

ANNEX II-L

PROJECT EVALUATION SUMMARY

March 11, 1980

84-

1. PROJECT TITLE

AGRICULTURAL CREDIT

625-0007  
EVALUATION NUMBER  
(Required for Coun. Report)  
Serial No. 62

USAID/Tanzania

ANNEX II-L  
Page 1 of 10  
Final

REGULAR EVALUATION  SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES

A. First PRO-AG or Equivalent FY <u>74</u>	B. Final Obligation Expected FY <u>80</u>	C. Final Input Delivery FY <u>80</u>
---	--	---

6. ESTIMATED PROJECT FUNDING

A. Total. \$ \_\_\_\_\_  
B. U.S. \$ 3,750,000

7. PERIOD COVERED BY EVALUATION

From (month/yr.) February 1979  
To (month/yr.) February 1980

Date of Evaluation Review

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., airmgram, SPAR, PIO, which will present detailed request.)

B. NAME OF OFFICER RESPONSIBLE FOR ACTION

C. DATE ACTION TO BE COMPLETED

1. That in their planning for a Small Farmer Credit Project, USAID/T, TRDB, and the TanGov provide continuity and funding resources for:

A. Maintenance of the NAFCREP program at least at the same level as at present with additional support in the event of a mutually agreed expansion.

B. Maintenance of appropriate levels of participant training with an emphasis toward accounting, credit, computer science and financial management. All ATD training should be closely coordinated with that of other donors.

C. Provision to the fullest extent possible, for close continuity in the work of the existing U.S. Contract advisory team now domiciled within TRDB. Of particular importance is that sector of Bank operations involved with financial management and computer operations.

D. Provision of transport and other commodities appropriate to the project.

2. That consideration be given to establishing a centralized research and data gathering facility - possibly housed in TRDB, - to provide a means of pulling together such research and definitive data as may now exist in Tanzania in the field of rural development, and to mount

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

A.  Continue Project Without Change  
B.  Change Project Design and/or Change Implementation Plan  
C.  Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

Gleen Brown - Contractor  
Joseph Hanson - Contractor  
John Anania - Project Officer *[Signature]*  
Robert Gilson - Evaluation Officer *[Signature]*

12. Mission/AID/W Office Director Approval

Signature *[Signature]*  
Howard L. Stevenson, Dir  
Date

March 11, 1980

B.A. Continued

specific research and data gathering activities in support of development and credit programs for the benefit of the rural areas of the country. The output of such a facility to be used largely in planning and implementing rural improvement programs by banking institutions and other parastatal organizations having a legitimate interest in rural development.

3. That TRDB of its own volition undertake appropriate action to:

A. Resolve the problems of coordination and cooperation as between the Bank and other parastatal institutions.

B. Pursue acquisition of fund resources authorized under law or under the auspices of the Bank of Tanzania in order to reduce dependence upon external donors.

C. Upgrade headquarter and field office facilities to provide better security for books and records and for protection of cash loan repayment funds. Also, work to increase the use of checks in loan repayments.

D. Continue and expand both "in-house" staff training as well as programs to educate loan clients in the proper use of credit particularly at the village level.

E. Complete ongoing decentralization programs with all due speed.

FINAL EVALUATION

AGRICULTURAL CREDIT PROJECT 621-0117

Summary

This Project originated in 1974, had as a general goal assistance to the Government of Tanzania in achieving self-sufficiency in food crops and livestock. A primary purpose of the project was to strengthen and improve the Tanzanian Rural Development Bank as a rural credit institution (a) an increase in agricultural lending, particularly for food crops production, and (b) improvements in TRDB operations including an increase in qualified staff, training in project development and analysis, improved financial analyses and increased decentralization of operations.

Previous evaluations have dealt with project progress over the years and with the many problems which have surfaced. A great many of those problems have been solved but a number remain to be worked on. A new Phase II project is in the planning stage and it is expected that it will provide continuity in the rural development now going on as well as to provide for movement in some new directions to underpin AID desires in the area of enhancing basic human welfare within the developing world.

The intent of this evaluation therefore is to provide an overall view of the success of the project in meeting overall the goal and purposes for which it was originally conceived, and, based on lessons learned to offer suggestions for a follow-on project.

Conclusions

On balance, this project has achieved the major purposes it set out to handle. Tanzania is now considered to be largely self-sufficient in production of food crops and TRDB is a vigorous, expanding and increasingly effective instrument for distribution of credit into the rural areas. Indeed from the standpoint of field operations it may be one of the better qualified institutions amongst countries at similar or even higher levels of development. TRDB appears to be under no great political or governmental pressure to make loans it deems unsound. This is a rarity in most developing nations. TRDB programs for extension of small farmer credit for seasonal production is targeted to the village level rather than to the individual farmer-member of the village. This can ultimately be developed into a basically viable delivery system and presently is being supported by credit programs aimed at providing village grain mills and village warehouse storage facilities. This program remains an integral part of USAID/T project operations and ostensibly will continue to have some support in the Phase II project.

Management and staff development within TRDB is generally on track and is expected to improve significantly. The evaluation team is impressed with the high overall quality of bank staff both at headquarters and in the field. This statement applies particularly to those staff members who are professionally involved in extension and collection of loans and in the provision of technical support to that major area of bank activity. The statement cannot be made as forcefully for that sector of TRDB involved in financial management which includes among other activities such

things as accounting, record keeping, audit, financial analysis, cash flow data and management information. Indeed, given the general lack of adequate and useable accounting equipment and the relative low level of professional training amongst accounting personnel, the increasing ability of TRDB in the field of lending may soon outstrip the capability of the accounting and record sections to provide a satisfactory level of support. Without the present almost single handed efforts of the ACDI contract team Financial Advisor the evaluation team believes the bank would even now be experiencing serious dislocations. This problem will be addressed in subsequent sections of the evaluation report.

The participant training element of this project has made an important contribution toward attainment of overall project objectives. The team has been favorably impressed with the competence and quality of work now being performed by returned participants.

The Bank has been diligent in placing returned participants in positions where beneficial use can be made of their broadened knowledge and skills. Additionally they have had opportunity to create a "multiplier" effect through participation in various training programs mounted by TRDB. These people constitute an invaluable human resource base for the further development of the Bank. The developing Phase II project should contain significant provision for continuation of participant training in the United States, and, if in harmony with pertinent AID policy, perhaps in carefully selected countries which may be further along in solving problems similar to those being encountered in Tanzania.

An important element in support of this project and especially in the development of TRDB as a viable institution has been the provision from time to time of short-term consultants to assist TRDB with problems or planning activities in areas where the Bank did not have sufficient in-house expertise. In the judgment of the evaluation team provision should be made in Phase II for fielding of such consultants in support of important project priorities.

As an example, the subject of an appropriate interest rate structure for TRDB involves a variety of factors to the economic and political. Rationale for existing rates is hard to obtain and there is strong reason to feel that the posted rate may not be the true rate of return to the Bank nor the true cost to the borrower. A skilled consultant could be very useful in developing a fuller understanding of this singular problem.

A vital ingredient in the progress of TRDB has been the funding of a team of Advisors from Agricultural Cooperative Development International (ACDI). A two person team has been domiciled in the Bank almost since inception of the project with the contract scheduled for termination in mid-1980. Funding for the team leader who advises in the broad areas of operations and management will be exhausted by July 31, 1980 and for the advisor on Financial Management funds will run out one month later. This team has performed admirably in working with the Bank in putting together methodology for handling most all of the Bank functions in the broad fields of management at the national and field levels, credit extension, collections, human resource development, operations including preparation of necessary forms for loan applications and analysis, and evaluation of bank operations.

92

and training and direct assistance in vital areas of financial management. It is assumed that a new Phase II agreement will provide funding for a team at this juncture. In view of the apparent gap between the termination of the existing contract and completion of new contract negotiations under AID regulations and procedures. We strongly feel that if a procedure exists which would either provide for some extension of the present contract or significant shortening in the time frame affirmative action should be taken without delay. Otherwise, we believe that forward momentum in overall operations and in ongoing decentralization activities will be seriously curtailed. In the case of financial management a chaotic condition conceivably could develop. The Finance Management Advisor has developed and implemented (using rented time on a TanGov computer) a computerized loan accounting system for TRDB. This system was desperately needed to accommodate the growth of the loan portfolio and to substitute for absolute and mis-functioning accounting equipment on which the Bank previously had relied. As mentioned earlier there exists a need to upgrade the accounting force, and this need is no more critical than in computer operations. Given a prolonged absence of the high skills required in this area Bank operations and therefore this project can suffer material harm. Further, TRDB expects to acquire its own computer within a reasonable period of time as part of a yet-to-be approved IBRD/IDA project. The skills and experience of the present Financial Advisor could provide TRDB important help in the programming, start up and efficient use of this planned modernization activity.

TRDB continues in a careful and conservative way to move toward decentralization of many basic credit programs and consequent broadening of authority to field personnel. This presently is being handled on a differential basis - that is, increased competency will be rewarded with more authority in both credit and management aspects. The posture of the Bank is not to broaden the decentralization process until careful ground work has been laid and senior management is satisfied that the effort can be sustained. The evaluation team applauds this position. In July 1979, the TRDB Board of Directors approved a reorganization of the Bank, which, among other things, authorized establishment of a new department to be styled as the Directorate for Regional Supervision and Coordination. Basic responsibility will be to coordinate all activities between the head office and the field. In the near future it is contemplated that five senior members of TRDB staff will be appointed as Zonal Managers to implement this new activity.

Although procurement of commodities under this project got off to a slow start, the situation is now greatly improved. It is anticipated that by the termination of this project all funds allocated will have been used. There will be some continuing need for commodity input in the Phase II project the exact dimensions of which cannot be determined at this time.

As stated earlier, the evaluation team has formed an opinion that the project has largely attained the goals originally conceived for it. In some respects expected development has been exceeded by TRDB especially in the area of credit capability. TRDB is a worthy institution with improving capability and merits continued technical support and financial assistance.

Problems

There are a number of problems which impinge upon the ability of TRDB to improve current operations and prepare for expanded activities in the future. Among these are:

1. Loan Collections:

Reliable and consistent data on the precise dimensions of loan delinquency as a percent of loan volume are difficult and perhaps not presently possible to obtain. This is due in part to the past and present record keeping methods of TRDB, but also because of terms upon which some type loans are granted. It is clear however, that loans upon which repayment of both interest and principal is in arrears constitutes a real and growing threat to the Banks liquidity. TRDB is improving its collection techniques in many ways as it is well aware of this problem. Improvement can be discerned in areas of USAID interest such as the NAFCREP where collection ratios now are in excess of 70%. A not bad record in a country with no long tradition in the appropriate use and repayment of small scale loans. This ratio might very well see improvement as village leaders are educated in and become more conversant with the use of checks in handling financial matters. The true dimension of the problem can only be realized by considering the conditions and extent of delinquency of some parastatal institutions who should be the best and most reliable of the Banks clients. In that regard, it is believed that in many loan programs the Bank will continue to improve its performance. Until such time, however, that TRDB obtains closer coordination and cooperation from parastatal authorities it will be plagued with this problem. There are no easy solutions.

Possible relief as to the parastatals may be forthcoming later in 1980. Presently, a full-fledged conference of high TanGov officials and the General Managers of various parastatals including crop authorities and financing institutions is scheduled to convene at Arusha in February of this year. There they will seek to identify problem areas and establish policies and procedures for supervision and collection of loans, relations between institutions and programs calling for degrees of closer coordination. Results should be closely monitored.

2. Fund Resources

Fund resources for TRDB are almost exclusively obtained from external donors such as IBRD and AID. Should these sources begin to dry up TRDB might soon face a liquidity crunch. There are avenues under existing law which enables TRDB to accept deposits and obtain substantial short term credits via the discount window of the Bank of Tanzania. In an effort to become increasingly less dependent on external donors, TRDB should actively address itself to acquisition of more funds generated internally in Tanzania.

A persistent part of the overall problem of resources is the difficulty continually experienced by TRDB in obtaining timely release of donor grant money from TanGov Treasury. Time lags of several months in processing TRDB releases are common. Any grant of funds which might be incorporated into a Phase II project might well contain a condition precedent designed to alleviate the problem.

### 3. Maintenance of Accounting Capability

As discussed in preceding sections, this area of Bank operations may be its weakest link. It is imperative that both staff and equipment be upgraded if the TRDB is to sustain merely its present level of operation.

### 4. Physical Facilities

Office space and the generally poor condition of physical facilities in TRDB headquarters is not conducive to efficiency of operation or effectiveness of personnel. It is fortunate that the Bank plans to move to new and larger quarters by year end 1980. Otherwise extraordinary measures would be required to deal with a presently unsatisfactory condition. Likewise there are Regional and District offices badly in need of enlargement and rehabilitation. Needed also are more adequate field facilities for storage of inputs required for ongoing loan programs.

### 5. Security - Regional and District

Two problems are involved here those being the lack of fire resistant facilities for storage of records and the risk involved in collecting, transporting and temporary storage of cash loan repayments. In the first instance, a fire could wipe out the entire records of any given office and in the second TRDB field staff face undue risk of loss in carrying out regular collection procedures. TRDB should deal with these matters as a high priority measure. Internally there should be capability to correct the problem but some assistance might also be sought from outside sources. In any event, loan repayment by check on the part of TRDB clients would sharply reduce the danger of handling cash.

### 6. Manpower - Transport

TRDB continues to have a need for more suitably qualified professional staff than it can locate and employ. Likewise an overall lack of operational transport in the field has had a limiting effect upon operational effectiveness. The transport problem is moderating

somewhat and is expected to further improve. However, TanGov constraints governing the use of scarce fuel resources likely will inhibit maximum effective use of vehicles particularly landrovers.

#### 7. Expansion of Training

TRDB is moving ahead with "in-house" training of staff and in some areas takes a leading role in education and training of clients at the village level. Much additional effort will have to be expanded in both these areas and in particular at the level of the small farmer who must be brought to an understanding and acceptance of sound credit principals.

#### 8. Research and Data Gathering

It is apparent that TRDB and perhaps others are somewhat lacking in the basic function of data gathering and specific research as a primary aid to management. Data which is reliable, consistent and used properly would add measurably to effectiveness of TRDB operations. In that regard, it might be well for TRDB to familiarize itself with an organization in the Philippines - The Technical Board for Agricultural Credit - which is doing outstanding work in research and data gathering for Philippine Banks working in rural credit.

#### Evaluation Methodology

Information and data for the evaluation were obtained from USAID/T project material and from meetings and discussions with TRDB staff both at headquarters and in the field. Observations dealing with extension of credit and collections derive largely from visits to recipient villages and discussions with village Chairmen, village managers and others. Discussions were also held with the ACDI contract team which works within the headquarters of TRDB.

Improved Qualification of Staff

Formal training courses sponsored by this USAID project have materially improved the capability of 30 direct participants in scheduled courses and seminars, most of which were conducted in the U.S. In addition, the joint funding of an "Executive Management Seminar" to be held at Arusha this year will involve about 40 TRDB employees. These formal training activities are being followed up and supplemented in seminars held by the ACDI contract employees as well as TRDB staff throughout the regions.

During the time of this project 5 long term and 15 short term trainees have completed their assignments and 3 long term and 3 short term students will complete their courses in June 1980. The subject matter in all the courses taken is pertinent to TRDB activities ranging from two M.S. Degrees in Agriculture economics, two M.S. Degrees in Agricultural economics and Business, one B.A. Degree in accounting and three M.S. Degrees to be completed in June 1980. The short term training periods range from 5 to 15 weeks with the exception of one participant who had 2 weeks of Rural Development training and one who had 4 weeks in a USDA Graduate School Course entitled "Small Farmers Credit Distribution and Administration."

"Other training" for 4 participants included two in 1 week workshops in Ghana and two in 5 and 6 weeks training in "Management techniques and policy determination for agricultural banking institutions." In addition an "Executive Management Seminar" (EMS) jointly sponsored by USAID, TRDB and ACDI will be held at Arusha during February and May, 1980. The attendees will include about 40 TRDB staff together with high officials from other banks, Ministries, parastatals whose activities have impact on TRDB operations such as National Milling Corporation and tobacco, tea and cotton authorities. An important objective will be to achieve better coordination with all agencies. This course will be conducted by the "Practical Concepts Incorporated"(PCI). The seminars will be conducted in two 6 weeks sessions with about 20 TRDB personnel and 10 other personnel in each class.

Of equal importance to the formal training, during the period of this evaluation, has been the seminars conducted by ACDI contract employees. About 20 seminars have been held on subjects such as; headquarters office, accounting, on-the-job training in supervision, loan collection techniques, village management training, field accounting and teaching participants in these seminars included employees who have completed formal training courses. This activity enhances the multiplier effect of the training they have received.

The team interviewed several of the trainees who have completed formal courses. All were very happy to have had the opportunity to attend and are doing well in their respective jobs with TRDB. As an example, Mr. B.A. Mwambapa, project officer at the Iringa regional office, was delighted to have had 3 months training in the U.S. The team was impressed by his credit knowledge and understanding of the important factors in credit administration. Another example is Mr. B.A. Luwemba, Regional Manager at Iringa who had 6 weeks practical on-the-job training in making, supervising and collecting agricultural loans in St. Louis Production Credit Associations. This was scheduled to follow a World Bank E.D.I. Rural Credit Projects Course. This team was extremely well impre-

ssed with his broad knowledge and understanding of the overall activities of TRDB as well as of his regions field problems and needs. Another example is Mr. A.T. Mohale, Director of Regional Supervision and Coordination. He completed 8 weeks in A.M.A. courses together with works in the Farm Credit System involving personnel management and administrative subjects from bank policies to loan making and collection techniques. Mr. Mohele also attended a course entitled "Training of Trainers in Management" sponsored by USAID during March and April 1978 in Malawi. These training aids have unquestionably prepared this high level official for his newly created position in which he is now doing virtually all the jobs encompassed in his training.

Although much has been accomplished in the training field it is important that TRDB place increased emphasis on the formal training of employees in accounting and finance at the headquarters office. This is especially necessary in view of the planned computerization of TRDB's bookkeeping functions, data processing, management information and analysis. Timeliness and accuracy of reports needs major improvement if banks management is to provide competent guidance to its field offices as well as improve its service and coordination throughout the banks systems. Continuation and expansion of on-the-job training at the regional, district and village levels is essential. Training of village managers, chairmen and individual borrowers should be expanded. Village leaders must become an integral extension of TRDB's staff if successful loans are to be made, recorded and collected at that level. TRDB's coordination with extension, government crop authorities, other lenders and appropriate parastatals needs to be improved and continued as additional villages or new leaders become involved in the use of credit.

ANNEX II-M

TRIP REPORT

January 16-23, 1980

UNITED STATES GOVERNMENT

ANNEX II-M  
Page 1 of 11

# Memorandum

TO : Mr. Jerome T. French, A/Director

DATE: February 13, 1980

FROM : <sup>lmd</sup>  
Rose Marie Depp, CDPO

SUBJECT: Safari Report: Iringa and Mbeya Regions January 16-23, 1980

The purpose of the safari was to become familiar with the Tanzania Rural Development Bank's field operations of the regional and district administrative offices in order to prepare a project evaluation of the Agricultural Credit Project (621-0117) and a project paper for the Small Farmer Credit Project (621-0155).

Participants: Mr. U.S. Mwanganda, Operations Division, TRDB; Ms. Rose Marie Depp, USAID Project Coordinator; Mr. Glenn Browne, USAID Consultant; Mr. Joseph Hanson, USAID Consultant, Mr. Abdallah, Driver.

Wednesday, January 16, 1980, Morning and Afternoon Safari:

The team left Dar es Salaam Wednesday, January 16 at 10:00 a.m. in a TRDB Landrover, one purchased by USAID under Project 621-0117. We arrived at 6:00 p.m. in Iringa and met Mr. B.A. Lwemba, the Regional Manager of the TRDB Iringa office. Accomodations were arranged for the Iringa Railroad Hotel.

Thursday, January 17, 1980, 8:00 a.m. Morning Meeting TRDB

Participants: Mr. B. A. Lwemba, Regional Manager  
Mr. B. Mwambapa, Project Officer

Mr. Lwemba presented a brief overview of the Bank's organization and purpose. TRDB was created in May 1, 1971 as a parastatal under the Ministry of Finance and Planning. The Board of Directors are selected by the parent ministry. Bank operations are under the supervision of a General Manager. The position of Chairman is appointed by the President. Mr. Philip Magani is presently Chairman of the Board and acting General Manager.

The Iringa Regional Office is staffed by 12 persons, 6 technical and 6 support staff. Technical officers include the Regional Manager, 1 Project officer, 3 Credit supervisors, and 1 book keeper. The office is also staffed with 1 typist, 1 clerk, 1 messenger, 1 driver (2 unaccounted).

The office was owned by TRDB, however, has been condemned. TRDB plans to construct new offices in 1980/81.

100

The Regional Office has 1 Landrover which is old and was currently in the shop for repair.

The TRDB Iringa Regional office is supported by one district office in Njombe which is staffed by 1 Project Officer, 1 Credit supervisor, 1 Typist and 1 Driver. The office has recently been allocated, 1 new Landrover (purchased under 621 0117) which has been assigned to the Njombe district office because of the heavy volume of loans it services. The office also has 1 pikipiki.

The USAID project team was particularly interested in the NAFCREP (National Food Crop Credit Program) in Iringa. Mr. Luwamba stated he believed this was an appropriate Bank program which supported efforts to achieve the national priority goal of food self-sufficiency. It was preceded by the National Maize Project in Iringa. NAFCREP had been in operation for two seasons: 1978/79 and the current season, 1979/80. Under NAFCREP the Bank can provide seasonal in kind loans to villages at 8 $\frac{1}{2}$ % for food crop inputs but it particularly emphasizes maize. The Bank orders fertilizer, seed and pesticides (Dielderban) and delivers them to the villages. TRDB offers an advantage over TFA in both lower prices and delivery to the village. Medium term loans (3 years) are offered at 7 $\frac{1}{2}$ % for maize mills, water systems and village storage godowns.

Loan processing begins in February and March and continues through November planting with the preparation of estimates by Credit Supervisors. The CS's are responsible for visits to the client villages and review of village requests for inputs. The regional loan committee consists of the RDD, RADO, Regional Livestock Officer and representatives of the regional NBC and CCM. The Regional loan committee meets quarterly to approve input loans of up to 200,000/= per village and recommend higher value input loans and any other lending to TRDB headquarters. Headquarters usually reviews the TRDB Regional Manager's recommendations in April and May and approves the regional recommendations in June. Tendering of inputs begins in June and delivery is arranged upon receipt of orders. Inputs are not received together and are delivered as soon as possible. Deliveries are made in Iringa since storage facilities must be rented. TRDB arranges for hire of privately owned lorries to make delivery to the villages.

There are two methods of loan collection. The simplest and the one which TRDB has had the best repayment are those made from the source of crop purchase, i.e. from the marketing board's. (This arrangement has been contradicted by headquarter's staff.) There is also a method of loan collection by deduction of a fixed amount from each unit of crop purchased by the marketing boards. These crops include all export and domestic crops which require processing (e.g. coffee, tea, tobacco, cotton). The marketing boards then repay TRDB. There have been some problems in the past, particularly with tobacco. Deposits made by the boards in their NBC accounts are absorbed by overdrafts and no payment is then made to TRDB (see Mtei's Budget Address on this problem).

The second method is by village repayment to TRDB. This method is used for village food crop input loans, maize mills, godowns. Problems arise in NMC purchasing of food crops. If the official NMC market used individuals sell their production, surplus to their subsistence needs to the village. The village is responsible for storage, sale, payment to villagers, loan collection from villagers and loan repayment to TRDB. Frequently, however, the unofficial market is used for food crops and thus the village never has control over the income from surplus food production.

**Adequacy of Staff** - The Regional Manager was asked for his views on the adequacy of staff in terms of training and numbers. With respect to training, he felt there were three general areas of training:

- (1) training of the Bank staff at all levels on agricultural credit administration;
- (2) coordinated training with other agencies and institutions which are also responsible for agricultural production; and
- (3) village level training for both village leadership (i.e. the Chairman, Secretary and the Village Managers) and education of village members in uses, application and repayment of credit.

He mentioned the responsibility of the Prime Minister's Office of Uganda and Cooperatives for organizing village level training. The type of training recommended for TRDB was technical in nature particularly with respect to loan appraisal. The Regional Manager felt one session with problem solving examples was a helpful method of training. Third country training was suggested as particularly beneficial because it helped TRDB employees put in perspective the problems they face. The question of whether there was a regional training facility in Africa was raised.

With respect to adequacy of staff the Regional Manager expressed his desire to open a new district office in Mafinga District to better cover the area between the Iringa Regional office and the Mafinga District office. (See also meeting on following day.)

Other points:

The Regional Manager believed eight second degrees had been provided under 621-0117.

--The RM believed Mr. Gollehon visited the regional office 2-3 times a year.

The USAID and TRDB team broke for lunch at the Nubi Hotel.

Thursday, January 17, 1980, Afternoon Safari

At 1:00 p.m. all participants of the morning meeting left for safari in the Dabaga area (location of foundation seed multiplication farm financed under 621-0092).

Mawambala - A village where a certified seed grower<sup>is</sup> cultivating maize. TRDB is financing an individual loan for equipment, seed, and fertilizer. Problems were observed because lack of machinery spare parts and fuel had caused late planting. There was a duka stocked by the grower for the laborers. The duka was one of the best stocked the drifter had seen in rural Tanzania and had available items such as cloth and soap which have recently been scarce in Dar es Salaam.

Ukumbi - This NAFCREP village had nearly completed construction of a village store under a village loan financed by TRDB. The store was holding about 30 bags of seed including Kenyan grown certified maize purchased by TRDB from TanSeed. The Chairman and Secretary were not available. We were told they had gone to Iringa.

Kitowo - The team met the Village Manager and Secretary. The VM interrupted an adult education class to join us. The VM was a former MATI student of Mr. Mwanganda. He was a former Bwana Shamba and had been in Kitowo for about a year. There were also a Bwana Shamba living in this village and serving several other nearby villages, a livestock officer, a cattle dip attendant, two teachers for the two primary schools, and a dispensary serving the 400 families. The VM was able to locate records and explain the bookkeeping system used by the village. He said he liked his work and thought the number one problem in the development of rural areas was politicization of peasants regarding problems of development and their ability to bring about change. He explained he wanted knowing of current conditions, of the possibilities for change and how to do what was necessary.

Friday, January 18, 1980: 9:00 a.m. Morning Meeting TRDB

The same participants of the previous morning met for three hours. The team discussed the targets and progress of the NAFCREP program of the 596 registered villages in Iringa. The Regional Manager believes a reasonable 5 year target would be 300 NAFCREP villages. The program began in 1978/79. Of these 214 should be provided maize mills by 1983. Of the 200 villages expected to be reached, 114 received grain mill loans in year one (1978/79), but to date only eight are completed. 1979/80 296 applications had been received and 90 villages were approved. The maize mill loans are medium term loans repayable at 7% villager and 8% by individuals in 3 years. A 25% equity contribution is required from the borrower. The mill is now costing 56,800/= and is expected to rise to 70,000/= by year-five. A maize mill to serve a five mile radial area is considered to be the social service target of the program. (Sample appraisal received - Brown passed to Heard.)

With respect to storage to-date 9 million shillings have been provided by AID and other donors for village storage construction in Tanzania. The 5 year target in Iringa is 137 units.

The Regional Manager reviewed the rural development subsector activities for which TRDB can provide financing. These include: seasonal inputs, livestock, fisheries, farm machinery and irrigation, transportation (buses and lorries), storage, crop development and small industries for agricultural processing. He said the biggest problem and slowest payoff were livestock loans. Appraisal were particularly difficult for these loans.

The adequacy of TRDB facilities in the region was discussed. New offices are planned for Iringa in 1980/81. A regional storage unit, staff houses and safes were needed. If TRDB is to become a bank of deposit facilities for savings were also needed.

With respect to transport the Regional Manager felt this was the most critical requirement for good loan repayment. Until this year the office had one Landrover to service some 120 NAFCREP loans, 40 tea loans and 60 tobacco loans. He believed he needed 3 good Landrovers. Thus two new ones (one for Mafinga and one to replace the Iringa vehicle) were needed. Four motor cycles were needed (the one now located in Njombe, one for Mafinga and two for Iringa). The three needed motor-cycles are scheduled to be delivered (under 621-0117).

The Regional Manager was asked what staff requirements he projected as needed for the next 3-4 years.

	<u>Office/Title</u>	<u>Current</u>	<u>Projected Need</u>
Iringa	Regional Manager	1	1
	Project Officer	1	1
	Credit Supervisor	3	4
	Book Keeper	1	1
	Typist	1	2
	Clerk/Messenger	1	1
	Guards		1
	Drivers	1	1
Njombe	Project Officer	1	1
	Credit Supervisor	1	1
	Typist	1	1
	Clerk/Messenger		1
	Guard		1
	Drivers	1	1
Mafinga	Credit Supervisor		1
	Typist	-	1
	Messenger/Clerk		1

Needed office equipment included hand calculators, batteries, file cabinets, flip charts, typewriters, reproduction equipment and possibly cameras.

Friday, January 18, 1980, Afternoon Safari

The TRDB Regional Manager and USAID team visited a tobacco farm leased to an expatriate Greek farmer. TRDB has provided an individual loan for barns and fuels. Casual laborers in addition to staff were employed at a daily wage of 7/= a day. Most fields had been planted with seedlings and the earliest crop would be ready for harvesting in several weeks. Shortages of firewood for curing and deforestation were mentioned as problems.

At 3:30 p.m. the USAID team were accompanied by Mr. Mwanganda to the regional TanSeed office where we were introduced to a former student of Mr. Mwanganda, Mr. Gabriel Machota. Mr. Machota is the Regional Manager for TanSeed. The office was leased exhibition building at the Saba Saba fair grounds. The office had recently been opened and is one of four TanSeed offices (others are in Arusha, Morogoro, etc.).

Saturday, January 19, 1980, Morning Safari

The team left Iringa at 8:00 a.m. for Njombe travelling through Mafinga district. A reforestation program was now producing the first generation of pulp trees in the Mufindi area. A processing plant is near completion. Mr. Mwanganda explained subsequent generations of trees had not been planted so that a lag in production could be expected once the current generation is harvested.

Tan Wattle Company had extensive acreage under certified maize seed cultivation outside in Njombe town. The road from Makambako to Njombe was an all weather road in fairly good repair. The team arrived in Njombe about 1:00 p.m. visited with the District Project Officer, Mr. Chikaka and the Credit Supervisor, Mr. Kambiliika. Offices were rented from the District Building and Lands office.

At 3:00 p.m. the team accompanied by Mr. Chikaka visited a WAPCREP village, Uwemba. The village Chairman accompanied the team to one of the village communal tea plots. The team also met the WIA representative stationed in Uwemba serving the surrounding area. The Chairman believed his was a well off village because of the electricity provided by a Catholic Mission hydro electric scheme and proximity of the hospital.

Sunday, January 20, 1980, Morning Safari

At 9:00 a.m. the team departed for Mbeya. A Sunday driving permit was obtained by Mr. Chikaka and Mwanganda / already obtained a Cholera permit / in Iringa. The team arrived in Mbeya and was met by the Credit Supervisor who secured accommodations at the Moravian Youth Hostel.

Monday, January 21, 1980, 11:00 a.m. Morning Meeting TICDB

The team visited the Mbeya Regional office from Tanzania Housing Bank. Mr. Henry S. Kamukara, Regional Manager met with the team. Mr. Kamukara is a graduate of the FAF and had 3 years work experience before becoming the TRDB Regional Manager. To serve the 500 registered villages in Mbeya there are district offices in Chungwa and Mboni each staffed by one person. He noted the high agricultural potential of Mbeya region and said that almost anything could be grown. TRDB therefore, has a variety of lending programs in Mbeya. The total volume of lending varieties because of NAFCREP lending which is now in its third year. The main financing is for tobacco. TRDB is currently providing about 4 million shillings annually to 4,000 families in 9 villages for tobacco inputs. Other lending includes:

<u>Crop</u>	<u>Amount</u>	<u>Comments</u>
Tea	3.5 million	110 villages
NAFCREP	2.0 million	*64 main villages
Farm Machinery	.6 million	
Grain mills	.9 million	30 (target 15 p.a.)
Godowns	-	40 applications shelved because political problems with Regional authorities regarding free financing of godown from other sources.
<b>Industries:</b>		
- roof board	2.0 million	
- fruit canning	2.0 million	
cotton seed oil	-	Application received
<b>Livestock:</b>		
- 2 DAFCO farms		Repayment problems
- 1 village dairy scheme		No problems
- 2 Ranches		
<b>Poultry:</b>		
		1 hatchery for individual to be financed.
<b>Piggery:</b>		
		6 applications received from individual farmers average 10-25 'saws per scheme.
<b>Transport:</b>		
		Limited activity, but high demand for buses for villages and lorries for hauling.

Specific problems of NAFCREP were reviewed. Doouano Mheya (unlike Iringa) is in the third year of NAFCREP village repayment records were considered in approving this year's applications. The resulting approval history is as follows:

<u>Year</u>	<u>No. of Villages</u>
1977/78	47
1978/79	64 (47 + 17 new)
1979/80	21 (17 added in year 2 plus 4 from 1 year)

Another problem is linked to the history of NAFCREP. Other national programs and the predecessor project, the TRDB National Maize Program, provided free inputs. There is therefore, no credit experience of repayment.

The Regional Manager felt the villages also had agronomic problems. For example, fertilizer recommendations were blanket ones and area specific recommendations were not available. Village agronomic education is needed.

There is a need for villages to develop the capacity to determine input needs, who needs them, and who are credit worthy customers. Development of criteria for democratic sharing of the inputs on the basis of how good farmers are is needed.

Problems with the Regional government and commissioner have arisen (see godowns above). Alternatives to TRDB lending are offering competing services to villages. In cases cash contributions have been collected for purchasing inputs particularly in conjunction with national production campaigns. Competitions are organized (by CCM) and prizes are offered.

Training in the villages has in the past been provided to village leaders. TRDB considers the Chairman, VMT and Secretary to be important participants particularly needing record keeping skills. Stationery, offices and safes are equipment necessary to performance of their jobs. Training for all villagers is needed to explain what credit is, why use it and when to use it. The regional manager was aware of the mobile training units to be financed by IDA but did not know what training content would be offered. He felt TRDB needed an officer trained in adult education techniques.

The Regional Manager felt the Institute of Finance Management training for Credit Supervisors and Project Officers was inadequate. (Two one month courses are offered for each position. He felt training specifically geared to the duties was needed for all field staff including support officers (clerks, typists, etc.), however, his main concern was for Regional Managers, Project Officers and Credit Supervisors. For Credit Supervisors, he explained peak work seasons were February-March

(input ordering) and June to the end of the year (input delivery through harvest). May and June were months when these individuals could be released. Project Officers needed training in appraisals preparation for different kinds of loan applications. He believed training should be general with specific case studies which were sub-sector specific. He was prepared to release his staff for 1 to 1½ months for this training. Timing was not a problem. For Regional Managers, he believed management training and particularly financial management was needed. He suggested overseas third country training as beneficial.

With respect to facilities, building of new offices is scheduled for next year. A storage facility for spares and inputs is needed but not planned. Equipment including calculators, batteries, typewriters, files and cupboards.

The Mbeya office staffing is as follows:

<u>Office/Title</u>	<u>Current</u>	<u>Projected/Need</u>
Mbeya Regional Manager	1	
Project Officer	2	
Credit Supervisors	1	
Book keeper	1	
Stock clerk	1	
Typist	1	
Clerk	1	
Guard	1	
Driver	2 (for 2 landrovers)	2
Project Officer		
Chunya Credit Supervisor	1*	
Project Officer		
Mbozi Credit Supervisor	1*	
Project Officer		
Tukuyu Credit Supervisor		

\* 1 pikipiki assigned

Other comments by Regional Manager:

- One Credit Supervisor can handle 20 villages.
- Inputs should be used first for communal production and the remainder for cash sale.
- TFA fertilizer price is 117.50 a bag. TRDB is 108.50 including interest.
- NBC is lending for NMC ward level godowns.

The women staff were also interviewed. They believed hand preparation of maize flour (sembe) required per debe (about 15 Kg.) 2 hours for hulling and 1½ hours for pounding. Mr. Mwanzanda said he believed FAO estimates a family of 5 needed 20 bags (2000 Kg.) of maize p. annum. Thus; at 15 Kg. per debe 2,000 Kg. equals 134 debas. 134 debas p.a. times 3.5 hours labor equals 4,690 hours/p.a.

Monday, January 21, 1980, Afternoon Safari:

The team departed Mbeya at 1.30 p.m. accompanied by the Mbeya Project Officer to visit the Katumba Tea Factory in Tukuyu town, in Rungwe District. The Manager, Mr. J. L. Musula met with us and arranged a tour of the factory. The factory is part of TTA. The plant has a 600,000 Kg. green leaf capacity p.a. and receives all its leaves from smallholders. (Smallholders are estimated to contribute about 25% to National production). T.Sha. 1.50 is paid for green leaf; transportation and other costs, presumably TTA's overheads are already deducted. Forty cents per kilo is deducted for input loans and farmers receive 1.10 per kilo. The factory facilities were being expanded in order to increase to 800,000 Kg./green leaf capacity. Another nearby factory is planned to help handle surplus production. Several privately owned factories are now processing the excess which Katumba cannot handle. Smallholder production is growing according to the Manager, because it is a high priced crop. Loan collection is no problem for TRDB.

Tuesday, January 22, 1980, Morning Safari

The team departed for Iwala a NAPCREP Maize Village at 9:00 a.m. The village Chairman, Mr. Paulo Mwandaka Mwanjeta met with us and described village production and cooperative activities. The village had about 1,600 acres for 387 families. Each family farmed 4 acres for itself, one of them is coffee. Ujamaa maize crop had been destroyed by army worms but had been sprayed and replanted. The Chairman expected a crop. The village had a cooperative duke, built from their own funds, a village savings account at NBC of 30,000/= and a maize mill. A village woman was interviewed at the mill. She estimated that hand hulling per debe took 1½ hours and pounding ¾ of an hour. She thought 1 debe would last for a family of 5 for one week if ugali was served every night. Thus 2 hours a week for 52 weeks is 104 hours of labor p.a. (This estimate varies from the earlier one. We need estimates of maize requirements for consumption to check these two figures).

The team then visited Iwambi Dairy Farm at 12:00 p.m. Iwambi is a DAFCO farm under the regional management of C. Gaardisen, an expatriate who has worked in Tanzania for 12 years. The farm manager met with the team for about one hour. The farm was originally a coffee farm. The dairy project began in 1966. The farm has 200 freisian and Jerseys from New Zealand and 3 herd bulls for improved breeding. The farm now has about 610 animals and is milking about 235 animals. Milking is done by machine. The farm prepares its own feed from maize bran, cotton seed cake and rice porridge. Animal production per head is about 2,700 - 3,000 litres. Production by Zebu is about 250 - 280 Kg./p.a.

- 101 -

Milk processing of butter, cream milk and ~~cheese~~ is done by Tanzania Dairies Ltd. in Mbeya town. Their plant experiences frequent breakdowns. New equipment has arrived from Finland but is not yet operational gets 1.80/Kg. of milk.

The farm has 39 full time laborers and supplements this with casual laborers during hay making. The farm manager felt they were overstaffed, but because termination of employees is expensive he had not reduced the staff.

TRDB is financing a long term loan (15 years) for equipment, water supply, buildings, fences and workshop. Payment has been made on interest only by DAFCO. The farm expects to begin its own repayment on the interest this year.

The team returned to Mbeya and made preparations for the return trip to Dar.

Wednesday, January 23, 1980, Safari

The team left Mbeya at 6:30 a.m., arrived in Iringa at 11:30 a.m., spent one hour refueling, eating and shopping, and arrived in Dar at 7:30 p.m.

Other Comments and Observations

--- 3,000/= was spent on fuel for the eight days.

--- NAFCREP is sometimes referred to as NAFCRATY I

-- TRDB personnel were qualified and very helpful. We had an excellent team leader from TRDB accompany us - Mr. Mwanganda. Everyone was extremely helpful and did much to insure a comfortable pleasant trip. The TRDB driver, Abdullah was a careful steady driver.

cc: PRM:WFaulkner  
TRDB:USMwanganda  
ADO:MFuchs-Carsch/Anania  
OSU: Team

CDPO:RMDepp:eb:2/27/80