

PROJECT EVALUATION SUMMARY (PES) - PART I

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|--|--|---|
| 1. PROJECT TITLE<br><br>AGRICULTURAL MARKETING DEVELOPMENT   | 2. PROJECT NUMBER<br>621-0099  | 3. MISSION/AID/W OFFICE<br>USAID Tanzania |
|  | 4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <u>Final</u> |   |
| <input type="checkbox"/> REGULAR EVALUATION <input checked="" type="checkbox"/> SPECIAL EVALUATION |  |   |

|   |  |   |
|---|--|---|
| 5. KEY PROJECT IMPLEMENTATION DATES   | 6. ESTIMATED PROJECT FUNDING                     | 7. PERIOD COVERED BY EVALUATION   |
| A. First PRO-AG or Equivalent FY <u>1971</u><br>B. Final Obligation Expected FY <u>1979</u><br>C. Final Input Delivery FY <u>1980</u> | A. Total \$ _____<br>B. U.S. \$ <u>1,851,000</u> | From (month/yr.) <u>June 1978</u><br>To (month/yr.) <u>May 1979</u><br>Date of Evaluation Review <u>April 19-21, 1979</u> |

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

| A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)  | B. NAME OF OFFICER RESPONSIBLE FOR ACTION | C. DATE ACTION TO BE COMPLETED |
|---|---|--------------------------------|
| <p>That the USAID conduct an in-depth agricultural feasibility study prior to any future involvement in this sector to determine appropriate entry level areas for AID involvement. Also, that in the event a feasibility study is conducted, it is focused on finding ways the USAID can function at the Regional level, with activities that will significantly assist in actual marketing operations, i.e., the purchase, sale and distribution of commodities at the local level.</p> | M. Fuchs-Carsch                           |                                |

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| 9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS   | 10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT   |
| <input type="checkbox"/> Project Paper <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) _____<br><input type="checkbox"/> Financial Plan <input type="checkbox"/> PIO/T    _____<br><input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C <input type="checkbox"/> Other (Specify) _____<br><input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P    _____ | A. <input type="checkbox"/> Continue Project Without Change<br>B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan<br>C. <input type="checkbox"/> Discontinue Project |

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|--|---|
| 11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)   | 12. Mission/AID/W Office Director Approval  |
| Dr. Anita Mackie, Agricultural Economist, REDSO/EA<br>Burt <del>Bohrens</del> , Project Officer, USAID/T<br>Robert <del>Gilson</del> , Evaluation Officer, USAID/T | Signature <u>Howard L. Steverson</u><br>Typed Name <u>Howard L. Steverson</u><br>Date <u>August 1, 1979</u> |

### 13. Summary

The project was winding down with the departure of the last project advisor - the Economic Analysis Advisor in May 1979. Two prior evaluations were conducted, an outside one in August 1976 and a Mission sponsored one covering the period up to May 1978. This final evaluation is focused primarily on the events of the past year.

The original project goal was stated extremely broadly: "to achieve self-sufficiency and expand exports as appropriate in food crops and livestock subsectors." The project was never designed to have any major impact on the livestock sector. The global goal has been influenced most heavily by GOT food pricing policies and by weather. The project was successful in meeting the major purpose, particularly if stated broadly, which was to strengthen the GOT marketing institutions.

The design of marketing projects in a country such as Tanzania (where pricing policy is a sensitive matter involving Cabinet level decision-making) requires more flexibility than was indicated in the original Logical Framework. The project succeeded to the extent that the Mission and the Contract personnel were able to adopt to changing conditions which ranged from a major food shortage (caused by weather) during the initial phases, to a surplus food production situation (due to increased producer prices set by the GOT during years of favorable weather) during the final phases.

The optimum use of the most important inputs, in this case AID supplied advisors, was hindered by several factors including inadequacies in the organizational structure of the National Milling Corporation (NMC). Both AID and the Contractor (ACDI) encountered problems with delays in hiring and placing personnel, job descriptions which were beyond possible attainment, and lack of continuity and expertise in project management. The final advisor supplied had to relate to five project managers in a two year tour.

### 14. Evaluation Methodology

The final evaluation was conducted during April 19 and 20. Major emphasis was placed on discussions with Charles Alexander, the Economic Analysis Advisor. In initial discussions with the Mission personnel it was decided that the evaluation would include some overview of areas which might be considered for future interventions in the area of agricultural marketing. Meetings were held at National Milling Corporation with Mr. G. Mwanachi, the Chief Procurement and Sales Manager.

The General Manager was out of town. A meeting was also held with Mr. Anil Gore, Acting Resident Representative of the IBRD to discuss the report prepared by their assessment team during a recent visit.

Documents which were reviewed included a revision of the PP, project correspondence, the two previous evaluations, the IBRD report on Tanzania: Grain Storage and Milling Project, and papers and memoranda written by the Economic Analysis Advisor.

#### 15. External Factors

There were major changes in the environment in which the NMC was operating over the period of the project. The drought of 1973 to 1975 had caused food shortages which were alleviated by the import of food grains. These consisted of wheat, maize, sorghum grits and rice. Final shipments of commodities in the pipeline were continued into 1977. With the end of the drought and the GOT decision to raise producer prices for the drought resistant crops of sorghum, millet and cassava, farmers had increased production to the point where NMC had to export these three products at a substantial loss for livestock feed to EEC countries.

The role of official pricing has far-reaching effects on production decision-making and thus on the financial position of NMC. Present high producer prices for cassava, sorghum and millets have resulted in substantial increases in the productivity of these crops for which there is relatively little domestic commercial demand. NMC is bound by law to purchase all food crops offered, and to observe pan-territorial pricing policies. The prices of processed food crops such as wheat flour and sembe (maize meal) to the consumer are also fixed at a low level. The result is that the present overdraft of the NMC is about 1.73 billion T/Shillings, down slightly from its peak of 1.8 billion T/Shillings.

GOT priorities and political factors give it limited flexibility in pricing. Lowering producer prices may be impossible. The urban consumer has been suffering from the effect of inflation and relatively fixed wages with declining purchasing power. Raising urban food prices seems difficult if not impossible.

NMC is an organization which is faced with substantial problems. Recruitment of senior and middle management personnel is difficult. Their milling capacity is of varied efficiency and often located at sites which may be inappropriate. The national road network is poor and improvements have been slow. The shortage of foreign exchange has meant limited purchases of new trucks and spare parts as well as cars for supervisory personnel. Finally NMC's existing storage facilities have been inadequate to hold the stocks purchased during the period of good weather.

The original assumptions for this project never envisaged the problems of over-production. No consideration was given to the alternatives now being chosen by NMC such as sales at a loss to Europe which generate foreign exchange and avoids a total loss on purchases. Maize was recently sent as a relief food to Mozambique (40,000T) with a promise that it would be repaid at a later date. Obviously subsidized livestock feed for in-country use is another alternative.

Adequate financial resources to support the activities of the NMC under present policies are clearly impossible. Even major assistance from the IBRD would be made contingent on certain policy changes. External donors are continuing support, but the level becomes crucial.

#### 16. Inputs

The principal input during the final phase of the project was the assistance of the Economic Analysis Advisor. The problems associated with his less than optimum performance include:

- a) Late recruitment by Contractor, and thus his arrival so that there was less than one month's overlap with his predecessor.
- b) Unrealistic and all inclusive job description which could not be met.
- c) Since there was no prior Planning Unit at NMC and top management had a limited knowledge of how to establish one and define its functions, recruitment of a more senior and experienced person would have probably speeded its acceptance.
- d) Lack of personal support from the Mission with high turnover of project managers.

The short term training envisaged under the project was underway, but departure of some recent participants appeared to be delayed. The exact cause was not identified but it appeared to be slow processing by the Mission of the necessary paper-work.

17. Some of the outputs specified in the prior evaluation were out of the sphere of influence of the recent inputs and thus will not be reviewed.

The accomplishments occurring recently include:

- (a) The Planning Unit was established, funded, housed, and at least partially staffed.
- (b) Present manpower and their status:

| <u>Name &amp; Title</u>           | <u>Training</u>        |
|-----------------------------------|------------------------|
| Mr. Kimati, Planning Unit Manager | Post graduate (agr.)   |
| Miss Mwino, Planning Officer      | Graduate (Bus. Admin.) |
| Mr. Assenga, Planning Officer     | Graduate (Admin.)      |
| Mr. Kaunde, Planning Officer      | Graduate (?)           |
| Mr. Kitongo, Planning Officer     | Graduate (Econ.)       |

Unfortunately at the moment all the above are away. Mr. Kimati and Mr. Assenga are on short term training in the U.S. Miss Mwino is receiving short term training in marketing in Australia, Mr. Kaunde has legal difficulties and is on half salary until his case is settled. Finally, Mr. Kitongo is a Ugandan who has recently returned home.

- (c) A number of studies and papers have been prepared dealing with ongoing activities or proposed changes (see Attachment A).

#### 18. Purpose

The purpose as stated in the Revised Logical Framework dated 6/5/78 was:

To establish agricultural marketing institutions capable of:

1. Purchasing and handling of basic food stuffs produced by Tanzanian farmers which enter commercial market, or in emergencies receive and handle imported foodstuffs.
2. Processing these foods as required, and,
3. Storing, transporting and distributing these staple foods, raw or processed to wholesale outlets as needed.

While the revised purpose stated above was clearly an improvement over the original one, it still leaves a lot to be desired. Since the National

Milling Corporation is the parastatal established by the GOT which is legally charged with the responsibility for the purchase of surplus food crops, the project purpose should have stated that it would assist in developing the capacity of the NMC to carry out its functions in an effective manner. The new purpose statement also ignores the price and cost aspects of carrying out these functions. It would be possible to perform them, but at a cost which was exorbitant. Finally no mention was made of the more recent role of the NMC as an exporter.

The conditions that will indicate that the purpose has been achieved, or those reflecting an end of project status were revised at the same time. The introductory statement includes oilseeds as a target crop, but as yet the NMC has not begun the marketing of oil seeds. The revised End of Project Status (EOPS) and the progress is summarized below.

Indicators (EOPS)

Progress

By 1979:

For staple foods, i.e. grains, legumes, oilseeds and other basic foods:

- |   |   |
|---|---|
| <p>1. Procurement facilities, as needed, in all major food producing areas, capable of buying all basic food stuffs offered by producers,</p> | <p>1. Procurement facilities for basic foods generally adequate</p>   |
| <p>2. Storage facilities at strategic locations will handle normal and reserve stocks by 1979,</p>  | <p>2. Storage facilities currently inadequate. Locations and amount of increase questionable without further study.</p>   |
| <p>3. Facilities for processing basic foods capable of supplying domestic demands,</p>  | <p>3. Facilities generally adequate but frequently poorly sited or antiquated.</p>  |
| <p>4. Transportation facilities for collection and distribution of staple foods,</p>  | <p>4. Transportation still major problem due to (a) lack of foreign reserve purchase trucks and/or parts (b) poor transport network (c) poor control over existing transport resources.</p> |

Indicators (EOPS)Progress

- |   |  |
|---|--|
| 5. Accurate and timely information on crop estimates, prices, costs of operations, finances available and required, stock levels and condition of stocks available, as a basic for making management decisions. | 5. Major accomplishments in area of improved financial and accounting systems. Little improvement in information on systems on stocks, crop estimates. |
|---|--|

It should be noted that the presence of the Economic Analysis Advisor related only marginally to the attainment of the first four EOPS. The major improvements made in the final area were due to the work of a previous advisor. Accounting functions had been decentralized to the Branches and during the past year there had been significant improvements in the performance of the Branches on their use of standard accounting procedures.

It was unfortunate that more could not have been done to improve information on crop estimates, prices, stocks, etc. The impression was that the necessary information for better management control was lacking. It was not collected, it was not reliable when available and it did not always reach the appropriate management personnel when gathered. Many of the papers prepared by the Economic Analysis Advisor were useful in responding to the needs of top management for a particular situation report, but they did not regularize the data collection and analysis function for everyday management decision-making.

19. Goal/Sub Goal

The revised goal as stated in 1978 was to achieve self-sufficiency and expand export as appropriate in food crops and livestock subsectors. A good deal of discussion on this point was included under Section 15, External Factors. As explained earlier, during a period of good weather conditions and subsidized prices, a food crop surplus position existed. A reading of the prior evaluation suggests that the project had little to do with the attainment of the goal. It was a poor statement of a goal to be achieved by a marketing project to begin with, particularly under the conditions which the NMC operates.

20. Beneficiaries

During the final year of the project the direct beneficiaries were the Tanzanians who went for further training. The senior management of the NMC did derive benefits from the presence of the Economic Advisor, and doubtless better decisions were reached because of the assistance he provided. Some portion of this time was spent on the operational management of the Baby Food Production project of the NMC. To the extent that he was able to get this section functioning, all mothers' utilizing the fortified food were able to improve their infants' nutrition.

Indirect benefits down to the farm level were probably minimal during the final year of the project.

## 21. Unplanned Effects

The project goal was achieved for reasons which had nothing to do with the project as designed but entirely due to unplanned effects - the weather and political consideration influencing Government policy on food.

## 22. Lessons Learned

More appropriate design for the Planning Unit where the Economic Advisor worked should have focussed on these major tasks:

- (a) Setting up a reliable data base on existing storage, manpower, transport, procurement levels, etc.
- (b) Utilization of the data base to produce information on costs of storage, transport, etc. which could be fed into management decision-making.
- (c) Advising the NMC management on sales, procurement, manpower, etc. on basis of the data.
- (d) Assisting in the establishment and monitoring of performance targets for the organization.

The Economic Analysis Advisor who was hired was not a sufficiently senior person to establish the necessary relationship with the General Manager to create a new division.

## ATTACHMENT A

## Papers Written by Economic Analysis Advisor

1. A Case for Increasing the Price of Rice
2. A Case for Increasing the Price of Wheat Flour
3. A Case for Increasing the Price of Sembe (maize meal)
4. Analysis of Rice Sales
5. Analysis of Wheat Flour Sales
6. Analysis of Sembe Sales
7. The Role of Planning at the National Milling Corporation
8. The Proper Timing of Imports and Exports
9. Organization of the Planning Unit NMC
10. NMC Planning Unit Organization Chart and Job Descriptions

## Miscellaneous Memoranda Submitted by the Economic Analysis Advisor

| Date      | To                         | Title  |
|-----------|----------------------------|--|
| 3/9/77    | GM                         | NMC Sponsorship of Graduate Level Research at the University of Dar es Salaam, Dept. of Rural Economy  |
| Not Dated | ?                          | 7 Steps in Corporate Planning  |
| Not Dated | ?                          | Proposed NMC Godowns at Kigoma and Kibondo   |
| 19/1/78   | GM                         | Memo on Possible PL 480 Title III financing for Godown construction  |
| 17/5/78   | GM                         | Nyanza Fishing and Processing Company's Proposed Feedmill  |
| 3/4/78    | ?                          | Memo of Meeting on Baby Food Production  |
| 10/5/78   | ?                          | Memo of Meeting on Baby Food Production  |
| Not Dated | ?                          | Comments on Wheat Sector Study (Canadian)  |
| Undated   | ?                          | Baby Food Production (includes sections on machinery and equipment, maize and soyabean requirements, sources and prices for vitamin and mineral premises, packing materials, plant personnel, cost estimates). |
| Undated   | ?                          | Review of Traveler Operations, Costing of Fishing, Processing Operations in Lake Tanzania  |
| 24/10/78  | GM                         | Planning for Data Collection of Branch Profile Information   |
| Undated   | ?                          | The Case for Exporting Food Grains   |
| 26/12/78  | Chiefs & Heads of sections | Planning for Movement of NMC Operations to Dodoma (new capital)  |
| Undated   | ?                          | A Proposal for Arusha Region Grain Storage Program   |
| 7/2/79    | ?                          | Brief on the Trucking Industry Rehabilitation and Improvement Project  |

ATTACHMENT A

2.

| Date    | To | Title  |
|---------|----|--|
| 13/2/79 | GM | Memo of Meeting at NTC Concerning Five Regional Transport Corporations |

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