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 6900024-④ REPORT U-445

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PROJECT APPRAISAL REPORT (PAR) PD-AAC-319-61 *8p*

1. PROJECT NO. 690-11-110-024	2. PAR FOR PERIOD Sept. '73 to Sept. '74	3. COUNTRY SWAZILAND	4. PAR SERIAL NO. 75-1
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5. PROJECT TITLE
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 SWAZILAND RURAL DEVELOPMENT

6. PROJECT DURATION: Began FY <u>72</u> Ends FY <u>77</u>	7. DATE LATEST PROP 10/31/71	8. DATE LATEST PIP	9. DATE PRIOR PAR None
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: <u>834,600</u>	b. Current FY Estimated Budget: <u>\$14,000</u>	c. Estimated Budget to completion to be After Current FY: \$ <u>determined</u>
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Trans Century	Contract

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			<p>The attached special in-depth project evaluation is intended to fulfill current PAR requirements for project 690-11-110-024 per MO 1026.1.</p> <p>The evaluation report recommendations are listed under Section G, pages 28-34. It is anticipated that these recommendations will be encompassed in significant PROP modifications. The revised PROP is presently in draft phase, and will be submitted for AID/W consideration by the end of CY 74.</p> <p style="font-size: 1.5em; margin-top: 20px;">See WZ-630.9683-F529</p>	

D. REPLANNING REQUIRES
 REVISED OR NEW: PROP PIP PRO AG PIO/T PIO/C PIO/P

E. DATE OF MISSION REVIEW
 August 31 1974

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE <i>William Johnson, AGR</i>	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE <i>Charles D. Ward, Regional Development Office</i>
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690-024

Summary of Proposal
and Relationships

A.I.D.
Regional Center
1200 15th St
Washington, DC

The purpose of the GOS rural development plan is to raise agriculture productivity and rural income. The effort will be focussed on six Rural Development Areas (RDAs) selected on the basis of agricultural potential and will concentrate on effecting the following improvements:

1. A more rational pattern of land use in relation to land capability;
2. Protection of land against erosion;
3. Development of villages with communal facilities;
4. Provision of water supplies for livestock;
5. Creation of access and feeder roads; and,
6. Improved crop production and animal husbandry.

With these improvements, combined with improved agricultural extension, credit services, and basic public services such as health and education facilities, the GOS plans to achieve a rapid increase in agricultural productivity and rural standards of living.

An important aspect of the plan is the purchase of grazing lands, a general shortage of which exists throughout the country, in areas adjacent to the six RDAs. The United Kingdom is planning to provide a \$3.6 million grant to the GOS for this purpose. The lands to be purchased will be unutilized expatriate holdings. Although the Swazi National Council has not yet approved this aspect of the program, it is expected that the approval will be forthcoming soon.

The United Kingdom is additionally providing a loan of \$210,000 to help improve credit services and a \$10.8 million interest-free loan for economic and social development projects. It is expected that a substantial part of the latter will be applied to infrastructure and other needs in the RDAs. The United Kingdom also will provide eleven rural development advisors.

To supplement the United Kingdom inputs, the United States has signed a \$2.2 million development loan with the GOS to provide needed machinery and equipment for the project plus funds for credit services improvement. Additionally, it is proposed in the attached PROP that we provide technicians, participant and other training, housing and other support. These inputs will complement the United States loan as well

as the resources committed by the United Kingdom and the GOS. The PROP's primary focus is on providing help in areas of particular United States expertise (e.g. soil conservation, animal husbandry, and range management) and advisory support to ensure the proper placement and maintenance of the equipment to be provided under the United States loan. The participant and other training to be provided under the PROP will help develop the necessary expertise within the Ministry of Agriculture so that the rural development program can be continued on a self-sustaining basis and provide minimal literacy to the people in the RDAs so they can fully participate in and benefit from the rural development effort.

The proposed project is an excellent example of multi-lateral aid and will require particularly close coordination with the United Kingdom. Following are the salient aspects of U.S. assistance to be provided and a brief explanation of how it relates to United Kingdom and GOS contribution:

1. Under the \$2.2 million loan already signed we will provide about \$1.7 million in new machinery and equipment to replace the existing outmoded and deadlined GOS assets. Without this machinery and equipment, the rural development scheme could not succeed. Under the PROP, a major part of the responsibilities of the United States advisors to be provided will be to assist in the planning and proper placement of this equipment and an AID-provided shop foreman advisor, together with five Peace Corps Volunteers, will assist in the reorganization and improvement of the GOS maintenance and repair system on a full-time basis to ensure proper utilization of the new assets.

2. Part of the rural development program calls for the development of new farming and livestock raising techniques for use in the agriculturally unique high-veld. The British have identified the need to develop these new techniques as an essential element of the land purchase program which they will implement in conjunction with the GOS. Unless these new farming and livestock raising techniques are developed and implemented, the high-veld lands purchased under the United Kingdom grant will not be improved and the purpose of the purchases will not be achieved. Thus, the United Kingdom and the GOS are selecting a 6,000 acre tract in the high-veld that they will purchase solely for the purpose of establishing a demonstration and research ranch. The attached PROP provides for two advisors, one in range management and the other in animal husbandry, to assist in the establishment of the ranch and to help initiate observation training at the ranch for farmer leaders.

3. Under the PROP, we will also provide 25 man years of participant training for placement in the Ministry of Agriculture to ensure GOS technical capacity to continue the program without United States

advisory support. In addition to participant training, our advisors will continually conduct on-the-job training for their counterparts.

4. Credit is an important factor in the achievement of the production goals contained in the rural development plan. Under our loan, we will be providing \$250,000 for rural credit. The United Kingdom through 71/72 will have provided \$742,000 in credit resources. It is planned that we will furnish a short-term credit advisor to investigate and make recommendations concerning agricultural credit and supervised credit associated with marketing. This may be done under the Africa Regional Intermediate Credit Institution project.

ISSUES RAISED DURING REVIEW

In our AFR/SAF internal review of the PROP, and in our discussions with AFR/DP, Peace Corps, and others, some issues were raised that deserve your attention.

AFR/DP has raised a basic question concerning the viability of the project if the Swazi Nation Council does not approve the U. K. Land Purchase scheme. As presented in the PROP, the project's goals and outputs assume major inputs by the U. K. and critical support from the GOS, particularly for the land acquisition scheme. In view of the delay in approval of the land acquisition scheme, AFR/DP has expressed reservation about approval of the PROP unless the project can be justified without it. AFR/DP has indicated the desirability of developing an alternative set of project goals and outputs to relate our inputs to a reduced scope of the Swaziland RDA program in the event that the land purchase scheme should fall through or experience several years delay.

In SAF's view this, however, is not feasible since our inputs are only a minor part of the total multi-donor project whose achievement targets were established after considerable study and planning by the GOS and are integrally tied to the agriculture sector of Swaziland development plan. Instead, an effort is made here to clarify how our inputs would be utilized within the scope of the existing RDA program even if the land acquisition scheme is not carried out.

It is true that approval has been slow in coming, but the U. K. is optimistic that approval will be forthcoming and have indicated their willingness to make adjustments necessary to reach agreement and to extend the currently planned three year program to five years so that it can be implemented as planned. In reviewing and commenting on the draft PROP, ODA/London said, "We are not retreating from our commitment to this program but we have decided that we need to be more flexible both about the nature of the proposals that we will accept and about the timing about particular inputs of money or men." AFR/SAF believes it is highly unlikely that the scheme will not be implemented. However, it appears that it may require more than a few months to work out a feasible proposal which is consistent with the degree of departure from traditional practices which is acceptable to the Council.

What would be the impact on the GOS rural development program if the Council did not approve the land purchase scheme? It is clear that without

the additional lands (214, 000 acres of a total of 500, 000), a shortfall in meeting the GOS rural development production and other goals would result. Thus the outputs projected in the PROP would not be fully achieved. This would not mean, however, that the need for our project assistance is obviated in whole or part, or that our inputs would otherwise not be fully utilized.

A substantial portion of the inputs proposed in the PROP relate directly to assuring proper maintenance and utilization of the loan financed heavy equipment. In anticipation of the imminent signing of the loan agreement (which was signed in October), we engaged Mr. Leeowen Taylor, a Heavy Equipment Specialist, late last summer to examine the GOS' work plans for the RDA program and develop an equipment requirements list along with staffing needs and a training program. Based on his recommendations, the \$1.7 million of equipment is now being advertised for bid. Although GOS project work planning includes the proposed additional purchase lands, the decision to proceed with the purchase of the entire amount of equipment at this time is based on the fact that specific project plans now exist for sufficient work on the existing RDAs to employ the equipment at a full utilization rate (2,000 hours per year) for a period of four years. Due to lack of equipment, the implementation schedule on the existing RDAs is currently eighteen months behind. This means that with this projected workload, if the Land Purchase Scheme were to go into effect within the next year, the GOS' equipment resources (after delivery of our loan financed equipment) would not be sufficient to meet all the work needs of the RDA program, and it would require that lesser priority projects in the existing RDAs be postponed until additional equipment acquisitions are phased into the program.

For the most part, the nature of our support to be provided to the GOS for rural development under this project is not dependent on the success or failure of the land purchase scheme. The two soil conservation engineers and the shop foreman are directly related to the use and maintenance of the \$1.7 million in equipment (along with the five PCV's) we are providing under the agriculture loan. The conservation engineers are needed to design detailed working plans for the projected activities for which the equipment is needed and the proper maintenance of the equipment is directly dependent on the availability of the shop foreman and PCV mechanics. The range management and animal husbandry specialists are to work on the Highveld Demonstration and Research Ranch which has great value whether the land purchases are made or not. The U.K. has

agreed to purchase the land when we are prepared to start the ranch operations. They have strongly urged us to not delay this component of the project. Lastly, the Agricultural Economist who is to be involved in marketing and planning will be needed not only to assess the economic returns and alternatives in the placement of our equipment, but also to help establish marketing systems in the areas already being developed, such as in the Northern RDA which Dr. Adams visited in October. Therefore, the personnel and the activities programmed under the PROP are still needed and would be fully utilized even if the additional lands are not purchased. In any event, the continuance of the various elements of this project will be thoroughly reviewed at the end of the first two years, or sooner if the Swazi Council should reject the land acquisition scheme. This early evaluation provision in part helps satisfy the concerns raised by DP.

In addition to the above question concerning land purchase, the following points were raised and changes have been incorporated into the PROP accordingly:

1. The Peace Corps has agreed to provide the five PCVs required. However, the question of the government furnishing adequate housing for them is still under negotiation by PC/Swaziland. While we in AFR/W have indicated our preparedness to provide financing(\$100,000) to build this housing in order to assure the timely availability of the PCV mechanics, both the Peace Corps and OSARAC recommend that no funding be included in the PROP for this purpose at this time. Funds to build houses for the technicians we are providing are included in the PROP. Both AFR/DP and AFR/MGT have agreed to this.
2. The funding schedule on the PROP face sheet, as revised, reflects an additional front-load to provide enough funds initially to cover two-year contracts for the non-direct hire technicians.
3. The total cost of the project as shown on the PROP face sheet was revised downward from the field submission, which was based on generalized, rule-of-thumb costing of inputs. After a detailed item by item review and a more precise calculation of the proposed inputs and scheduling, a major decrease in personnel costs (equivalent to approximately seven man years) was effected. This consisted chiefly of reducing the length of service of several of the positions which were shown as being financed for the full six years of project duration to periods of service which are more consistent with the phasing of project outputs. This, we believe, should not significantly affect the potential achievement of project objectives. OSARAC has concurred in this revision.

ISSUES RAISED DURING REVIEW (con't)

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4. Funds (\$280, 000) are included for the functional literacy program as part of the project which will be provided on the condition that the program is directly supportive of the project and adequately justified.

1/19/72:AFR/SAF