to arrive soon
- Planning Unit
 - Senior Planning Officer - vacant
 - Legal Officer - vacant
 - Assoc. Planning Officer - 1
 - Assist. Planning Officer - 1
- Commerce - Chief Commercial Officer - 1
 - Domestic (regulatory, licenses, weights & measures, etc) - 8
 - Foreign Trade - Professional Staff - 2
 - 1 TA to leave soon
 - 2 EEC TA's to arrive soon
- Industry - Professional staff (no agribusiness capability) - 2

5. Budget

The annual recurrent budget of MCIT in 1988/89 is E2.1 million. This is less than one percent of the GOS budget and is down 6 percent from the prior year. Recurrent personnel expenditures are about a third of the ministry's budget. Although a sizeable part of the budget is for personnel, only about a fourth of the personnel budget provides expertise supporting industry and regulation of trade. The types of activities in which MCIT engages are supportive of and complementary to the CAPM project. MCIT has expressed its desire to have further capacity and resources in the agribusiness area.

6. Performance

Currently MCIT does not have anyone on staff specializing in the agribusiness sector of the economy. Many of the projects initiated by private sector business interests with which MCIT has worked have been agribusiness oriented. Thus, MCIT staff have experience in this sector and are of the opinion that its further development is important to Swaziland. They are interested in working with and supporting the broad multi-ministry effort of CAPM.

The Undersecretary takes interest in, and helps with, the work of the Industry Division. The TA advisor, Mr Boogaerts, believes that a TA specialist in agribusiness could be very fruitful if attached to the Industry Section. MCIT is willing to approach the Ministry of Labor to obtain an additional professional staff member with required educational background for agribusiness promotion. Or, it will consider lateral movement of staff within the ministry to fill a new position in agribusiness in the Industry Division.

MCIT staff suggested the following for inclusion in the scope of work of the anticipated long-term agribusiness TA specialist and his MCIT counterpart:

- Project identification re: input supply, processing of agricultural products and service industries for large agribusiness enterprises;
- Identification of constraints and development of policy options re-agribusiness growth;
- Selective investment profiles pre-feasibility studies;
- Search for, and identification and encouragement of local Swazi investors;
- Work towards the creation of "ONE STOP" capability to assist investors at the Ministry;
- Coordination with SIDC;
- Participation in the determination and strengthening of an agribusiness strategy in the GOS.

D. SIDC--Responsibilities

1. Purpose

The Swaziland Industrial Development Company Limited (SIDC) is a private development finance company established in 1987 by the Government of Swaziland to mobilize domestic and external resources to finance private sector projects in the industrial, mining, agri-business, tourism, commercial and service sectors.

The most important shareholder of SIDC is the Government of Swaziland. The other shareholders are:

- Commonwealth Development Corporation (CDC);
- German Finance Company for Investments in Developing Countries (DEG);
- International Finance Corporation (IFC);
- Netherlands Development Finance Company (FMO);
- Barclays Bank of Swaziland Limited;
- Standard Chartered Bank Swaziland Limited.

SIDC commenced its operations with the injection by shareholders of equity and long-term loan capital in excess of thirty million Emalangeni.

2. Financial services activities

SIDC provides multiple financial services as one means to achieve its objective.

- SIDC can provide equity and loan finance. Its overall financial involvement in a project will not exceed fifty percent of the enterprise's financial requirements;
- SIDC may take an equity position in an enterprise, it will not participate in its management;
- The maximum SIDC participation in any single venture is currently three million Emalangeni while the smallest involvement is not usually below one hundred thousand Emalangeni;
- Financial services offered by SIDC are available only to locally incorporated companies.

Medium and long-term loans with terms up to ten years and denominated in local or foreign currencies are intended to fund the acquisition of fixed assets. SIDC does not provide finance for working capital or refinancing purposes. The interest rate is fixed for the duration of the loan.

SIDC manages the residual assets and liabilities of its unsuccessful predecessor, NIDCS (National Industrial Development Company of Swaziland). However, SIDC bears no responsibility for the liabilities of NIDCS.

3. Human resources

The professional personnel (top management, analysts, operation executives, financial supervisors, accountants, etc.), comprise 23 persons, among them five economists. There are eight support personnel.

4. Performance

SIDC is intended by the GOS to be the country's first point of contact for both Swazi and foreign entrepreneurs and potential investors for general counsel and financial and advisory services related to potential business activities and investment. Swaziland's embassies and trade missions abroad are expected to direct prospective visitors interested in investment in the country to SIDC.

Although it does not have a large number of personnel, SIDC has the ambition of becoming a "one-stop center" for prospective investors. SIDC hopes to provide investors with statistical data and all information on regulatory requirements and procedures for the establishment of a business in Swaziland (trading licenses, expatriate labor permits, certificate of qualification for tax holidays, land purchase permit, etc.). SIDC will introduce the investor to the offices where appropriate steps have to be taken and assist him or her in completing those steps.

In addition, SIDC will assist in finding industrial sites, leases of factory buildings, market surveys and feasibility studies. In line with SIDC's purpose of mobilizing domestic and external resources to finance private sector projects, it in an important position to make a significant contribution to the output of CAPM.

E. MOE--Ministry Responsibility

1. Objective

The principal purpose of the MOE is to provide facilities and training for the purpose of increasing the general level of education.

2. Activities

a. Ministry administration

Provision of executive direction and common support services, including the primary and secondary schools inspectorate.

b. Primary Education

Operation of Government primary schools; financial assistance to all other primary schools.

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c. Secondary Education

Operation of Government secondary schools; financial assistance to all other secondary schools.

d. Curriculum Development

Review of present syllabus in primary and secondary schools; modification of the syllabus to the need of the education system.

e. National Library Service

Provision of facilities and reading materials to students and the general public.

f. Career Guidance & Psychological Services

Operation of a career guidance, testing and job placement service.

g. Teacher Training

Operation of William Pitcher and Ngwane Teacher Colleges and assistance to the Nazarene Teacher Training College to ensure an adequate supply of qualified teachers for the primary and secondary schools.

h. Special Education

Provision of vocational training educational opportunities for the handicapped; assistance in the adult literacy programme.

i. Pre-School Education

Operation of rural nursery schools.

j. Post Secondary Education

Selection maintenance and monitoring progress of post-secondary students; disbursement and recovery of student loans; grant to the university towards operating costs; operation of the Swaziland College of Technology for the purpose of training local persons in skilled trades.

3. Resources

From the foregoing descriptions of the responsibilities and activities of MOE indicate that UNISWA is but one part of the MOE's important portfolio of activities. Nevertheless, UNISWA is recognized as an important part of the total functions of MOE. The post secondary education category in the budget contains 20 percent of the planned recurrent expenditures for 1988-89. This category, however, includes many activities in addition to UNISWA.

4. Performance

The staff and budget of UNISWA College of Agriculture is modest, but the base and dedication for a significant contribution to CAIPM is present.

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The overall aim of UNISWA is to produce high and middle-level trained manpower needed for national development in applied sciences.

The specific aims are to:

- Provide a center for formal study of agriculture, agricultural education, home economics and associated areas of learning;
- Further the education of professional and other persons working or intending to work in the field of agriculture and related areas at Primary, Secondary and Tertiary levels of education;
- Create, preserve, transmit and increase skills and knowledge in the area of agriculture and associated disciplines through research and publication, teaching and extension;
- Work and forge links with national and international institutions, bodies, agencies and individuals, whether academic or professional, in the interest of promoting development in agriculture and related areas of knowledge;
- Provide a consultative and coordinating machinery for all involved in agro-based industries, agricultural education and practices and other associated applied sciences;
- Develop each individual to their optimum potential through the development of self-reliance, manipulative and marketable skills, creativity and initiative, leadership and entrepreneurship;
- Develop an appreciation for a commitment to development of agricultural productivity and related agricultural services, supply, processing and marketing enterprises through the development of wholesome work habits, and positive attitudes toward improving rural life;
- Stress the profitability of farm operations the curriculum will include an element of confidence building in the student's ability to create on his own behalf - how to undertake a project. This will involve learning the process of planning, securing finance, purchasing of inputs, seeding and controlling of various types of pests, irrigation, harvesting, shipping and marketing all with profit-making as the objective.

This network of direction for UNISWA, set and pursued by the Faculty of Agriculture, establishes a firm base from which UNISWA can contribute significantly to the training components of CAPM.

ANNEX 7

SOCIAL SOUNDNESS ANALYSIS

A. Socio-Cultural Context:

Although Swaziland has a diversified economy, with earnings from mining and manufacturing as well as from agriculture, the latter remains the engine of growth for the nation. For most Swazi households, agriculture has social as well as economic significance. Virtually all Swazis have a rural homestead with which they are identified, though in two thirds of rural homesteads farming is supplemented by one or more sources of off-farm income (de Vletter 1983:17; Marquardt 1988:i). Many of these sources of income are farm-related, however, including wage income from input supply, processing and marketing activities as well as provision of labor for cash payment on others' farms.

Individual land tenure takes two forms in Swaziland: title deed land (TDL) and Swazi nation land (SNL). The TDL is freehold land, consisting of large and medium size estates and individually owned farms averaging 800 hectares each. Title deed holdings occupy approximately 45 per cent of Swaziland's arable land, and is of generally high quality. Principal crops grown on title deed land are sugar, pineapple, citrus, cotton, fruits, vegetables, timber and maize (Johnson and Johnson 1987:8). The ownership of TDL is broken down as follows:

<u>Owner</u>	<u>Percentage of TDL</u>
Crown, GOS, Ndlovukazi Ngwenyama, etc.	22.3
Public utilities, Nat'l. Trust Commission, etc.	2.0
Registered companies	30.7
Churches	2.3
Individuals	42.7
Ethnic Swazi	(14.4)
Others	(28.3)
Total	100.0

Source: Russell 1987:1

The remaining arable land is Swazi nation land, held in trust by the King for the Swazi people. This land cannot be bought, sold or used for collateral, but it can be lent or leased under agreements made between individuals. It consists of over 100,000 hectares of poor to good quality arable land and 800,000 hectares of grazing land. The SNL is divided into approximately one and sixty hundred chieftancies. Each chief is granted authority by the King to allocate land within his jurisdiction (Johnson and Johnson 1987:8). All married Swazi men have the right to arable land for farming. Although homestead holdings average about 2.4 hectares, variation is considerable. In a recent study by Marquardt (1988:5), holdings in the sample ranged in size

from 0.10 hectares to 22.10 hectares, with the average being 2.10. Men commonly inherit land that was farmed by their fathers (or other head of homestead), and may add to that by requesting an additional allocation from the chief, by receiving gifts of land, by borrowing land or, in rare instances by purchasing TDL land. A women normally has access to land through the senior male in the homestead, though she may be the de facto head of household. Women rarely have direct rights in SNL land.

This characterization of landholding patterns on SNL must be tempered by an understanding of the domestic life cycle of the individual Swazi homestead. Low (1986 -cited in Marquardt 1988:48) has identified five stages in the homestead life cycle:

1. Establishment: Homesteads with fewer than 7 individuals, the age of the head is less than 51 years and there are no children over 15 years old.
2. Expansion: Homesteads with more than 6 but fewer than 13 individuals with a head aged less than 51 years.
3. Consolidation: Homesteads where the number of individuals exceeds 12.
4. Fission: Homesteads with more than 6 but fewer than 13 individuals and the homestead head is over 50 years old.
5. Decline: Homesteads with fewer than 7 individuals and the homestead head is over 50.

In this scheme, all homesteads are headed by a senior male. Female-headed homesteads are treated differently, as noted above. Homesteads expand their arable land use in the first three phases of the cycle; thereafter land holdings tend to decline (de Vletter 1983; Marquardt, 1988).

Swaziland's non-estate agriculture tends, for the most part, toward low levels of productivity. Swaziland's working age population is expected to double over the next 19 years. Recent estimates suggest that the formal sector will not be able to absorb all the new entrants into the labor market in this time period. Hence, agriculture (including backward and forward linkages thereto) is looked upon as a major sector for expansion of employment opportunities. Increased investment in the development of human and physical capital will be required in the relatively near term to avoid substantial un- or underemployment (Radlov 1988:81). Although arable land is widely perceived as available to those who wish to farm (Marquardt 1988:iii; Flory 1987:12-15), in fact, very little of this is virgin land, but is rather land in fallow, or land currently allocated to someone else (de Vletter 1983:33). With a high population growth rate, intensified use of agricultural resources will be necessary for Swaziland to realize continued growth in individual incomes and living standards.

Swaziland is characterized by a dualistic political structure, in some respects paralleling the TDL/SNL tenure structure discussed above. On the one hand, there is the modern administrative structure, headed by the Prime Minister, and including sectoral authorities responsible for recurrent service

provision, regulation and capital development; civil and military authorities responsible for keeping order in society; foreign relations, and cross-sectoral authorities responsible for overall national planning, both in terms of recurrent and development functions.

Parallel to this structure is the traditional structure, headed by King Mswati III, the Swazi National Council, the Inkhundla system, and the chiefs and their councils (Green 1984:8). At the local level there is an inner circle of advisors to each chief, usually drawn only from members of the chief's clan (ibid:5). According to Green (1984:7-8), "the Inkhundla was established by King Sobhuza II in the 1940's to mediate between the level of chiefs... and the Swazi National Council, the highest administrative body of the traditional government under the Regent. The nation was divided into 40 Tinkhundla (singular: Inkhundla, lit., 'meeting place'), or regional assemblies of chiefs...". The Tinkhundla structure has been given more responsibility in matters related to district or rural administration since 1983. For purposes of the CAPM project, the two most important features of the traditional structure are the Tinkhundla, which would have authority over rural agribusiness development and the chiefs, who retain power to allocate farm land within their respective jurisdictions. According to the recent work of Marquardt, Flory and others, many chiefs are favorably inclined, or at least neutral toward modernization; and there is considerable variability from one chieftancy to another in terms of the power of traditional authority. This suggests considerable regional variation in the acceptability of agricultural commercialization.

It is important to note one other feature of the social landscape. This is the salience of a strong equity orientation in Swazi culture. As Green (1984:7) notes:

... Swazi policy and society exhibits a curious blend of authoritarianism and egalitarianism. A chief may enjoy supreme executive powers within his chieftom. But he may be reluctant to exercise power for fear of encountering resistance among his subjects, or of losing prestige or popularity...

Traditional monarchies are characterized by centralized decision-making and general authoritarianism. The development of certain structures of a parliamentary democracy has done little to change the essentially authoritarian nature of the Swazi political system. What is more difficult to account for is the strongly egalitarian ethic that at times is clearly evident among Swazis.

Green speculates that a questioning attitude toward authority as well as a sense of fairness may have arisen from years of labor struggle by Swazis working in South African mines and in concessions in Swaziland, while experience in the age-grade regiments may also promote egalitarian values, "since all men are said to become equal when with their regiment." (1984:7)

B. Beneficiaries:

The principal beneficiaries of this Phase I Project will be Swaziland's current small-scale commercial farmers, associated agribusinesses and the Swazis employed in the commercial agricultural sector. As benefits become evident, it is anticipated that more Swazi Nation Land farmers will move into commercialized production. As up to 70% of persons engaged in farming are women, a substantial benefit to women is anticipated, and the project is designed to specifically address the evolving role of women in commercial agriculture.

During the first phase of the project, benefits are expected to begin flowing to current commercial and semi-commercial farmers via a more encouraging policy environment for expanding their production and incomes; to subsistence farmers through expanded employment opportunities on- and off-farm, and to agribusiness firm owners and their employees who realize increased sales volume, higher profits and incomes. Nonetheless, the bulk of benefits cannot be realized in the near term, and are more likely to be evident in the second phase of the project. Even without a second phase, benefits would be likely to continue to grow.

Other beneficiaries will be UNISWA students and GOS officials. Higher levels of training and improved analytical skills should produce qualifications that will allow individuals to rise to higher level management positions, whether in public or private sectors, with appropriately higher compensation. The higher skill levels would also benefit the larger society by making public and private sector operations more efficient and effective. There appear to be no gender-related obstacles to this scenario in the public sector; women occupy positions of responsibility within the public sector entities targeted by this project and have been treated equitably with respect to past training opportunities in Swaziland. There is no indication that this will change in any way in the future. The track record of the private sector in providing equal opportunity to women is unknown at this writing, but the project policy is one of affirmative action toward women in any direct benefits that flow to the private sector.

C. Participation:

The project design was developed collaboratively by representatives of the GOS and A.I.D., who together comprised a single design team. Counterparts from GOS ministries most likely to be affected were assigned to the design activity. Members of the team called on representatives of the agribusiness community, parts of the commercial establishment (such as the banking and finance system) and relevant GOS organizations to determine their degree of interest in the project, and the necessary kinds of incentives to ensure participation. Information on Swazi farmers was drawn principally from secondary sources. A number of recent surveys are available, and have provided excellent data regarding farmer constraints to further commercialization.

With respect to the implementation phase of CAIM, an existing project (CSRET) in the USAID/Mbabane portfolio can provide some insight. At the request of the GOS, the project has placed a policy advisor within MOAC, and has facilitated the conduct of policy and program analyses and planning exercises both through

the services of this advisor and through other means. Other donors support similar advisor positions in MOAC and other Swazi ministries. Thus, the concept of the use of expatriate advisors to achieve action oriented on-the-job institutional strengthening is well accepted within the GOS.

One of the critical aspects of this project is to assure adequate participation of the private sector commercial farmers agribusiness in the creation of one or more representative bodies which will provide regularized contributions to the policy formulation process and to revisions of the UNISWA Faculty of Agriculture curriculum. These contributions are most likely to take the form of discussions of constraints that face business and individual farmers in their efforts to expand. Participation might take any of a variety of forms, including convening representatives of firms and commercial farmers for roundtable discussions, mounting a small, but regular (annual is suggested) sample survey of farmers, using marketing techniques such as focus groups, holding regular meetings between government officials and representatives of agribusiness and/or farmers. The final form of consultation between these two aspects of the private sector and the GOS will likely be resolved after implementation has begun, at which time specific incentives to participate should be examined, since they will be partly dependent on the form that the consultations take.

It should be noted that the use of various feedback mechanisms will allow a firmer and quicker assessment of participation in a follow-on phase activity that actually operationalizes policy decisions. Thus, one will be better able to judge whether commercial farmers will respond to improved marketing opportunities having used the mechanisms in CAPM to understand their constraints and to disseminate information regarding attempts to overcome those constraints. At this point, it can only be assumed on the basis of Sibisi (1983), Testerink (1984), Flory (1987) and others that commercial and pre-commercial farmers in the expansion and/or consolidation phases of the domestic life cycle will increase their investments in the farming enterprise in response to lowered input prices, technological advances and expanded marketing opportunities.

On the other hand, the level of participation by agribusinesses may be influenced by forces other than the market. Swaziland has a strong tradition and an articulated policy of trying to distribute the benefits of economic growth in an equitable manner. This desire has been the rationale for the establishment of often inefficient public organizations in the sector, and for close regulation of private agricultural services on the assumption that it will not reach out to the less accessible members of the Swazi nation or that they will try to exploitive. These policy considerations, as well as the more economically grounded concerns related to a small internal market, will have to be carefully examined and addressed before the business and commercial sectors receive adequate encouragement to participate fully.

D. Socio-Cultural Feasibility:

Swazi culture balances its historical monarchical system with a traditional consultative process consistent with its egalitarian ethic. Thus, in policy and program formulation, it is expected individual and corporate interests

will be allowed to express their viewpoints to a significant degree before policy decisions are taken. The CARM TA specialists must adopt a collaborative, consultative procedure to accommodate to the Swazi system. This normally entails long lead time and a period of internalization (of, for example, the results of an analysis or study) before or program decision is made.

In terms of agribusiness development, the two features of the social landscape noted in the social soundness analysis; the importance of assuring equitable distribution of development benefits and the impact of colonial domination on the perception of foreign-owned and managed business enterprises in the agricultural sector. The first aspect might be addressed by encouraging a geographical dispersion of agribusiness, so that, for instance, rural areas benefit through employment in processing plants and the secondary economic growth that generally occurs following the establishment of such a large operation. In addition, emphasizing the employment benefits of an expanding agribusiness sector will assist in dispelling concerns about concentration of wealth. While sensitivity towards foreign-owned enterprises has not had a significant impact on Government's efforts to increase foreign investment, the project will nonetheless pursue ways of achieving greater understanding of the need for foreign capital and entrepreneurship in at least the initial stages of expanded agribusiness activities.

Another concern that has been raised entails assured access by all Swazi farmers to appropriately priced input supplies--the basis on which the CCU has been rationalized. However, the limited experience that exists with private purveyors of inputs suggests that farmers are willing to travel significant distances to purchase commodities packaged in small quantities and priced to meet their needs. This might be further explored in more thorough studies, or in a pilot effort, during project implementation.

With regard to concerns about potential profit-taking by private entrepreneurs, recent studies have indicated that the high cost of doing business in Africa leaves low margins for entrepreneurs, but that many of these costs are "invisible" to the clientele and to government, so the perception persists. Studies of the actual costs and profits of any private sector industry (e.g., fruit and vegetable hawkers), at least at some generic level, might be undertaken during project implementation to develop a better understanding of private sector pricing.

There is very little precedent in Swaziland for the kind of consultative arrangements with farmers and agribusinesspersons envisioned in the project. Though it is true that every Swazi has access through traditional sector mechanisms to the King for redress of grievances, this is not a regular feedback mechanism that is likely to reveal a "class" of problems or constraints. Most existing contact with farmers has flowed through the agricultural extension service, or at best the research service or the agricultural census enumerators. A give-and-take with commercial farmers, other than the very large scale operators, has not been experienced in Swaziland. Care must be exercised to treat the farmers with respect including compensating farmers for their time.

As far as agribusiness is concerned, access to policymakers is better. However, effective interministerial coordination is a recent development, and it may very well be unclear to the private sector as to whether its messages have gotten through to the appropriate recipient for action. The CAPM project can play an important mediating role by seeking to establish one or more fora in which business and government can meet on "neutral" ground, but it must keep sensitivities stemming from historical context in mind in formulating appropriate fora.

Consistent with traditional Swazi values, women have attained high technical level positions within the governmental structure, and are well represented at the retail level of businesses. However, there appear to be somewhat arbitrary limitations with regard to women's involvement in industry: some firms hire only women (presumably because of better small motor skills) for factory work, while apparently ignoring women's potential for management. CAPM might address this issue by specifically targeting women for business management training opportunities. The larger, and longer-term agenda, should be to examine the legal and other constraints that prevent women from fully contributing to the Swazi economy. The immediate example that comes to mind concerns access by women to credit. In the farming sector, this is constrained by the lack of ownership of tangible assets such as cattle to be used for collateral. In the business sector, laws relating to property ownership and inheritance are biased in favor of men, especially for married women. If the case can be made that this inability to own and mortgage property inhibits women's participation in business, and thus contribution to economic growth, a process might be begun to change the legal framework. Alternatively, and examination of the constraints might yield ways short of legislative change (such as use of cash flow analyses) that would permit women access to capital or other assets.

In terms of the anticipated response of the farm sector, socio-cultural feasibility rests on a comprehension of the multiple objectives of the homestead. It cannot be emphasized strongly enough that very recent studies (e.g., Marquardt 1988:63-5) verify a pattern that has been in evidence for some time, perhaps since the establishment of the British protectorate:

wage employment or business income is the primary source of income for two-thirds of the homesteads [in a sample survey of SNL traditional sector farms]. [Further,] agricultural production is closely tied to the life cycle of the homestead, following a logical progression of capital accumulation through wage employment at the earlier stages of the cycle and an increasing dependence on agriculture at the later stage when land holdings have increased, cattle herds have been built up, and family labour is available.

This means that the identities of individual commercial farmers may change over time, although the aggregate size of the group may remain fairly constant. Any given homestead may enter or leave commercial farming depending on its phase in the life cycle. Certainly, very few homesteads will be willing to retrench to farm income as their only source, at least in the early stages of commercialized farming development. Thus individuals may make rational decisions in this context not to invest as fully as might be

expected in their farm enterprises and not to produce the full amount of surplus feasible, if they perceive the opportunity cost to maintaining a certain amount of income flexibility to be too high.

E. Impact:

The principal impact of the CAPM project will be on an improved situation that facilitates self employment and allows small-scale commercial farms and related agribusinesses to flourish. An improved business environment is, however, likely to be indifferent to scale, so that the target beneficiaries of the project--commercial farmers and agribusinesspersons--are not likely to be the exclusive beneficiaries. Impacts that lead to increased productivity of the agriculture sector, whether in terms of intensified land, labor or capital utilization are targeted. The improved human resource capacity in the organizations and firms that CAPM will directly assist will be one of the noticeable impacts during the life of the project.

An improved process for facilitation of broadly-based economic growth, devising policy options and implementing the results of the decisions should have been developed. This should have a beneficial impact on the overall economy, and particularly on the ability of the GOS to make integrated decisions with the interests of all parties represented and internalized. A direct impact on the size and compensation of the agribusiness sector may also be felt due to the feasibility studies, although significant economic benefits may not yet be flowing. In addition, the revised curriculum at UNISWA should at the end of the project be well on its way to providing university diplomates and graduates with skills that will give them more employment opportunities. UNISWA should also be benefitting in terms of its improved contact with the agribusiness community and its increased ability to respond to employer demand for appropriately trained diplomates and graduates and for custom-designed short courses.

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ANNEX 8

Economic Analysis

All during the development of the project proposal the team asked the question, "Is there a better way?" As the project was being appropriately defined and segmented, several alternative approaches to each part were defined, developed and analyzed. Alternative strategies were outlined and discussed in detail in team meetings which included Swazi counterparts. The rationale for each alternative was considered, criteria were established and the implications that would result from the implementation were evaluated.

The alternative strategies were presented to, and discussed with, many people. First, they were screened by the team. Second, they were reviewed and appraised by the Swazi counterparts from the several ministries. The counterparts were most helpful both in proposing and appraising alternative methodologies for the present proposal and in assisting the team members in making interview contacts. A range of people were interviewed in both the public and the private sector in order to provide a broad and in-depth basis on which to build the proposal. Nightly team meetings with the Swazi counterparts and weekly multi-ministry meetings were held. These meetings along with the private interviews and discussions provided a major input for establishing criteria and selecting the most effective and least cost approach to achieving the project.

A. Cost Effectiveness

Cost effectiveness considerations have been a major factor guiding the design efforts to determine the mix of inputs. This approach is appropriate for a project that includes institution building, policy development and that is partly programmatic.

Many alternative combinations of inputs were considered: long-term US-based technical assistance; long-term local technical assistance; US-based and local short-term technical assistance; training on a long- or short-term basis in-country or out-of-country; supporting commodities and supplies; and management support to the project from a local project support office, from an AID PSC project manager and from the contractor's home office. The multiplicity of combinations of the inputs were thoroughly explored for each segment of the project--agribusiness, marketing, macro policy and Uniswa-- criteria were established related to effectiveness and efficiency of the project in each area and decisions and selections were made based on the range of inputs provided by the wide experience of the project proposal team, their counterparts, the public and private sector interviewees and the interchange and cross fertilization that resulted from the multi_ministry collaborative efforts and meetings.

Cost effectiveness includes the concept of the best results, quality for the costs incurred. Throughout the development of the project proposal, the team evaluated the costs of alternative combinations of inputs in terms of the quality of the expected outputs. In each segment of the project--agribusiness, marketing, macro policy and Uniswa--attention was given to evaluating the outputs that would result from the various combinations of inputs. Outputs and quality products of CAPM were evaluated in terms of the public and private sector markets that will benefit not only from the training provided by the Uniswa component, but also from the improved business climate resulting

from the government policy changes. The smaller scale commercial farmers will benefit from the quality and availability of inputs and the improved product marketing situation. Investors and Swazi entrepreneurs will benefit from the improved climate for business entry and growth.

B. Technical Assistance

One area of extensive discussion and consideration of the many alternatives involved the amount of technical assistance required by the project. Many combinations of long-term and short-term, US or local based technical assistance were evaluated. Many factors had an impact on the final combination proposed of four long-term US-based technical assistants, one extended short-term US-based technical assistant (a macro policy specialist contracted for a minimum of 12 months over the three years of the project) and a pool of short-term technical assistants to be used flexibly in areas proposed in the project proposal, but with final decision on areas and amount in the hands of project management.

This amount of technical assistance in the project proposal is an increase over the amount proposed in the PID. The need and rationale for a higher level of technical assistance input, in order to accomplish the project, was broadly supported by all the ministries involved and by the private sector. Many factors were considered in appraising and reaching decisions on amount of technical assistance and in what ministries it should be located.

The rationale by which the team arrived at the kinds of proposed combination of TA involved the identification and description of many alternative combinations of technical assistance, the establishment of criteria and a rationale on which to base an evaluation, and decisions to reject or accept each alternative. After initial evaluation of the current GOS and economic situation by the project proposal team in each assigned area--agribusiness, marketing, macro policy and Uniswa--and of the results desired from CAPM by USAID and the GOS, consideration was given to the adequacy of the level of technical assistance proposed in the PID. This level of technical assistance was found to be inadequate because of the following constraints:

- The very limited GOS capacity and experience in dealing with agribusiness as such;
- The major marketing/distribution problem for smaller scale commercial farm producers to secure farm supply inputs effectively and efficiently;
- The lack of a marketing collection/assembly system to bring the production of smaller scale commercial farmers to the market at reasonable costs;
- The existence of a great number of major macro policy constraints and issues to increased farm production, marketing and value added, such as the price controls, import/export regulations and credit availability; and

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- The inadequacies of management training at Uniswa and other institutions to meet the full needs of both the public and the private sectors of the Swaziland economy.

Based on these problems identified as constraints to achieving CAPM, the project proposal team, including the Swazi counterparts, concluded that the level of technical assistance proposed in the PID was inadequate to yield the project results desired both by USAID and GOS. Based on this rationale the project proposal team, with the support of the weekly multi-ministry meetings, proceeded to identify and rationalize the mix of input resources required to achieve CAPM.

One alternative evaluated, at the maximum level of long-term technical assistance, was six LTTA--two in MOAC and one each in MOF, MCIT, SIDC and Uniswa. Early in the project proposal development stage the constraints of Uniswa and other institutions to improve and increase management training to meet the needs of both the public and the private sector were identified. The basis for a LTTA in Uniswa was identified because of the need to:

- Reinforce the faculty capacity in management teaching;
- Supplement the faculty so that their long-term management teaching capacity could be enhanced by further degree training in the US; and
- Provide a resource to extend and coordinate the management training efforts with other institutions such as Mananga, CODEC and with the private sector such as through short courses on- or off-campus, visiting Swazi businessmen lecturers, and internship programs for Uniswa students at Swazi companies. The team, MOE and the Dean of the College of Agriculture agreed that because of the amount of work and continuing coordination required at Uniswa to achieve CAPM that STTA would not be adequate and that one LTTA would be the least cost most effective approach.
- Early in the project proposal team's analysis the significance of macro policy constraints were identified and analyzed. In pursuit of setting up the project to deal with these constraints it was proposed to MOF that a LTTA in macro policy analysis be positioned in MOF. After extensive discussion with MOF, MOAC and the team and counterparts the technical assistance for macro policy analysis was positioned in MOAC as an extended STTA. The proposal is for one high level technical assistant in macro policy analysis to be used for a minimum of 12 months over the life of the project to give leadership, training and coordination in this area. His/her efforts would be supported by other STTA specialists in areas requiring a specialist on an as needed basis.

LTTA was not used in MOF because of a rationale that involved several points. The senior management of MOF concluded, after extensive discussion and evaluation, that there was no one organization unit in MOF from which a STTA could most effectively function. They were also concerned about being able to counterpart and provide office space and other support for another LTTA in addition to the other projects in which they are involved. The

rationale which they proposed as a result of these factors was that the macro policy technical assistant be placed in MOAC, since it was primarily concerned with agriculture and agribusiness, and that he/she work with the macro policy committees of MOF on various policy issues such as taxes, custom regulations and duties, or finance and credit according to what constraints were being addressed at a particular point in time. MOAC and the team agreed with this rationale, but MOAC had some reservations concerning its ability to counterpart another LTTA and provide office space and other support in addition to the two other LTTA in MOAC. The team supported MOA in this concern. Thus this rationale evolved that because of the interplay of all these factors the least cost, but also most effective resolution of the macro policy constraints could be accomplished by using an extended STTA in MOAC who would work closely with the various policy committees of MOF and would receive their full support.

The marketing and agribusiness technical analysis investigated the amount, types and significance of marketing constraints as regards both farm input supplies and farm product processing and marketing particularly for smaller scale commercial Swazi agriculture and agribusiness. Interviews and investigations were conducted in the public sector such as with the cooperatives department, CCU, and the MOAC marketing department, the NAMBoard and with business operations in the private sector. The LTTA in marketing is proposed to work and be counterparted in the marketing department of MOAC because of several factors. First, the marketing department has an ongoing responsibility and programs in this area that complement CAPM. Second, the marketing department has a close working relationship with the NAMBoard which has been targeted for attention in CAPM. MOAC has responsibility for improving the climate that will increase the value added to farm products particularly from the smaller scale commercial farm production for domestic markets and CAPM marketing LTTA is likewise targeted to deal with constraints to growth in these same areas.

The technical analyses revealed that the agribusiness sector of the Swazi economy has not been overtly treated as a separate segment of business by any of the ministries. MOAC, MCIT and SIDC, however, each work with some aspects of agribusiness. All combinations of LTTA and STTA between these organizations were proposed and discussed with all parties concerned. The most cost effective use of LTTA was concluded to be the one LTTA in MOAC and one in MCIT.

The rationale for this split of the agribusiness technical assistance between MOAC and MCIT was based on the agribusiness functions each ministry has or is best qualified to pursue and the need for collaboration between these ministries. MCIT has capability for export promotion and often assists new entrepreneurs in successfully meeting the government requirements for business entry. MOAC works more with the farm end of business development and is building a capacity to reach out and assist existing and new agribusiness development, particularly in the rural areas and on the smaller scale of operations, both as regards farm supplies to farmers and the marketing of farm products. MOAC has existing relationships with several parastatals and semi-parastatals that are moving towards privatization. Thus neither MOAC nor MCIT has the capacity to deal with all aspects of agribusiness constraints and issues needing attention to create a more favorable climate for growth and increased commercial agricultural production. The technical analyses revealed

the need for these two ministries to cooperation and be mutually supportive in this area of endeavor. Thus another reason for a LTTA in each ministry is to enhance and assure a satisfactory level of cooperation between the two ministries.

Discussions were conducted with SIDC and many private businessmen and bankers to assist the team in evaluating using a LTTA in SIDC to further CAPM. Technical assistance in SIDC was considered in order to contribute significantly to the promotion and development of agribusiness and entrepreneurial leadership among moderate sized Swazi businessmen and potential new Swazi businesses. Further investigation and discussions with SIDC, MCIT and others indicated that SIDC has been oriented primarily to working with larger scale business and foreign investors. Also, SIDC can take an investment position in businesses if it chooses. This could lead to conflicts of interest. Because of these several factors and possible conflicts between the goals of CAPM and SIDC it was agreed that it would not be cost effective to place a LTTA in SIDC. There are strengths, however, that SIDC has to support CAPM. SIDC is experienced in:

- Working with investors;
- Evaluating new business proposals;
- Assisting entrepreneurs with new business entry and startup; and
- Business financing.

SIDC expressed an interest to work with CAPM and therefore, because of their capabilities and interest they are retained in the project in a supportive ancillary capacity.

Throughout the project proposal development process the team considered the cost and effectiveness implications of using short-term rather than long-term technical assistance and also of using local Swazi technical assistance. Some opportunities were identified for the possible use of STTA where specialized capabilities were required. Other opportunities are expected to develop as the project proceeds to deal with constraints, issues and operational problems. The team concluded that the most effective approach was to provide a pool of STTA to be used on an as needed basis to supplement the LTTA. The rationale for having the STTA as a pool is two-fold. First, the team wanted to provide the STTA to those constraints, policy issues and entrepreneurial development areas that are proven to most need attention as they come to the fore of the project. Second, the rationale is not to have any one part of the project be able to own and take the approach that they must use a certain assigned amount of STTA if that use does not yield the best payoff. A little competition is provided to demonstrate the need and the best payoff in terms of project achievements to obtain additional resources.

Another alternative to which the team gave careful attention was the use of local technical assistants. The basis rationale for this was that the cost would be much lower. The major problem was the availability of adequately qualified local technical assistants that would be cost effective and would be able to achieve the assigned tasks. After extensive investigation of

availability, cost and effectiveness the team was convinced that there are some local people available at a reasonable cost that would be effective in certain tasks. In some tasks, that bear heavily on local and cultural knowledge, local technical assistants should be very efficient. Thus some budget was provided for CAPM to use local technical assistants where it is judged, and proves to be cost effective.

C. Training

The PID proposed a larger amount of degree training that is included in the project proposal. The project proposal included an increased amount of in-country learning-by-doing training based on the counterparts working closely with the technical assistants and on seminars and short practical workshops. The rationale for this change in the types of training is based on prior experience of, and discussions with, GOS ministry personnel. The reasons for the change are:

- Standard training courses (degrees) often do not teach the trainee what they need to do their job better;
- Trainees are not adept at adapting and applying general principles learned to their particular tasks;
- When managers and employees at several levels of management have not been exposed to learning the same new methods, it is very difficult for the employee to implement the new method; and
- With the limited number of government employees qualified to be counterparts, their going away for the period required for a degree has the result of inadequate counterparts being available.

As alternatives to the extended degree training, the project proposal includes use of several local training modes:

- Training organizations in Swaziland and in the region such as Mananga;
- On-site seminars and short courses for public and private organization; and
- Familiarization visits to public and private educational and business organizations in Swaziland or neighboring countries.

The rationale for these alternatives is that what is learned closer to home will require less adaptation in order to be usefully applied, a larger number of multi-level managers can attend and it will be more cost effective.

D. Commodities and Supplies

Various levels of inputs and support for the project with commodities and supplies were outlined as the project was developed. The need for automotive transport and support was evaluated based on the Swazi capability to provide transport, the amount of traveling involved by the TAs and the experience of

current TAs on other projects. It was concluded that it would be cost effective to provide a vehicle to each LTTA because:

- A significant amount of travel would be required by each LTTA and would need to be made on a timely basis;
- The capacity of the GOS to provide transport was inadequate even for GOS employees; and
- The least cost approach to providing adequate transport support was by providing a vehicle.

A second area of commodities that received careful evaluation concerned how important computers were to the success of CAPM. Attention was given to the level of computer resources, if any, to provide to the LTTAs, counterparts, to ministry personnel and to provide for training purposes. The final mix was justified based on least cost considerations combined with effective support of CAPM activities needing computer support. Computers are provided to all the LTTAs and their counterparts, to the local project support office for use by STTAs, to the faculty of the new Uniswa department of agricultural economic and management, and to the computer lab for training purposes. These computers are being provided because they are a major tool to help establish the capacity in the ministries to undertake analyses to determine and cope with constraints and issues, they are a major training tool for current and future managers, and they will help GOS personnel to understand how agribusiness analyses projects and follows modern management methods.

The basic office equipment--photocopier, typewriter, word processor etc.--are provided for the project support office and for Uniswa to assure that the CAPM personnel will be efficiently supported. A video camera is provided for demonstration purposes such as taking pictures of quality, properly packed fruits and vegetables to show farmers and cooperatives how quality deteriorates through the marketing channel. The rationale for the commodities budgeted for upgrading the Uniswa teaching and practicum facilities are discussed in the Uniswa technical analysis.

E. Management

How much and what types of management are the least cost combinations to operate the project and achieve the desired outputs? The various management resources evaluated were a full-time COP manager, a LTTA COP, and in-country local project support office manager, an AID PSC project manager and contractor home-office support management. The location of the CAPM management was also carefully evaluated from least cost and effectiveness perspectives.

The following rationale was finally developed as being supportive to the project without overburdening cost or creating overlapping, conflicting management responsibilities. The COP is to be a working LTTA in MOAC, the lead ministry. This will keep him/her in close touch with the problems and opportunities and provide an intimate working level knowledge of what is happening under the project. He/she will not have to handle day-to-day administrative details, reports and paper shuffling, because an administrative

assistant is provided in the central project office. Thus he/she should have sufficient time to handle a subject matter area (agribusiness or marketing) as well as be COP. He/she as well as all the TAs are also supported by a full time secretarial person in the project support office in addition to whatever secretarial support they receive from the ministry in which they are located. The concept of an in-country local project support office manager was rejected on the basis of being an unnecessary expense and of being in conflict with the COP to whom the project support office is responsible.

Consideration was given to having a full time COP project manager. This alternative was rejected in favor of the COP/LTTA/project support office described above. It was rejected as being an unnecessary excess cost as compared with the contribution to the project and less effective in managing the project because of being further removed from experiencing the working level of the project.

The concept of an AID PSC project manager was evaluated in light of the large size of CAPM, the large number of ministries involved, the other projects and responsibilities of the ADO and the importance of CAPM to AID's overall Swaziland program and to Swaziland's economic growth and development. Because of the magnitude and importance of these factors it was decided that an AID PSC project manager would be included in the project. Also this manager should be cost effective based on the plan to use a local PSC person without all the costs of bringing in an expatriate.

Many combinations of contractor home office support were proposed and analyzed to determine the optimum least cost combination that would combine effectively with the other management options. Because of the magnitude and complexity of the project, the amount and variety of technical assistance to be provided long-term and intermittently over the life of the project, and the critical nature of the inter-ministerial collaboration foreseen, it was concluded by the project proposal team that the continuity of contractor home office procurement and management support was essential and therefore was included.

F. Recurrent Costs

Throughout the entire process of developing the project proposal the impact of the logical alternatives on GOS recurrent costs was discussed and considered. The ability of the various ministries to provide counterparts and office space was considered as an element of recurrent costs. Discussions were held with the ministries concerning the feasibility of transferring posts within the ministry by the PS in order to provide counterparts and thus not require new posts or expanded budgets.

In the ministries where counterparts are required, based on the project proposal as constructed, it appears that counterparts will be available without new posts being created or budgets increased. One exception exists with respect to budget increases in the MOE. Discussions were held with MOE and DEPS concerning how the budget needed would be met by MOE to upgrade the Uniswa facilities as described in the project proposal. Meeting this budget need of Uniswa is a requirement to the success of the Uniswa portion of the project because these facilities are essential to the expanded training programs of Uniswa. It is primarily a one-time cost.

Generally the CAPM project as designed is not expected to have a significant impact on the recurrent costs of the ministries. The trainees are expected to be drawn from current personnel ranks as well as the counterparts.

G. Economic Risks for the Project

The economy of Swaziland is relatively stable as is the agriculture. Some of the infrastructure, however, needed to best serve the agribusiness on both sides of the farmer is weak or lacking. The possible impact of these strengths and weaknesses on the rationale of each part of the project proposal was considered by the team throughout all stages of the development of the project proposal. Many of these needs will be addressed by the project (transport, distribution assembly) and the indications are that the others do not create a major economic risk to the achievement of CAPM because they either are being or will be addressed.

The political situation in Swaziland is stable. Elections were held in the fall of 1987. Members of parliament were elected, the cabinet appointed and ministers changed without any major upheavals. This has been characteristic of Swaziland for decades under both the current young king and the prior king of sixty years. In addition to this evidence of a stable political situation, which indicates a low political risk for CAPM, changes occurred at the top level of several ministries while the project proposal team was working. The principal secretaries of the ministries with which the CAPM project proposal team was working were changed during the May/June 1988 period. Although this delayed the completion of the project proposal because of the time required to brief and obtain a consensus agreement among the new principal secretaries, the change occurred without incident and the new principal secretaries made themselves available to facilitate the completion of the project proposal. All the indications are that the political situation in Swaziland does not pose a risk to the achievement of CAPM.

The GOS budgetary situation has been relatively stable the past few years. There are no big changes on the horizon that would appear to endanger the budgetary capability of the ministries involved to continue to support CAPM. This is discussed in detail in the institutional analysis.

ANNEX 9: BUDGET BACKUP

AID Inputs
(Inflation: 5% per annum)

CONTRACTOR PROVIDED

A. Long-Term Technical Assistance: \$210,000 per person year includes salary, benefits, travel, shipping and storage, R&R, educational allowance for one dependent, overhead/indirect costs, and miscellaneous costs. Travel and shipping and storage costs calculated for advisor, spouse and two dependents.

Total: 12 person years, 4 persons, \$2,717,000

B. Short-Term U.S.-Based Technical Assistance: \$20,000 per person-month inclusive of fees, airfare, per diem, overhead, insurance and miscellaneous costs.

Total: 48 person months, \$1,027,000

C. Short Term locally-based Technical Assistance: 45 person months may be employed to lead observation tours to African countries; to familiarize short-term TA with local environment; in working with cooperatives or on agribusiness projects, etc.; \$100/day.

Total: 45 person months, \$106,000

D. Training - Long Term Out-of-Country: Training to two members of the UniSwa Faculty of Agriculture to prepare them to implement and refine the revised curriculum to be provided by CAPM; \$20,000 per person year; average duration of 3 years each. Costs include tuition and fees, maintenance allowance, books, health insurance, U.S. domestic travel. The GOS/UniSwa will fund participants' international airfare.

Total: 6 person years, 2 persons, \$129,000

E. Short Term Out-of-Country Training: Used to strengthen ministries, other public sector entities and private sector organizations in dealing with a wide range of issues impacting on commercial agricultural development. Some of the observation/study visits and meetings will be to the U.S. (more detail in the UniSwa technical analysis) and some will be small groups or individuals travelling to African countries to learn

about specialized marketing/agribusiness projects such as: fresh/dehydrated vegetables - Kenya, maize - Zimbabwe and internships in neighboring countries' facilities for prospective Swazi entrepreneurs. Cost of \$6,200 per month includes tuition and fees, maintenance allowance or per diem as appropriate, books and supplies. USAID or private sector employers will fund airfares of non-GOS participants; the GOS will fund participants' airfare for GOS employees only.

Total: 38 person-months, \$253,000

F. Short Term In-Country Training: Like short term out-of-country training, the in-country training will be used to strengthen ministries, other public sector entities, and private sector organizations in dealing with a wide range of issues impacting commercial agricultural development. Training will include short courses for both public and private sector including cooperatives, personnel at UniSwa, Mananga, CODEC, and the ministries. Costs of \$900 per person month include course fees and materials, classroom/facility rental fees and as appropriate, accommodation and out-of-town travel costs of participants and compensation for faculty/instructors.

Total: 357 person-months, \$345,000

G. Project Support Office/Other Direct Costs: Secretarial service and administrative assistance for long-term technical advisors; some office space for short-term advisors and conference rooms for meetings; communications and reproduction will be provided. Locally hired project support staff will total one in year 1 and two in project years 2-4, accounting for 7 person-years or 84 person-months of locally hired support. Annual salary, benefits, medical insurance, Provident Fund contribution and field overhead/indirect cost, if any, are expected to total \$20,000 per annum (\$1,667 monthly) per support staff. Other office support expenses amount to \$30,000 per year (\$2,500 per month).

Total: 84 person months of support staff	\$153,000
Other Office support expenses	\$125,000
	<u>\$278,000</u>

H. Commodities: Computer equipment, vehicles, equipment detailed in the UniSwa budget, training materials, and miscellaneous office operating items

Total: \$470,000

1) Vehicles: Total of 4. Four 5-passenger, 4-door cars @ \$12,000 each.

Total: \$48,000

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2) Computers and Equipment: 46 mini-computers @ \$2,500 ea. will be provided; 29 for UniSwa; 4 for long-term TA; 1 for Central Office; 12 for counterparts. Ancillary equipment totalling \$10,000 will also be purchased and distributed.

Total: \$125,000

3) Other Equipment and Supplies: one photocopier, typewriter, fax machine and miscellaneous equipment and supplies for the central office; one video camera for marketing demonstrations and other audio-visual applications.

Total: \$29,000

4) Equipment and Supplies for UniSwa: 100 bicycles, \$11,000; audio-visual center including slide projector, tape recorder, video screen, and recorder video for \$17,000; equipment for student practical instruction, \$14,000; wire and poles for dairy unit, \$1,500; trickle irrigation equipment for orchard use, \$4,000; crop protection unit including growth chambers, inoculation chamber, incubator, sprayers, and compound microscope, \$142,500; plant nursery unit with sterilizer, propagation unit, rototiller and vegetable seeder, \$22,000; irrigation equipment including pump, pipes, sprinkler and surveying equipment, \$11,000; animal holding unit with scales, dipping equipment and spray pumps, \$14,000; security lights for the University farm, \$4,000; maize and roughage sheller and baler, \$20,000; and home economics equipment including desks, sinks, carpentry and upholstery equipment and cupboards, \$7,000.

Total: \$268,000

1) Contractor Home Office Project Management and Procurement Support: Provides for home office management, procurement and administrative support for the CAPM project. All costs include 5% inflation. Twice a year 3 week long field reviews of the project plus management input from the contractor's senior management in home office; senior management time of 4.5 person-months in-country and 7.5 person-months in the home office at a salary rate of \$6,169 per month; 14 persons months in the contractor's home office for procurement and administrative support at a salary rate of \$2,629 per month; this 14 months is divided into 6 person months of procurement specialist time at \$2,629 and 8 person months of other administrative support at \$ 2,629 per month; overhead and fee at 115% of salaries, or \$7,094 per month for senior management and \$3,023 per month for procurement and administrative support; other direct costs for home office support totalling \$82,403 are included as follows: communications, \$32,959; domestic travel, \$2,460; consumables, \$11,633; foreign travel and allowances, \$35,351.

Salaries:	12 pm senior management	\$74,023
	14 pm procure. & office support	\$36,807
Overhead:	12 pm senior management	\$85,126
(@ 115%)	14 pm procure. & office support	\$42,328
Other Costs:	approx. \$3,169 per person-month for 26 person-months	\$82,403
TOTAL (rounded)		\$321,000

USAID PROVIDED

A) Monitoring, Evaluation and Audit: Evaluation of the project will be through three internal reviews and one final external evaluation. It is likely that the internal reviews will be conducted from funds budgeted elsewhere in this project and external to this project (Contractor short-term and long-term technical assistance and AID staff). \$100,000 is budgeted for the final external evaluation. \$20,000 of funding has been included for an audit needs assessment in year two and \$30,000 for an external audit in year three, if determined necessary.

Total: audit needs assessment, external \$150,000
audit and final external evaluation

B) Furnishings for Long-Term Technical Advisors' Houses. \$80,000 is included to provide 4 (1 per long-term advisor @ \$20,000 each) furnishings for houses not to exceed the standard issue for AID-furnished houses. Furnishings will be provided on an actual cost basis by AID (not a non-accountable allowance) where it has been determined that GOS provided furnishings are absent or not suitable. \$54,921 is budgeted for 24 hour security guard services for all long-term advisors' houses. Purchase of two-way radios is estimated at \$12,000. Funding for utilities is provided at \$22,000. \$16,000 (\$4,000 per house) has been allocated for necessary security upgrades. \$20,000 is provided for renovation and maintenance.

Total: appliances and furnishings, security guards,
two-way radios, utilities, upgrading security and
renovation and maintenance - \$ 204,000

CAPM
PROJECT BUDGET BY YEAR OF EXPENDITURE FOR USAID-FUNDED COSTS
(000's of U.S. Dollars)

	Year 1	Year 2	Year 3	Year 4	Total
	-----	-----	-----	-----	-----
A. CONTRACTOR	1,144	1,879	1,745	878	5,646
Long Term Technical Assistance					
NOAC	210	441	463	243	1,357
HCIT/SIDC	105	221	232	122	680
UNISWA	105	221	232	122	680
Subtotal, LTTA	420	883	927	487	2,717
Short Term Technical Assistance					
Expatriate	200	357	331	139	1,027
Local	17	32	34	23	106
Subtotal, STTA	217	389	365	162	1,133
Training					
Long Term: Out-of-Country	20	42	44	23	129
Short Term: Out-of-Country					
NOAC	0	59	41	22	122
MOF	0	13	7	0	20
HCIT	0	20	34	0	54
UNISWA	50	7	0	0	57
Subtotal	50	99	82	22	253
In-Country					
NOAC	18	36	41	11	106
MOF	0	15	12	0	27
HCIT	0	13	24	0	37
UNISWA	27	66	51	31	175
Subtotal	45	130	128	42	345
Project Support Office	50	74	76	78	278
Commodities	258	168	44	0	470
Home Office Support	84	94	79	64	321
B. USAID	120	44	58	132	354
Monitoring, Evaluation, Audit	0	20	30	100	150
LTTA Furnishings	120	24	28	32	204
C. CONTINGENCY	-	-	-	-	-
TOTAL PROJECT	1,264	1,923	1,803	1,010	6,000
	*****	*****	*****	*****	*****

CAPM
SCHEDULE OF INPUTS

(Person Months)

	Year 1	Year 2	Year 3	Year 4	Total
	-----	-----	-----	-----	-----
A. CONTRACTOR					
Long Term Technical Assistance					
NOAC	12	24	24	12	72
MCIT/SIDC	6	12	12	6	36
UNISWA	6	12	12	6	36
Subtotal, LTTA	24	48	48	24	144
Short Term Technical Assistance					
Expatriate	10	17	15	6	48
Local	8	14	14	9	45
Subtotal, STTA	18	31	29	15	93
Training					
Long Term: Out-of-Country	12	24	24	12	72
Short Term: Out-of-Country					
NOAC		9	6	3	18
NOF		2	1		3
MCIT		3	5		8
UNISWA	8	1			9
Subtotal	8	15	12	3	38
In-Country					
NOAC	20	38	41	11	110
NOF		16	12		28
MCIT		14	24		38
UNISWA	30	70	51	30	181
Subtotal	50	138	128	41	357
Project Support Office	12	24	24	24	84
Commodities	n/a	n/a	n/a	n/a	n/a
Home Office Support	9	7	5	5	26
B. USAID					
Monitoring and Evaluation	0	1	1	3	5
LTTA Furnishings	n/a	n/a	n/a	n/a	n/a

CAPH

PROJECT BUDGET BY TYPE OF EXPENDITURE
FOREIGN EXCHANGE/LOCAL CURRENCY

(000's of U.S. Dollars)

	USAIQ			GOS			TOTAL		
	FX	LC	Total	FX	LC	Total	FX	LC	Total
Long Term Technical Assistance	\$2,717	\$0	2,717	\$0	\$0	0	\$2,717	\$0	2,717
Short Term Technical Assistance	1,027	106	1,133	0	0	0	1,027	106	1,133
Training	382	345	727	53	78	131	435	423	858
In-Country Office Support	0	278	278	0	96	96	0	374	374
UNISWA Farm Facilities	0	0	0	0	453	453	0	453	453
Commodities	235	235	470	0	0	0	235	235	470
Contractor Home Office Support	321	0	321	0	0	0	321	0	321
LTTA Housing	92	112	204	0	104	104	92	216	308
GOS Counterpart Personnel	0	0	0	0	1,298	1,298	0	1,298	1,298
Counterpart Travel	0	0	0	0	22	22	0	22	22
Monitoring and Evaluation	150	0	150	0	0	0	150	0	150
Contingency	0	0	0	0	0	0	0	0	0
Total Project	\$4,924	\$1,076	6,000	\$53	\$2,051	2,104	\$4,977	\$3,127	8,104

GOS BUDGET BACKUP

CAPSULE SUMMARY

(E1.00 = \$0.50)

- A. Personnel charged to ministries where associated.
- PS/other senior management equivalent of one person full time for 3 years at grade 26-27 - E20,000.
 - Counterparts - full and part time charged to ministries at grade 20-22, notch 4, E13,000.
4 full time, 7 part time
 - Trainees - according to person months of training in each ministry at E16,000
 - Overhead calculated at 100 percent of personnel expenditures which is based on 1988/89 GOS budget.
- B. In-Country facilities.
- Offices - E400 per month imputed rental per office
 - furnishings - E 800 one time charge per office
 - Office support (workers, paper, copier) - E5600 per year per office
 - Utilities - E180 per month per office
- Housing
- imputed rental value - E1250 per month
 - furnishings - E2,500 one time charge per house
 - maintenance, etc. - E 125 per month per house
- C. Travel
- cars, maintenance and fuel: CTA maintenance valued at E1500/year/car, fuel and oil cost estimated at E2160/year/car based on 15,000 km per year.
 - ST training in-country travel - ground transportation to class venues averaged at E419 or \$209.50 per person-month of training.
 - ST out-of-country training - GOS airfares to training venues in Africa, Europe and the U.S. @ E1500 RT for Africa, E6,000 RT to Europe and E8000 RT for the U.S.
 - LT Training 2 UNISWA degree students to U.S. - E8,000 RT.

Annex 9

CAPM
GOS BUDGET SUMMARY - ALL MINISTRIES COMBINED, BY YEAR
000 US DOLLARS

ITEMS	YEAR				TOTAL
	1*	2	3	4*	
1. Personnel**					
P.S and other senior management	5.4	12.6	14.6	8.4	41.0
Counterparts	26.4	60.2	69.4	40.1	196.1
Trainees, other travelers	43.2	146.7	176.4	45.8	412.1
Overhead***	<u>75.0</u>	<u>219.5</u>	<u>260.4</u>	<u>94.3</u>	<u>649.2</u>
Total	150.0	439.0	520.8	188.6	1298.4
2. In-country facilities					
offices	5.8	12.1	12.1	6.0	36.0
- furnishings	2.0	-	-	-	2.0
Office support	6.6	13.9	14.2	7.3	42.0
- utilities	2.7	5.2	5.2	2.9	16.0
Housing					
- lease	14.8	30.0	30.1	15.1	90.0
- furnishings	5.0	-	-	-	5.0
- maintenance, etc	2.0	3.2	2.8	1.0	9.0
UNISWA Farm Facilities	<u>200.0</u>	<u>200.0</u>	<u>53.0</u>	<u>-</u>	<u>453.0</u>
Total	238.9	264.4	117.4	32.3	653.0
3. Travel					
Cars, fuel, maintenance	6.0	6.0	6.0	4.0	22.0
ST training international airfares	10.0	18.9	13.2	2.7	44.8
ST in-country training	32.9	16.6	14.9	13.6	78.0
LT training participants to U.S.	<u>4.0</u>	<u>-</u>	<u>-</u>	<u>4.0</u>	<u>8.0</u>
Total	52.9	41.5	34.1	24.3	152.8
4. TOTAL	441.8	744.9	672.3	245.2	2104.2
USAID BUDGET					6000.0
CAPM PROJECT TOTAL					8104.2

* Three year project

** fifteen percent inflation included

*** Overhead calculated as 100 percent of personnel expenditure based on 1988/89 GOS budget

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Annex 9

CAPM
GOS BUDGET SUMMARY BY MINISTRIES
000 U.S. DOLLARS

ITEMS	MOAC	MOE/ UNISWA	MCIT	MOF	TOTAL
1. Personnel**					
P.S and other senior management	20.5	8.2	8.2	4.1	41.0
Counterparts	98.1	39.2	39.2	19.6	196.1
Trainees, other travelers	111.3	234.8	39.2	26.8	412.1
Overhead***	<u>229.9</u>	<u>282.2</u>	<u>86.6</u>	<u>50.5</u>	<u>649.2</u>
Total	459.8	564.4	173.2	101.0	1298.4
2. In-country facilities					
offices	18.0	7.2	7.2	3.6	36.0
- furnishings	1.0	0.4	0.4	0.2	2.0
Office support	21.0	8.4	8.4	4.2	42.0
- utilities	8.0	3.2	3.2	1.6	16.0
Housing					
- lease	45.0	22.5	22.5	-	90.0
- furnishings	2.5	1.25	1.25	-	5.0
- maintenance, etc	4.5	2.25	2.25	-	9.0
UNISWA Farm Facilities	<u>-</u>	<u>453.0</u>	<u>-</u>	<u>-</u>	<u>453.0</u>
Total	100.0	498.2	45.2	9.6	653.0
3. Travel					
Cars, fuel, maintenance	11.0	5.5	5.5	-	22.0
ST training inter-national airfares	15.8	11.0	6.7	11.3	44.8
ST in-country training	21.1	44.5	7.4	5.0	78.0
LT training participants to U.S.	<u>-</u>	<u>8.0</u>	<u>-</u>	<u>-</u>	<u>8.0</u>
Total	47.9	69.0	19.6	16.3	152.8
4. TOTAL	607.7	1131.6	238.0	126.9	2104.2
USAID BUDGET					6000.0
CAPM PROJECT TOTAL					8104.2

* Three year project

** fifteen percent inflation included

*** Overhead calculated as 100 percent of personnel expenditure based on 1988/89 GOS budget

Annex 9

CAPM
GOS BUDGET SUMMARY - MOAC
000 US DOLLARS

ITEMS	YEAR				TOTAL
	1*	2	3	4*	
1. Personnel ** P.S. and other Senior Management	2.7	6.3	7.3	4.2	20.5
Counterparts	13.1	30.2	34.7	20.1	98.1
Trainees other travellers	11.7	39.6	47.6	12.4	111.3
Overhead ***	27.5	76.1	89.6	36.7	229.9
Total	55.0	152.2	179.2	73.4	459.8
2. In-country facilities					
Offices	3.0	6.0	6.0	3.0	18.0
- furnishings	1.0	-	-	-	1.0
Office support	3.5	7.0	7.0	3.5	21.0
- utilities	1.5	2.5	2.5	1.5	8.0
Housing					
- lease	7.5	15.0	15.0	7.5	45.0
- furnishings	2.5	-	-	-	2.5
- maintenance, etc	1.0	1.5	1.5	0.5	4.5
Total	20.0	32.0	32.0	16.0	100.0
3. Travel					
cars, fuel and maintenance	3.0	3.0	3.0	2.0	11.0
ST training International airfares	-	7.9	5.2	2.7	15.8
ST in-country training	8.9	4.1	4.1	4.0	21.1
Total	11.9	15.0	12.3	8.7	47.9
4. TOTAL	86.9	199.2	223.5	98.1	607.7

* Three year project

** Fifteen percent inflation included

*** Overhead calculated as 100 percent of personnel expenditure based on 1988/89 GOS budget

Annex 9

CAPM
GOS BUDGET SUMMARY - MOE/UNISWA
000 US DOLLARS

ITEMS	YEAR				TOTAL
	1*	2	3	4*	
1. Personnel**					
P.S and other senior management	1.1	2.5	2.9	1.7	8.2
Counterparts	5.3	12.0	13.9	8.0	39.2
Trainees, other travelers	24.6	83.6	100.5	26.1	234.8
Overhead***	<u>31.0</u>	<u>98.1</u>	<u>117.3</u>	<u>35.8</u>	<u>282.2</u>
Total	62.0	196.2	234.6	71.6	564.4
2. In-country facilities					
offices	1.2	2.4	2.4	1.2	7.2
- furnishings	0.4	-	-	-	0.4
Office support	1.4	2.8	2.8	1.4	8.4
- utilities	0.5	1.1	1.1	0.5	3.2
Housing					
- lease	3.8	7.4	7.5	3.8	22.5
- furnishings	1.25	-	-	-	1.25
- maintenance, etc	0.5	0.9	0.6	0.25	2.25
UNISWA Farm Facilities	<u>200.0</u>	<u>200.0</u>	<u>53.0</u>	<u>-</u>	<u>453.0</u>
Total	209.05	214.6	67.4	7.15	498.2
3. Travel					
Cars, fuel, maintenance	1.5	1.5	1.5	1.0	5.5
ST training inter-national airfares	10.0	1.0	-	-	11.0
ST in-country training	18.7	10.1	8.5	7.2	44.5
LT training participants to U.S.	<u>4.0</u>	<u>-</u>	<u>-</u>	<u>4.0</u>	<u>8.0</u>
Total	34.2	12.6	10.0	12.2	69.0
4. TOTAL	305.25	423.4	312.0	90.95	1131.6

* Three year project

** fifteen percent inflation included

*** Overhead calculated as 100 percent of personnel expenditure based on 1988/89 GOS budget

Annex 9

CAPM
GOS BUDGET SUMMARY - MCIT
000 US DOLLARS

ITEMS	YEAR				TOTAL
	1*	2	3	4*	
1. Personnel**					
P.S and other senior management	1.1	2.5	2.9	1.7	8.2
Counterparts	5.3	12.0	13.9	8.0	39.2
Trainees, other travelers	4.1	13.9	16.8	4.4	39.2
Overhead***	<u>10.5</u>	<u>28.4</u>	<u>33.6</u>	<u>14.1</u>	<u>86.6</u>
Total	21.0	56.8	67.2	28.2	173.2
2. In-country facilities					
offices	1.0	2.5	2.5	1.2	7.2
- furnishings	0.4	-	-	-	0.4
Office support	0.8	2.9	3.1	1.6	8.4
- utilities	0.4	1.1	1.1	0.6	3.2
Housing					
- lease	3.5	7.6	7.6	3.8	22.5
- furnishings	1.25	-	-	-	1.25
- maintenance, etc	<u>0.5</u>	<u>0.8</u>	<u>0.7</u>	<u>0.25</u>	<u>2.25</u>
Total	7.85	14.9	15.0	7.45	45.2
3. Travel					
Cars, fuel, maintenance	1.5	1.5	1.5	1.0	5.5
ST training inter-national airfares	-	2.5	4.2	-	6.7
ST in-country training	<u>3.2</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>7.4</u>
Total	4.7	5.4	7.1	2.4	19.6
4. TOTAL	33.55	77.1	89.3	38.05	238.0

* Three year project

** fifteen percent inflation included

*** Overhead calculated as 100 percent of personnel expenditure based on 1988/89 GOS budget

Annex 9

CAPM
GOS BUDGET SUMMARY - MOF
000 US DOLLARS

ITEMS	YEAR				TOTAL
	1*	2	3	4*	
1. Personnel**					
P.S and other senior management	0.5	1.3	1.5	0.8	4.1
Counterparts	2.7	6.0	6.9	4.0	19.6
Trainees, other travelers	2.8	9.6	11.5	2.9	26.8
Overhead***	<u>6.0</u>	<u>16.9</u>	<u>19.9</u>	<u>7.7</u>	<u>50.5</u>
Total	12.0	33.8	39.8	15.4	101.0
2. In-country facilities					
offices	0.6	1.2	1.2	0.6	3.6
- furnishings	0.2	-	-	-	0.2
Office support	0.9	1.2	1.3	0.8	4.2
- utilities	0.3	0.5	0.5	0.3	1.6
Housing					
- lease	-	-	-	-	-
- furnishings	-	-	-	-	-
- maintenance, etc	-	-	-	-	-
Total	<u>2.0</u>	<u>2.9</u>	<u>3.0</u>	<u>1.7</u>	<u>9.6</u>
3. Travel					
Cars, fuel, maintenance	-	-	-	-	-
ST training inter-national airfares	-	7.5	3.8	-	11.3
ST in-country training	<u>2.1</u>	<u>1.0</u>	<u>0.9</u>	<u>1.0</u>	<u>5.0</u>
Total	2.1	8.5	4.7	1.0	16.3
4. TOTAL	16.1	45.2	47.5	18.1	126.9

* Three year project

** fifteen percent inflation included

*** Overhead calculated as 100 percent of personnel expenditure based on 1988/89 GOS budget

ANNEX 10

CAPM TA SPECIALISTS SCOPES OF WORK

The long term CAPM TA specialists to be included in the project by the prime contractor and any subcontractors are identified in the scopes of work below. The general and specific tasks to be carried out and the qualifications of each long-term specialist are noted. Intentionally, some flexibility has been built into each qualification statement and into the statements as a group. Each organization presenting candidates for these positions is encouraged to create a team of TA specialists that possess, together, the best mix of experience and skill in the important areas of activity to be undertaken by the CAPM Project.

Assignments: Each long-term TA will undertake the following specific assignments in their respective areas of marketing, agribusiness (MOAC and MCIT), and agribusiness management:

- Provide on-the-job training to assigned counterparts;
- Prepare scopes of work for the short-term technical assistance;
- Arrange for or provide short course, seminar and workshop training to assigned counterparts, other GOS personnel and private sector individuals; cooperate with UNISWA and other institutions in providing such training to students, Ministry and private sector (including cooperatives) personnel;
- Arrange for familiarization visits by Swazi entrepreneurs, GOS personnel, UNISWA staff, and others to relevant enterprises in and outside Swaziland; and,
- Assist in strengthening the capacity of GOS entities, cooperatives and selected private sector groups and individuals to foster development of commercial agriculture and agribusiness.

Each long-term TA will also carry out additional assignments as detailed in the individual scopes of work.

Qualifications: All of the long-term TAs will have the following minimum qualifications:

- Good communications skills (written and oral and effective use of visual aids) and proven inter-cultural adaptability;
- Reputation for honesty; ability to maintain confidentiality in a business environment and to avoid conflicts of interest;
- Experience in providing on-the-job and formal training in developing countries in their respective fields.

Each long-term TA must also have the additional qualifications listed in the individual scopes of work.

Position: Chief of Party (to be filled by either the Agribusiness TA Specialist or the Marketing TA specialist located in MOAC; technical position descriptions for these two specialists are provided elsewhere)

Duration of Assignment: Three (3) years

Geographic Location: Mbabane, Swaziland

Institutional Location: MOAC

SCOPE OF WORK:

General Assignment and Lines of Authority: The Chief of Party (COP) will manage implementation and provide technical leadership of the CAPM Project on behalf of the prime contractor as defined in the prime contract. S/he will have full field authority on behalf of the prime contractor to manage and control TA specialists, long- and short-term, and all other CAPM activities carried out via the prime contractor or its subcontractors in Swaziland.

Within the prime-contractor organization, the COP will report directly to a senior level home office CAPM project manager; the latter will be substantively involved in directing the CAPM Project from the prime contractor's home office, will make twice yearly management trips to Swaziland, and will provide specific short-term TA to the Project. Additional home office logistical and administrative support will be provided to assist the COP manage the CAPM effort successfully in Swaziland.

Within the GOS, the COP will report to the Director of Research and Planning in MOAC; through the Director, s/he will liaise with the PS of MOAC as necessary to achieve the objectives of the Project. Working closely with these and all other MOAC and GOS officials, the COP will assist the GOS to carry out all CAPM Project activities. S/he will be a member of the PS level Project Executive Committee, participating in overall GOS-USAID project coordination, planning and decision making. S/he will alternate with the COP's principal counterpart in MOAC in chairing the Inter-Ministerial Working Group composed of all CAPM TA specialists, their principal and auxiliary counterparts, and the USAID Project Officer.

Within USAID/Swaziland, the COP will cooperate with and report to the Mission Agricultural Development Officer (ADO).

Specific duties of the COP include, but are not limited to, the following:

- In-Country control of prime contractor financial resources; management of the financial and procured resources in the prime contract to achieve specific targets over time and the overall purpose of the project;

- Management of long- and short-term CAPM TA specialists substantive activities, in conjunction with the PSs and the Dean of the Faculty of Agriculture in the institutions where each works in support of the project;
- Approval, on behalf of the prime contractor, and general oversight of actions and activities of the CAPM TA specialists in arranging and undertaking travel, short- and long-term training efforts, short-term TA assignments, procurement actions and other specific activities on behalf of the CAPM Project;
- Responsibility for obtaining USAID/Swaziland and GOS approvals, as necessary, for planned travel, short- and long-term training, short-term TA assignments, procurement actions and specific activities to be carried out by CAPM TA specialists or funded by the CAPM Project;
- Administrative management, with the assistance of the prime contractor home office, of CAPM TA specialists--vacation, sick, administrative reports; computer peripherals and use; travel policies; salary review;
- Management of the Project office established to support the CAPM TA specialists supplied by the prime contractor;
- Development of the three year CAPM Project implementation plan and each six month rolling plan;
- Preparation of quarterly project progress reports;
- Liaison with all GOS participants in the CAPM Project;
- Preparation of materials for the project executive committee as required;
- Management, together with the COP primary counterpart in MOAC, of the work of the Inter-Ministerial Working Group;
- Organization of CAPM Project reports, experiences and other outputs in a manner to be of maximum usefulness to project participants, USAID, and others interested in project results;
- Procurement and use of equipment in support of the CAPM Project;
- Evaluation of the performance of long- and short-term CAPM TA specialists in carrying out their assignments.

Position: TA Specialist--Agribusiness (MOAC)

Duration of Assignment: Three (3 years)

Geographic Locations: Mbabane, Swaziland, with frequent travel to various agricultural and industrial sites throughout the country and possibly the region

Institutional Location: MOAC

SCOPE OF WORK:

General Assignment: The specialist will take an activist role from within MOAC to help foster agribusiness development expansion in Swaziland, with emphasis on the supply of agricultural inputs to smaller scale farmers and on establishment and growth of value added enterprises using crop, livestock, forestry and fisheries products. He or she will have primary responsibility for strengthening MOAC (and other GOS and private sector) agribusiness development capacity in support of the GOS growth strategy. In addition, and equally important, the specialist will take action from within MOAC to identify constraints to agribusiness activity, create policy and program options to reduce them, and help carry out selected private sector oriented programs; to identify, analyze and develop agribusiness (including cooperative) opportunities; to coordinate the efforts of GOS entities and the private sector to enhance agribusiness development. The specialist will collaborate with TAs and counterparts in other ministries on agribusiness matters, particularly MCIT. A full-time counterpart will be provided by the Department of Research and Planning in MOAC. Ancillary counterparts will be located in the Department of Cooperatives in MOAC and in SIDC. It will be the specialist's duty to ensure these counterparts are given full opportunity to benefit from his or her skills and to develop a permanent agribusiness development capability during the life of the project. The specialist also will participate actively as a member of the Inter-Ministerial Working Group made up of all CAPM TA specialists, their full-time and ancillary counterparts. (If serving as Chief of Party, the TA agribusiness specialist in MOAC and his full-time counterpart will serve as alternating chair persons of the working group).

Specific Assignments:

- Assist in identifying constraints to agribusiness particularly input supply expansion; develop policy and program options, evaluate appropriate options, and facilitate decisions to reduce the constraints and increase agribusiness activity; actively support development of several agribusinesses (e.g., livestock slaughter for export) by the private sector during the life of CAPM;
- Assist in identifying agribusiness opportunities, in analyzing them, and in helping private sector entities and individuals develop those found to be viable particularly regarding farm inputs, actively support development of several agricultural business opportunities (e.g. outgrower schemes) by the private sector (including

cooperatives) during the life of CAPM; help to develop mechanisms for timely simplified response to investor/entrepreneur business needs;

- Assist in coordinating agribusiness activities within the GOS and with the private sector, including cooperatives, help develop and coordinate one or more private sector consultative groups to liaise with MOAC and the GOS on agribusiness development policies, programs, investment opportunities and business activities;

Qualifications:

Education: MS or PH.D Degree in management, agricultural economics, finance or another relevant discipline or an MBA Degree.

Experience: Relevant prior experience in agribusiness in a developing country; ideally, this experience would include 1) agribusiness policy/program analysis and adjustment and new business entry, and 2) commercial agribusiness management; if only one aspect of the above experience is provided, emphasis should be given to program analysis and adjustment and business development;

Relevant prior successful management experience if proposed as Chief of Party for this project;

Relevant prior experience working for or managing a commercial farm, and/or an agribusiness enterprise (including a cooperative--e.g., and input supplier, a processor, a product wholesaler/retailer, or an agricultural lending agency;

Knowledge of the international financial and agribusiness systems, especially sources of capital, technology, and markets is desirable.

Position: TA Specialist--Marketing (MOAC)

Duration of Assignment: Three (3) years

Geographic Location: Mbabane, Swaziland, with frequent travel to various agricultural and marketing sites throughout the country and possibly the region

Institutional Location: MOAC

SCOPE OF WORK:

General Assignment: The specialist will take an activist role from within MOAC to help foster domestic and export marketing expansion in Swaziland, with emphasis on the establishment and growth of value added to domestic marketing channels for crop, livestock, forestry and fishery products with attention to smaller scale producers. The specialist will take action: To identify constraints to marketing activity, create policy and program options to reduce them, and help implement the options chosen in support of private sector (including cooperatives) marketing activities; to identify, analyze and help develop specific marketing business opportunities; to coordinate the efforts of GOS entities and the private sector to enhance marketing development. In addition, he or she will have primary responsibility for strengthening the domestic marketing development capacity of MOAC, other GOS and private sector entities, including cooperatives. The specialist will collaborate with a full-time GOS counterpart in the Marketing Section of the Department of Research and Planning in MOAC; s/he will have ancillary counterparts in the Departments of Agriculture (Extension) and Cooperatives in MOAC, in NAMB, and in MCIT (in the area of export marketing). It will be the specialist's duty to ensure these counterparts are given full opportunity to benefit from his or her skills and to develop the life of the project. The specialist also will participate actively as a member of the Inter-Ministerial Working Group made up of all CAPM TA specialists, their full-time and ancillary counterparts. (If serving as Chief of Party, the TA marketing specialist and his full-time counterpart will serve as alternating chair persons of the working group.)

Specific Assignments:

- Assist in identifying domestic marketing opportunities, in analyzing them, and in helping private sector entities (including cooperatives) and individuals develop those opportunities assessed to be viable; actively support development of several specific domestic marketing business opportunities by the private sector during the life of CAPM (e.g., expansion of processor purchase contracts for production by smaller farmers); conduct--in conjunction with the Extension counterpart--specific marketing trials and experiments with private sector cooperatives and firms to further develop marketing expansion (e.g., consolidation of truckloads of produce from small farms for overland export to neighboring countries; foster trials, experiments and new

marketing businesses or the expansion of existing ones (including cooperatives); cooperate fully with the other CAPM TA specialists and their advisors in carrying out this task;

- Assist in identifying constraints to domestic and export marketing expansion, developing policy and program options to reduce the constraints, evaluating appropriate options, and facilitating implementation of the option selected (e.g., development of fruit and vegetable grades and standards to match international MOAC program adjustments during the life of CAPM not only for broad scale impact, but to actively support development of several specific marketing activities (e.g., livestock slaughter for export); cooperate with all CAPM TA specialists and counterparts in undertaking this work;
- Help strengthen the capacity of the market intelligence system; assist in promoting opportunities among domestic marketers and potential market system investors; identify and assist prospective and existing marketers in developing such opportunities;
- Assist in coordinating marketing related activities within the GOS and between the GOS and the private sector; help develop and coordinate one or more private sector--including cooperatives--consultative groups to liaise with MOAC and the GOS on domestic and export marketing policies, programs, regulations and actions;

Qualifications:

Education: MS or Ph.D Degree in marketing, agricultural economics or another relevant discipline or an MBA Degree.

Experience: Relevant prior agricultural marketing experience in a developing country; ideally, this experience will include work in private sector marketing operations and in public sector policy/program analysis, formulation and implementation in the agricultural marketing area; if only one aspect of the above experience is provided, emphasis should be given to private sector marketing operations;

Relevant prior experience working in or managing a marketing enterprise--eg., a trading company or product wholesaler/retailer--or the marketing division of an agricultural producer or processor--e.g., a fruit producers cooperative, an input manufacturer, a food processor; this experience will provide sound commercial skills in key aspects of marketing of agricultural products;

Experience in analysis of marketing issues from a public sector policy and program viewpoint; experience would include determination of marketing costs, establishment of margins throughout the marketing system, assessment of the impact of grades and standards on market performance, assessment of the relative usefulness of different financing arrangements, and analysis of the impact of one predominant buyer or seller on markets;

Relevant prior successful management experience if proposed as Chief of Party for this Project;

General knowledge of regulatory arrangements in agricultural marketing (including parastatals), of commercial export and import practices, of input supply marketing via cooperatives and the private sector, and of different institutional marketing arrangements (auctions, terminal markets, retail marketing) is desirable.

Position: TA Specialist--Macro-Fiscal and Financial Policy

Duration of Assignment: Short Term TA (12 months during life of project) with continuity over 3 years

Geographic Location: Mbabane, Swaziland, with occasional travel to various agricultural and marketing sites

Institutional Location: MOAC

SCOPE OF WORK:

General Assignment: The specialist will take an activist role from within MOAC and in collaboration with MOF to help foster commercial agricultural expansion in Swaziland. Emphasis will be on broader fiscal and economic policies, programs and regulations as they impact upon agricultural production, and agribusinesses, including marketing and input supply activities. The specialist will take action: to identify policy and program constraints to commercial agricultural activity in areas such as taxation, customs, banking, investment, public sector expenditures, business climate; to create options to reduce them, and to help implement the option chosen; to identify, analyze and help develop policies and programs that foster desirable commercial agricultural activities, whether by incentives or disincentives; to examine policies underlying GOS fiscal, banking, taxation and other programs, regulations and actions for consistency with stated agricultural development objectives, suggest changes if appropriate, and help coordinate such changes to achieve the policy impacts desired; to examine broad policies, programs and actions.

The specialist will collaborate with counterparts across the GOS. The specialist's counterparts will be provided on a subject matter as needed basis by MOAC, MOF, the Central Bank, DEPS and the Assistant Tax Commissioner's Office. It will be the specialist's duty to ensure these counterparts are given full opportunity to benefit from his or her skills and to develop a macro-policy development capability during the life of the project. The specialist will utilize short term TA as needed to assist in specialized areas. When in-country the specialist also will participate actively as a member of the Inter-Ministerial Working Group made up of all CAPM TA specialists, their full-time ancillary counterparts.

Specific Assignments:

- Assist (1) in identifying key constraints to overall commercial agriculture expansion at the broad policy and program level in the areas of fiscal, public investment, monetary, and macro- and sectoral economics, (2) in analyzing them, and (3) in helping shape adjustments where appropriate. Carry out joint analysis with other CAPM TA specialists--long-term and short-term--and their counterparts in completing this task, utilizing their perceptions and experiences in such areas as price, import and export regulation, business and industrial structure, export potential, etc., to help focus upon key GOS policy and program issues;

- Identify policy, program, regulatory and other areas of MOF, MOAC and related GOS activities which impact on specific desirable commercial agriculture expansion opportunities identified by CAPM Project and others in the GOS and the private sector; assess the impact of the relevant policy set on each specific opportunity and suggest policy and program refinements to support its development; cooperate fully with other CAPM TA specialist and their counterparts in this task;
- In cooperation with CAPM TA specialists and their counterparts, and using short-term TA assess specific on-going or planned commercial agricultural activities in terms of national development objectives; help develop fiscal, monetary, public expenditure and macro-economic policy, program, regulatory and administrative options for further funding such activities in desired directions and assist in implementing the option(s) selected;
- Help create, coordinate and publicize a set of macro government policies conducive to development of the desired types of agriculture business (including smaller scale farming); be available to explain Swaziland's business and broad policy climate to the private sector;
- Use short-term TA as needed and collaborate with DRP, COP and MOF in preparing scopes of work for short term technical assistance in the area of tax, customs, banking, credit, economics, parastatal finances and management, GOS investment, public finance, import regulations, etc.
- Provide on-the-job training to assigned counterparts, MOAC staff and others in broad policy, program, regulatory and administrative analysis, formulation and implementation as it relates to commercial agricultural expansion;
- Assure that provision is made for short course, seminar and workshop training to assigned counterparts, MOAC and other GOS personnel and private sector individuals in all aspects of fiscal, monetary, economic and business policy and program analysis, formulation and implementation with respect to commercial agriculture.

Qualifications:

Education: A Ph.D Degree in Finance, Agricultural Economics or Economics or another relevant discipline.

Experience: Relevant prior experience in broad scale fiscal, monetary and economic public policy and program analysis and implementation applied specifically to agriculture, prior experience in such areas in a developing country is desirable;

Specific knowledge of the agricultural sector in terms of fiscal policy, finance, investment incentives, government expenditures, macro-economic policy and micro-economic analysis is desirable;

General knowledge of public-private institutional arrangements in the agricultural sector (including parastatals), of export and import practices, of input supply, marketing and agribusiness systems, and of the role of management and technology in agriculture is desirable;

Experience in providing on-the-job and formal training in various aspects of public policy and program analysis, formulation, implementation and monitoring in developing countries is desirable.

Position: TA Specialist--Agribusiness (MCIT)

Duration of Assignment: Three (3) years

Geographic Location: Mbabane, Swaziland, with frequent travel to various agricultural and industrial sites throughout the country and possibly the region

Institutional Location: MCIT, with some time spent in support of SIDC

SCOPE OF WORK:

General Assignment: The specialist will take an activist role from within MCIT (and to some extent from within SIDC) to help foster agribusiness expansion in Swaziland, with emphasis on the establishment and growth of value added enterprises using crop, livestock, forestry and fisheries products. The specialist will take action: To identify constraints to agribusiness activity, create policy and program options to reduce them, and help implement the options chosen in support of private sector agribusiness activities; to identify, analyse and assist entry into specific agribusinesses; to coordinate the efforts of GOS entities and the private sector to enhance agribusiness growth period. In addition, he or she will have primary responsibility for strengthening the agribusiness development capacity of MCIT and SIDC (and other GOS and private sector organizations). The specialist will collaborate with one or more counterparts across the GOS. A full-time counterpart will be provided by the Industrial Division of MCIT. Ancillary counterparts will be provided by MOAC and SIDC. It will be the specialist's duty to ensure these counterparts are given full opportunity to benefit from his or her skills and to develop capability during the life of the project. The specialist also will participate actively as a member of the Inter-Ministerial Working Group made up of all CAPM TA specialists, their full-time and ancillary counterparts.

Specific Assignments:

- Assist in identifying and analyzing agribusiness investment opportunities, particularly value added entrepreneurial facilitation and in helping private sector entities and individuals develop those found to be viable; actively support development of several specific agricultural business and investment opportunities by the private sector during the life of CAPM; develop appropriate pre-feasibility analyses and investment profiles for use in attracting and facilitating smaller scale agribusiness growth in Swaziland;
- Help promote agribusiness investment in Swaziland; assist in improving public sector agribusiness promotion services inside and, to a limited extent, outside Swaziland; identify and assist prospective Swazi and foreign businessmen during their exploration of opportunities in-country; help develop mechanisms to respond directly to investor/entrepreneur business needs; arrange out-of-country visits for potential Swazi investors;

- Assist in identifying constraints to agribusiness development, developing policy and program options to reduce the constraints, evaluating appropriate options and in facilitating decisions to reduce the constraints including credit for processing and increase agribusiness activity levels; use MCIT programs and program adjustments to actively support development of several specific agribusiness activities (either new start-up operations such as potato storage or expansions of existing activities such as renovation of the abattoir to help achieve national meat export targets) by the private sector during the life of CAPM;
- Assist in coordinating agribusiness related activities within the GOS and between the GOS and the private sector; help develop and coordinate one or more private sector consultative groups in areas such as small scale enterprise credit to liaise with MCIT and the GOS on agribusiness development policies, programs, investment opportunities and business activities.

Qualifications:

- Education: MS or Ph.D Degree in management, agricultural economics, food or processing engineering finance or other relevant discipline or an MBA Degree.
- Experience: Relevant prior experience in agribusiness in a developing country; ideally, this experience would include 1) agribusiness policy/program analysis and business opportunity promotion, and 2) commercial agribusiness financing and management; if only one aspect of the above experience is provided, emphasis should be given to commercial agribusiness financing and management;
- Relevant prior experience developing a new business, working for or managing a commercial farm, or an agribusiness enterprise--e.g., an input supplier, a processor, a product wholesaler/retailer, or an agricultural lending agency.

Position: TA Specialist--Visiting Professor of Agribusiness Management

Duration of Assignment: Three (3) years

Geographic Location: Luyengo, Swaziland, with travel to various agricultural, industrial and marketing sites throughout the country

Institutional Location: UNISWA

SCOPE OF WORK:

General Assignment: The specialist will serve as a member of the Faculty of Agriculture at UNISWA to further develop and implement the agribusiness option in the new Agricultural Economics and Management Department. S/he will be a full time member of the Faculty of Agriculture. Some classroom teaching will be required.

General duties will be to:

- Assist in introducing the new agribusiness management curriculum adopted by the Faculty of Agriculture;
- Develop and manage an in-service training program in agribusiness management for the Faculty of Agriculture;
- Provide leadership for developing a plan for an outreach function (short courses) with the private and public sectors;
- Liaison with agribusiness staffs in MOAC and other GOS ministries who are involved in support of the agribusiness sector, including cooperatives, domestic and export marketing and input supply;
- Assist the Dean to explore cooperative educational opportunities with CODEC and the MOAC training officer;
- Take primary responsibility as directed by the Dean for expanding the agribusiness training and development capacity of UNISWA staff and their ability to support MOAC, MOF, MCIT, SIDC and other GOS and private sector entities and individuals in their agribusiness development efforts.

The specialist will collaborate with counterparts across the GOS. A principal counterpart will be provided by UNISWA from the Department of Agricultural Economics and Management. An ancillary counterpart will be provided by MOAC. It will be the specialist's duty to ensure these counterparts are given full opportunity to benefit from his or her skills and to develop a permanent agribusiness training capability during the life of the project. The specialist also will participate actively as a member of the Inter-Ministerial Working Group made up of all CAPM TA specialists, their full-time and ancillary counterparts, and the USAID Project Officer.

Specific Assignments:

- Pursue development of an education program whereby GOS Diplomates can upgrade their skills with in-service training for UNISWA credit;
- Liaise and consult with private business to determine the feasibility of establishing an outreach educational program and a student internship program;
- Liaise with the MOAC and others in the GOS to obtain advice regarding UNISWA's outreach educational program for public sector personnel;
- Participate in discussions with MANANGA on how their expertise can supplement UNISWA's outreach education;
- Develop a plan for developing a UNISWA outreach educational effort with the private and public sectors, including short course in Swaziland and elsewhere;
- Conduct other duties as agreed upon by the Dean of the Faculty and USAID/Swaziland.
- Assist in coordinating agribusiness related activities within the GOS and the private sector; help expand and coordinate the private sector component of the UNISWA Advisory Group advising on curriculum.

Qualifications:

Education: Ph.D Degree in management, agricultural economics, finance or another relevant discipline; at least one degree at the BS, MS or Ph.D level must be an appropriate agricultural degree;

Experience: Relevant prior experience in agribusiness in a developing country; ideally, this experience would include 1) teaching in agribusiness management, curriculum design, and training outreach and 2) commercial agribusiness management; if only one aspect of the above experience is provided, emphasis should be given to teaching in agribusiness management, curriculum design, and training outreach; the person's prior experience in teaching, curriculum design and training outreach must be equivalent to that of Associate Professor rank in a college or university;

Relevant prior experience working for or managing a commercial farm and/or an agribusiness enterprise (including a cooperative --e.g., either an input supplier, a processor, a product wholesaler/retailer, or an agricultural lending agency is desirable;

Specific knowledge of agricultural business management, including farming, to include such areas as investment, finance, processing, technology, marketing, personnel, budgeting,

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decision making processes, project appraisal, planning, delegation and control, and government regulation;

General knowledge of public-private institutional arrangements in the agricultural sector (including parastatals), of regulation, of export and import practices, of input supply, marketing and agribusiness systems, and of the role of technology in agriculture is desirable.

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. PROCUREMENT

1. FAA Sec. 602(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes.
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? N/A
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A
5. FAA Sec. 604(q). Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those N/A

countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? No.
7. FAA Sec. 621(a). If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes.
No.
8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes.
9. FY 1988 Continuing Resolution Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Any direct contract will contain such a clause.
10. FY 1988 Continuing Resolution Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? Yes.

B. CONSTRUCTION

N/A

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used?
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP), or does assistance have the express approval of Congress?

C. OTHER RESTRICTIONS

1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.

4. Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1987 Continuing Resolution Secs. 525, 538. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? (1) Yes. (2) Yes. (3) Yes. (4) Yes.
- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes.
- c. FAA Sec. 620(q). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes.
- d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.
- e. FAA Sec. 602. For CIA activities? Yes.
- f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? N/A; superceded by DFA procedures.

- g. FY 1988 Continuing Resolution Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.
- h. FY 1988 Continuing Resolution Sec. 505. To pay U.N. assessments, arrearages or dues? Yes.
- i. FY 1988 Continuing Resolution Sec. 506. To carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.
- j. FY 1988 Continuing Resolution Sec. 510. To finance the export of nuclear equipment, fuel, or technology? Yes.
- k. FY 1988 Continuing Resolution Sec. 511. For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes.
- l. FY 1988 Continuing Resolution Sec. 516; State Authorization Sec. 109. To be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? Yes.

5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified? Yes.
2. FAA Sec. 611(a)(1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes.
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? N/A

4. FAA Sec. 611(b); FY 1948 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? N/A
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No.
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. Project purposes correlate closely with most of these points. These purposes include promoting increases in private commercial agricultural production through capacity building, policy reform and specific private investment opportunity development.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). U.S. technical assistance and funding will be available for investment feasibility studies in agribusiness in Swaziland
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. Project budgets require a GOC contribution exceeding 25%, exclusively devoted to local costs. U.S. funding focuses on dollar costs (TA and offshore procurement). The U.S. does not own any local currency.

10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.
11. FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? No.
12. FY 1988 Continuing Resolution Sec. 553. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? No.
13. FAA Sec. 119(q)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? No. Project is primarily focused upon agricultural policy and market environments not the physical environment.

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)? N/A
15. FY 1988 Continuing Resolution. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? N/A
16. FY Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? N/A
17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? N/A
18. FY Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? N/A
19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). Standard obligation procedures will be followed.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

- a. FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?
- (a) No.
- (b) No.
- b. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and
- (a) Project will support increased activity in small scale commercial agriculture, agribusiness and commercial farmers with accrual of related benefits such as increased earnings, employment and expansion opportunities. Beneficiaries will include poor farmers who will be better able to enter cash markets, as well as poor farmworkers.

- insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.
- (b) Project will develop mechanisms to involve small commercial farmers in making policy input to GOS decisionmakers a voice they have not previously had.
(c)(d)(e) Project will build capacity for self-help, places attention on women in agriculture, and recognizes Swaziland's participation in SADCC.
- c. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used? Yes.
- d. FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? Yes, but major emphasis is not directly on production.
- e. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? Yes.
- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority? Yes.

- g. FAA Sec. 201(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government. Project seeks to encourage greater use by local producers of market forces, to assist with reforms desired by a wide cross-section of people, to build on and improve existing Government and University capacities, and to encourage greater participation in policy making.
- h. FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? No.
- Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? No.
- Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? No.
- i. FY 1988 Continuing Resolution. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization? No.
- If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services? N/A

j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.

k. FY 1988 Continuing Resolution. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)? The Project has been determined appropriate for contracting with a "Gray Amendment" entity and appropriate steps will be taken, as specified in the PP, to word the contract solicitation so as to maximize the chances for participation of such entities in the competition, and in the contract itself within the limits of available procedures for the selection of such entities.

l. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared

Yes. This is primarily a technical assistance and policy oriented project and a categorical exclusion from AID environmental procedures was approved.

or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

- m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity?

N/A

- n. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas? (a) No. (b) No.
- o. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development? (a) Not foreseeable. (b) No. (c) No. (d) No.
- p. FY 1988 Continuing Resolution If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in (a) Yes. (b) Yes.

accordance with the policies contained in section 102 of the FAA;

(c) being provided, when consistent with the objectives of such assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

(c) PVO assistance, while heavily used in other USAID projects in Swaziland is not appropriate for this Project.

(d) Yes.

(e) Yes, this Project is likely in the long run to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas.

2. Development Assistance Project Criteria
(Loans Only)

- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest. N/A
- b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?
- c. FY 1988 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds?
- d. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

3. Economic Support Fund Project Criteria

N/A

- a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?
- b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes?
- c. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

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CLASS: UNCLASSIFIED
 CHRG: AID 08/29/88
 APPRV: DIR:RICARLSON
 DEFTD: WPD:AREED:PAG
 CLEAR: PLA JIC ID
 DISTR: AID3 AMF

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HNE.O. 12356: N/A

SUBJECT: SWAZILAND COMMERCIAL AGRICULTURAL PRODUCTION
 - AND MARKETING PROJECT 645-0029

0229

REF: STATE 111672

1. MISSION DIRECTOR PLANS TO AUTHORIZE PROJECT PAPER FOR COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT, 645-0029, ON AUGUST 30, 1988 AND OBLIGATE PROJECT THROUGH GRANT AGREEMENT WITH GOS ON AUGUST 31, 1988. LOP AID FUNDING WILL BE USD 6 MILLION, INCREASED FROM PID LEVEL OF USD 4.7 MILLION.

2. PROJECT PAPER DESIGN HAS CONSIDERED ISSUES RAISED IN REFTEL AND INCORPORATED THESE CONCERNS IN PP APPROACH, AS SUMMARIZED BELOW:

- A.611(A) CONCERNS:

(1) REFTEL SUGGESTED THAT PROJECT SHOULD EITHER BE SCALED BACK TO FOCUS PRIMARILY ON PLANNING OF POLICY REFORM OR REFRAMED AS A CAPACITY-STRENGTHENING ENDEAVOR. APPROACH TAKEN IN CAPM PP IS A COMBINATION OF BOTH IN AN ACTIVE FORM OF CAPACITY BUILDING. USAID FIRMLY BELIEVES THIS APPROACH IS CORRECT BECAUSE THE GOS IS READY FOR ACTION AND INSISTS ON THE PROJECT BEING OF IMMEDIATE USE IN ASSISTING THE POLICY REFORM PROCESS THAT WILL SUPPORT THE EXPANSION OF SMALL-SCALE COMMERCIAL AGRICULTURE IN SWAZILAND.

(2) SOME POLICY CONSTRAINTS AND OPTIONS HAVE BEEN IDENTIFIED DURING DESIGN, AND ASSISTANCE TO THE GOS IN IMPLEMENTING THESE WILL BE A FIRST PRIORITY (AND A MAJOR FOCUS) OF THE PROJECT. ASSISTANCE IN THESE AREAS HAS BEEN REASONABLY COSTED OUT AND THE PROJECT TA TEAM AND WJGOS WILL DEVELOP, EARLY IN THE IMPLEMENTATION PROCESS THROUGH SPECIFIC WORK PLAN DEVELOPMENT, CRITERIA FOR ALLOCATION OF PROJECT RESOURCES WITH RESPECT TO OTHER CONSTRAINTS AND POLICY ISSUES WHICH WILL NATURALLY BECOME UNCOVERED DURING IMPLEMENTATION. NO ASSISTANCE WILL BE PROVIDED IN CONNECTION WITH ANY CONSTRAINT, OPPORTUNITY, OR POLICY UNLESS THE WORK INITIATED WITH PROJECT RESOURCES IS CAPABLE OF BEING COMPLETED WITH THE RESOURCES UNDER PHASE 1 OF THE PROJECT. FURTHER, PROJECT LOG FRAME HAS BEEN REVISED TO REFLECT THAT, IN AREA OF POLICY REFORM, OUTPUTS ARE LIMITED TO POLICY

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ANALYSIS AND RECOMMENDATIONS; AND POLICY IMPLEMENTATION. POLICY DECISIONS THEMSELVES, TO BE TAKEN BY GOV LEADERSHIP, ARE NOT OUTPUTS, BUT RATHER ARE AMONG THE INDICATORS OF PURPOSE ACHIEVEMENT (I.E. FOPS).

- B. USE OF LONG-TERM TA: TWELVE PERSON YEARS OF LONG-TERM TA IS PROVIDED (3 YEARS EACH OF SPECIALISTS IN AGRIBUSINESS - TWO ADVISORS; MARKETING, AND AGRIBUSINESS MANAGEMENT). SPECIFIC SCOPES OF WORK WERE DEVELOPED FOR EACH POSITION, AS WELL AS FOR AN EXTENDED SHORT-TERM MACRO-FISCAL AND FINANCIAL POLICY ADVISOR, AND ARE INCLUDED IN THE PP ANNEXES.

- C. UNISWA COMPONENT: THIS COMPONENT REMAINS IN PROJECT. DESIGN TEAM FOUND UNISWA TO BE A KEY ORGANIZATION IN LINKING PUBLIC AND PRIVATE SECTOR EFFORTS IN COMMERCIAL AGRICULTURE AND INTEGRAL TO PROJECT IMPLEMENTATION. WITH REGARD TO UNISWA ACADEMIC TRAINING, UNISWA DID FINALIZE THE CURRICULUM REFORMS WHICH WERE APPROVED BY UNISWA ACADEMIC PLANNING COMMITTEE. CAPM PROJECT LONG-TERM TA WILL ASSIST IN INITIATING IMPLEMENTATION OF NEW CURRICULUM WHILE SOME UNISWA FACULTY OF AGRICULTURE STAFF WILL BE SENT BY PROJECT FOR TRAINING IN APPROPRIATE AREAS.

- D. BUMPERS AMENDMENT: CAPM IS NOT EXPECTED TO IMPACT CITRUS EXPORT MARKETS IN EUROPE OR MIDDLE EASTERN MARKETS (THE PRIME MARKETS FOR SWAZI CITRUS) IN ANY DISCERNABLE WAY TO AFFECT THE U.S. SHARE OF THE WORLD CITRUS MARKET OR ANY REGIONAL CITRUS MARKET OR TO INJURE U.S. CITRUS EXPORTERS. THESE CIRCUMSTANCES ENSURE THAT CAPM FULLY MEETS THE REQUIREMENTS AND RESTRICTIONS OF AID POLICY DETERMINATION NO. 15 (PD15) AND THE BUMPERS AMENDMENT.

- E. BENEFICIARIES. MISSION HAS CONSISTENTLY SHARED PERSPECTIVE ON BENEFICIARIES EMBODIED IN REFTEL. STRONGEST FOCUS OF PROJECT IS ON ADDRESSING CONSTRAINTS CURRENTLY INHIBITING GREATER PARTICIPATION OF SMALL-SCALE FARMERS IN COMMERCIAL AGRICULTURE. PROJECT PAPER ALSO INCLUDES RECOGNITION THAT, FOR SOME SML HOUSEHOLDS, THE BENEFITS MAY TAKE THE FORM OF INCREASED EMPLOYMENT OPPORTUNITIES AS A RESULT OF EXPANDED

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