PROJECT PAPER AMENDMENT II

COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT

645-0229

FEBRUARY 23, 1994

SOURCE SELECTION INFORMATION -- SEE FAR 3.104
DO NOT DISCLOSE SENSITIVE BUDGET INFORMATION
(PAGES i-vii, 1, 9, Section VIII, Annex H: 175)

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ACTION MEMORANDUM FOR THE DIRECTOR
USAID/SWAZILAND

FROM: Steve Goertz, CAPM Project Manager/PGDO

SUBJECT: Amendment of the Commercial Agricultural Production and Marketing Project, No. 645-0229

PROBLEM:

You are requested to amend the authorized LOP funding of the Commercial Agricultural Production and Marketing Project (CAPM) from $7.9 million to $10.833 million and extend the Project from February 28, 1994 to December 31, 1995.

DISCUSSION:

A. Background

This project amendment provides for adjustments in the implementation strategy and an extension of the Commercial Agricultural Production and Marketing Project (CAPM) in Swaziland.

The project was initially obligated August 31, 1988 and was amended September 16, 1991. The amendment redirected the project from the initial commercial agricultural policy study phase to an action oriented program directed at stimulating the small farm commercial horticultural sector. While farmers were stimulated to produce commercial crops, an unusual combination of weather conditions, including a major country wide drought, abnormal frost, and hail reduced the level of production. The lower level of production contributed to the inability of the project contractor to develop local marketing firms into vertically integrated operations. As a result a revised strategy to deal with small farm marketing constraints has been developed for this second amendment.

Under this second amendment, based on project successes, the capability of small farmer organizations will be developed, by a project funded institutional contractor, to organize and expand production, and to manage the business of packing and marketing of horticultural produce. To achieve this, inputs to farmer organizations will include training, technical assistance and a modest amount of commodities. In addition, technical assistance and training will be provided to small commercial farm operators in all aspects of commercial horticultural production.

The project will also seek to strengthen agribusinesses which provide services or inputs to the small farm horticultural sector. Such linking agribusinesses will receive direct

technical assistance from the institutional contractor or may seek business advice from the Swazi Business Growth Trust's Agri-Business Advisor. SBGT, a local NGO, will be funded through a cooperative agreement to develop this agribusiness advisory capability in order to provide services to these important linking entities not only during the project but after the project is completed.

The amendment reconfirms the validity of the original project goal and purpose. In addition, the amendment suggests changes in the definition of End of Project Status (EOPS), and in the implementation strategy, inputs, and outputs necessary to firmly establish a working model for the continued development of the Swazi small farm commercial horticultural sector.

The project grant agreement with the Government of Swaziland (GOS) requires that the GOS contribute 25% of the project cost. This is defined in the grant agreement as contribution from both private and public sector. An LOP increase of $3.0 million would thus increase the contribution from the GOS by $1.0 million. PGDO calculates that the planned project contribution from both the GOS and private sector participants will meet the 25% requirement. This contribution includes: GOS -personnel, office space, infrastructure, and housing; Private Sector - farmer production inputs and labor, marketing firm inputs, capital investment and infrastructure.

B. Project Paper Amendment Review

A meeting of principal USAID Swaziland officers to review the Project Paper Amendment was held on December 3, 1993. The principal issues raised at that meeting and the manner in which they have been addressed are summarized below.

Issue 1: Non-competitive Award of Cooperative Agreement to SBGT to provide agribusiness advisory services. A non-competitive award justification is included in this project paper amendment and has been signed by the Mission's competition advocate.

Issue 2: Commitment of GOS to provide office space for the technical assistance team at the Malkerns Research Station. Such space has been jointly inspected and agreed to by USAID and Malkerns research staff. A covenant to reinforce this commitment is included in the amended project grant agreement.

Issue 3: Short time frame to complete plan activities Success can be achieved since the undertaking builds on the base of prior efforts in targeted areas. In each of these areas, the project has successfully worked with active groups of farmers for the past several seasons in production and packing horticultural crops. Also, the project will narrowly focus on organizing and training of farmers only to the degree needed to develop their capability to manage the production, packing and marketing of vegetables.

C. Procurement

AID Geographic Code 935 is the authorized code for source and origin of goods and nationality of all services procured under the project Notwithstanding this, preference in procurement will be given, where practicable, to goods and services of U.S. source and origin. Four vehicles and three caravans required by the project will, however, be procured in Southern Africa due to type of vehicles required, right hand drive, and parts and service requirements.

D. Covenants

The following covenant shall be included, in substance, in the Amended Grant Agreement: The Grantee agrees to take all measures necessary to ensure that adequate office space and other facilities are provided for the Project technical assistance team at the Malkerns Research Station.

E. Obligations

Obligations for the project to date total $7,832,178. Incremental obligations are scheduled in FY 94 for an incremental amount of $1.5 million and in FY95 for an incremental amount of $1.5 million.

F. Mission Management of the Project

The project will be managed by a USPSC Project Manager. This individual is funded by the project and will be supervised by the Deputy Project and General Development Officer.

AUTHORITY:

Under the A.I.D. Delegation of Authority 551 Section 4A (2), revised, the Mission Director of a Schedule A Post has the authority to amend Project Authorizations provided the amendment will not result in total LOP longer than 10 years or LOP funding of more than $30 million, present significant policy issues, deviate from the original project purpose, or require issuance of waivers that must be approved by the Assistant Administrator or the Administrator. None of these limitations apply here. Therefore, an increase of the LOP budget by $3.0 million is within your authority.

RECOMMENDATION:

It is recommended that you approve increasing the LOP funding by $2.933 million by signing this memo, the attached amendment Project Data Sheet, and Amendment 4 to the Project Authorization. This increase will be reflected in the amended Grant Agreement with the GOS.

APPROVED: Valery Jackson Porter

DISAPPROVED: _____

DATE: 13th February 1994

ATTACHMENT
Project Data Sheet Amendment

Drafted: SGoertz, 1/17/94, U:\PGDO\DOCS\CAPM.ACT

Clearances:

EBaker/ PGDO		Date 1/18/94
CWoehler/RCO		Date 1/19/94
MAlexander/RLA		Date 1/18/94
JRoyer/PROG		Date 1/20/94
WGraham/CONT		Date 1/24/94

Source Selection Information
See FAR 3 104

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: C (A = Add, C = Change, D = Delete) — Amendment Number 3

DOCUMENT CODE: 3

COUNTRY/ENTITY: SWAZILAND

3. PROJECT NUMBER: 645-0229

BUREAU/OFFICE: AFRICA — 06

5. PROJECT TITLE (maximum 40 characters): Commercial agricultural Production and Marketing Project

PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 12 DD 31 YY 95

7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4)
A. Initial FY 88 B. Quarter 4 C. Final FY 95

8. COSTS ($000 OR EQUIVALENT $1 = E2.80)

A. FUNDING SOURCE	FIRST FY 88 B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(903)	(361)	(1,264)	(9,469)	(1,364)	(10,833)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country	14	428	442		3,633	3,633
Other Donor(s)						
TOTALS	917	789	1,706	9,469	4,997	14,466

9. SCHEDULE OF AID FUNDING ($000)

APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
DFA				6,935		2,933		9,935	
)				898				898	
)									
)									
TOTALS				7,833		2,933		10,833	

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

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
A. Code
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

Establishment of an environment that will stimulate increases in small-scale commercial agriculture production and other agribusinesses, and domestic and export marketing activity.

14. SCHEDULED EVALUATIONS
Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES
☐ 000 ☐ 941 ☐ Local ☐ Other (Specify)

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

This amendment increases the LOP funding by $2,933,000 from $7,900,000 to $10,833,000 and extends the PACD from Feb 28, 1994 to Dec 31, 1995.

On 9/2/93, the authorized LOP was increased by $300,000, but only $232,178 was obligated leaving a balance of $67,822; thus, even though the extension is for $3,000,000, an increase of only $2,933,000 is needed to raise the authorized LOP to $10,833,000.

17. APPROVED BY
Signature: Valerie Dickson-Horton
Title: Director USAID/Swaziland
Date Signed: MM 02 DD 13 YY 94

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

AID 1330-4 (8-79)

I have reviewed the financial plan, methods of implementation and financing and find they meet AID requirements.

William Graham, Controller

AMENDMENT NO. 4 TO
PROJECT AUTHORIZATION

Cooperating Country: Swaziland

Project Title: Commercial Agricultural Production and Marketing Project

Project Number: 645-0229

Pursuant to the Foreign Assistance Act of 1961, as amended, the Foreign Operations, Export Financing and Related Programs Appropriations Acts and Africa Bureau Delegation of Authority 551, as amended, the Swaziland Commercial Agricultural Production and Marketing Project ("CAPM" or "Project") was authorized on August 31, 1988 and amended on August 10, 1989; September 17, 1991 and September 2, 1993. The Project is hereby further amended as follows:

A. Paragraph 1 is deleted in its entirety and replaced by the following:

"1. Pursuant to the Foreign Assistance Act of 1961, as amended, the Foreign Operations, Export Financing and Related Programs Appropriations Acts and Africa Bureau Delegation of Authority 551, as amended, I hereby authorize the Commercial Agricultural Production and Marketing Project ("CAPM" or "Project") for Swaziland, involving planned obligations not to exceed ten million, eight hundred thirty-three thousand dollars ($10,833,000) over a period of seven years, four months from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to finance the foreign exchange and local currency costs of the project. The planned life of the project is 87 months from the date of initial obligation."

B. The following covenant is added to Paragraph 4(d):

"The Grantee agrees to ensure that adequate office space and other facilities for project activities will be made available to the project at the Malkerns Research Station."

Source Selection Information
See FAR 3 104

Except as hereby amended, the Authorization for the CAPM Project remains in full force and effect.

Valerie Dickson-Horton
Director
USAID/Swaziland

Date: 13th February 1994

drafted: MAlexander, RLA, Jan.10, 1994,
P:\MBABANE\DOCS\CAPMAUTH.AM4

clearances: JRoyer, PROG/DD 1/20/94
EBaker, PDGO 1/18/94
SGoertz, PDGO 1/18/94
CWhoeler, RCO(A) 1/19/94
WGraham, CONT 1/31/94

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LIST OF ACRONYMS

ABA	Agri Business Advisor
CAPM	Commercial Agricultural Production and Marketing Project
CCU	Central Cooperative Union
COP	Chief of Party
E	Emalangeni
EOPS	End of Project Status
FA	Production Field Agent
FOA	Farm Organization/Agribusiness Advisor
FO	Farmer Organization
GOS	Government of Swaziland
Ha	Hectares
HCC	Horticultural Campaign Committee
HS	Horticultural Specialist
IRR	Internal Rate of Return
LOE	Level of Effort
LOP	Life of Project
LTTA	Long term technical assistance
MEPD	Ministry of Economic Planning and Development
MOA	Marketing/Farmer Organization Agents
MOAC	Ministry of Agriculture and Cooperatives
MOS	Marketing/Organizational Specialist
MT	Metric Tons
NAMBoard	National Agricultural Marketing Board
NGO	Non Governmental Organization
PA	Production Advisor
PACD	Project Assistance Completion Date
PIR	Project Implementation Report
POW	Plan of Work
PPA	Project Paper Amendment
RDA	Rural Development Area
RSA	Republic of South Africa
SBGT	Swazi Business Growth Trust
SFPM	Swazi Fresh Produce Market
SFVD	Swazi Fruit and Vegetable Distributors
SNL	Swazi Nation Land
STTA	Short Term Technical Assistance
STRIDE	Swaziland Training and Institutional Development Project
TA	Technical Assistance
TDL	Title Deed Land
UNISWA	University of Swaziland
USAID	United States Agency for International Development
USPSC	United States Personnel Service Contractor

I. EXECUTIVE SUMMARY

This project paper amendment provides for adjustments in the implementation strategy and an extension of the Commercial Agricultural Production and Marketing Project (CAPM) in Swaziland. The proposed extension requires an addition U.S.$3 million for a total authorized level of U.S. $10.833 million. The project assistance completion date will be extended to December 31, 1995.

The project was initially obligated August 31, 1988 and was amended September 16, 1991. The amendment redirected the project from the initial commercial agricultural policy study phase to an action oriented program directed at stimulating the small farm commercial horticultural sector. Most important to this strategy was the development of reliable markets for small farm production through development of private vertically integrated marketing firms. These firms were to vertically integrate their operations to market small farm horticultural production and provide farmers with services and guidance to assure a reliable source of marketable produce. While farmers were stimulated to produce commercial crops, an unusual combination of weather conditions, including a major country wide drought, abnormal frost, and hail reduced the level of production. The lower level of production contributed to the inability of the project contractor to develop local marketing firms into vertically integrated operations. As a result a revised strategy to deal with small farm marketing constraints has been developed for this second amendment

Under this second amendment, based on project successes, the capability of small farmer organizations will be developed, by a project funded institutional contractor, to organize and expand production, and to manage the business of packing and marketing of horticultural produce. To achieve this, inputs to farmer organizations will include training, technical assistance and a modest amount of commodities. In addition, technical assistance and training will be provided to small commercial farm operators in all aspects of commercial horticultural production.

II. Background

Swazi farmers are in the enviable position of having good markets for fresh produce both locally and regionally, especially during the winter season, and the climate and physical resources which form the basis for a comparative advantage in selected horticulture crops. To capitalize on the favorable production and marketing potential, the CAPM project was designed to establish an environment that will stimulate increases in small scale commercial agricultural production, other agribusinesses, and domestic and export marketing.

The first phase, initiated in mid-1989, emphasized analysis of constraints, program options, opportunities, and policies. The considerable data and analyses generated the first two years by the implementing contractor, plus an interim assessment by REDSO/ESA, indicated that the primary focus of project implementation should be oriented more toward direct interventions in private sector development -- providing technical assistance in field production and marketing of small farm produced fresh vegetables. A Project Paper Amendment (PPA) in September 1991 authorized the redirection.

The second phase of the project was aimed at developing small farm commercial horticultural production. The basic concept was that the project would help create a vertically integrated production and marketing system to link small, potentially commercial farmers with the favorable markets. The project was to be market-led. A key element in the system was to be approximately four Swazi produce marketing firms that would be assisted and encouraged by CAPM to work with small farmers in the production of selected crops and in assembling, packing, and marketing the produce.

Once markets for specific crops were identified, CAPM technical assistance would develop core groups of farmers to produce to commercial standards. Once the core groups were trained, it was envisioned that the marketing firms, with small field staffs, would maintain linkages with these groups and that, through time, additional farmers would be attracted into the system because of the favorable income potential.

In addition to the above interventions initiated under the second phase, CAPM financed a linkage program between Ohio State University and the University of Swaziland (UNISWA). Under this linkage, the commercial agricultural curriculum of the Faculty of Agriculture was strengthened; its commercial agricultural facilities and equipment were upgraded; and a student agribusiness internship program was established. All activities under the UNISWA component will be completed by the February 1994 Project Assistance Completion Date (PACD).

An assessment of interventions aimed at small farm horticultural production and marketing was conducted in May and June 1993. The most important findings of the assessment follow:

- Small farm operators will produce commercial quantities and quality of vegetables when they have confidence that there are reliable markets. Under programmed production, they have made substantive progress in meeting commercial market standards. This is true in terms of quality and quantity, both in production and packing In the Northern Rural Development Area, they have organized to participate in the operations of a mechanized commercial packing plant and, with training, appear to have the potential to operate the facility on their own.

- Regional markets are accessible and can absorb programmed Swazi small farm horticultural production. However, profitability and sales are sensitive to regional production cycles. Thus, the timing of Swazi production is critical. High prices are paid when the regional production cycle is low and low prices are paid when regional production is high.

- On the downside, project production and marketing targets have not and will not be met, partly due to the impact of drought, hail, and frost, but also due to faulty design estimates. This lower production base has seriously constrained the development of vertically integrated marketing companies. Such companies, under the project concept, were to source produce from and provide services to the Swazi small farm sector.

- The lower levels of production were not the only constraint to the development of such marketing firms. The project failed to identify any marketing company which has the potential to vertically integrate with the Swazi small farm sector. Of five companies with which the project has worked, two are still in business. One of these fills an important role in the current market strategy of the project, but it is not likely that it will ever be prepared to fully operate in a vertically integrated fashion. Thus, the critical marketing link to small farm production has yet to be developed.

III. Rationale for Extension of the Project and Revised Project Strategy

The conundrum which the amended project must solve is that while reliable markets are needed to stimulate increases in small-scale commercial agricultural production, a critical mass of easily accessible production is needed to establish and maintain reliable markets. Earlier project efforts to solve this puzzle emphasized the development of market linkages to stimulate small farm horticultural production. Supported by intensive technical and operational assistance, markets were tentatively established. As a result, small farm commercial quality production was stimulated. However, due partly to drought and unusual frost and hail damage, it was not fast enough nor accessible enough to sustain the interest of market players. They had other investment options which were more convenient and less risky.

It was this bottleneck which prompted the search for a new marketing strategy totally dependent on small farm production. Farmers who were producing under CAPM already had developed the level of organization needed to meet minimal requirements in assembling, sorting and packing produce for pickup by buyers. A logical next step was to consider whether they were ready to formally organize to market their produce. Supporting the conclusion that the farmers were ready, was project success in organizing farmers in the Northern Rural Development Area (NRDA) to operate, with the support of technical advisors, a mechanized tomato packing operation. That these farmers could, with training, operate the packing house on their own was affirmed by technical advisors who were involved in the packing house development and operation. And, based on these advisors' experience with other farmer groups operating in project focus areas, they recommended that the project redirect its marketing strategy to be managed by farmer groups who are producing CAPM products. They argued that, with training, the farmer organizations could not only manage commercial production but also commercial quality packing operations. With commercial quantities of packed quality produce, reliable buyers would be attracted to packing houses and depots to purchase and transport the produce. This has been demonstrated in all of the target areas in which the project intends to more formally develop farmer groups during the extension.

Based on this logic, the project implementation strategy will center on the development of farmer organization businesses and their members. Farmers will receive commercial production training. In addition, farmer organizations will receive technical assistance and training sufficient to establish good business management practices in receiving, packing and marketing produce, including such topics as market awareness and communications, resource control, packing house operations and management, farmer and packer payment procedures and accounting. They will also receive training in organizational development, planning, management and in board, management, and member roles.

For marketing, it is anticipated that training of farmer organization managers will not be sufficient to establish initial reliable market links. Thus, in close coordination with farmer organization managers, CAPM experts will be charged with investigating and developing sustainable market links with both domestic and regional markets. Such 'links' will be established with the full participation of farmer organization leadership, managers and members. They will only be considered successful when they are well understood and fully managed by farmer organizations.

CAPM long term technical assistance (LTTA) in cooperation with Ministry of Agriculture and Cooperatives (MOAC) extension and cooperative officers will also assist the organizations to develop linkages with Government of Swaziland entities and private sector agribusinesses that support small farmer production and marketing. These include sources for credit, market communications, business planning, production advice and inputs, transport, and new market opportunities. At the same time, the project will train farmers in how to best access these after the project completion.

During the project, to the degree possible, CAPM will coordinate farmer organization and other agribusinesses training with other AID projects, such as the Swaziland Training and Institutional Development Project (STRIDE) and the Swazi Business Development Project (SBDP), where such cooperation is supportive of each project's objectives and where such cooperation results in strengthening the Mission's overall strategic objectives.

The above represents a shift in the project marketing strategy from the development of vertically integrated marketing firms to the development of the marketing capabilities of farmer organizations. This strategic shift takes into account lessons learned and is built on project strengths. The development of vertically integrated firms was always a means to an end - the marketing of small farm production and the resulting improvement of small farm income. The new strategy can maximize results with the advantage of lessons learned, overcome any short-comings of the CAPM project to date and cause the project to achieve its purpose to the betterment of small farmers and the economy of Swaziland.

IV. Major Project Assumptions and Sustainability Considerations

A. Major Assumptions

The assumption is made, within the time frame of the extended project, that farmer groups can be trained and organized to manage commercial horticultural production and marketing businesses. It is anticipated that by the end of the project these groups will be able to produce, pack and market commercial quantities of produce. To do this farmer members must be fully able and willing to produce quality vegetables; organizations must be able to operate and manage horticultural packing house businesses as well as maintain business relationships with commercial market entities. Although the remaining time for project implementation is short, success can be achieved since the undertaking builds on the base of prior effort in targeted areas. In each of these areas, the project has already successfully worked with active groups of farmers for the past several seasons in production and packing horticultural crops. Also, the project will narrowly focus on organizing and training of farmers only to the degree needed to develop their capability to manage the production, packing and marketing of vegetables.

It is also assumed that farmer organizations and farmers will invest their time and resources in horticultural production, packing and marketing businesses. Supporting this assumption is project experience with small farm operators participation in producing and packing vegetables for domestic and regional markets and in the operation and management of the Northern Rural Development Area (NRDA) tomato packing house. In the NRDA, the farmers hired a packing house manager, labor to pack produce, and transport to collect produce from the field.

Another assumption is that the assembled production will be of sufficient quality and quantity to attract local and regional marketing entities to farmer organization produce depots and packing houses. This assumption is based on project experience in

which buyers were attracted to the Northern Rural Development Area tomato packing house where produce was assembled and packed by area farmers Buyers from both the Swazi Fresh Produce Market (SFPM) and Durban went to the site to purchase and transport produce to domestic and regional markets

Finally, it is assumed that the farmer organizations and farmers will be able to continue the business of producing, packing and marketing produce after the project with minimal outside support and that such support will be available from existing MOAC services or from private input suppliers and market entities. Supporting linkages with both public and private entities will be established or strengthened during the project. For example, the MOAC has agreed to assign horticultural extension agents in production focus areas. These agents will be available to farmer organizations and farmers to advise on production problems during the extension. It is assumed that the horticultural extension agents will continue to be assigned to target areas in the future. This assumption is dependent on farmer success in producing and exporting large quantities of produce. Such success, it is believed, will motivate the MOAC to continue if not increase its support after the project has ended. In addition, such production and marketing success is also expected to motivate private input suppliers and markets to increase contact with and improve services to the horticultural sector in order to increase their own sales.

B. Project Sustainability

The revised CAPM project is designed so that the objectives can be realistically attained and that the project concept has a high probability to continue after the PACD. Some of the project factors that are important to sustainability include:

Targeted farmers will receive a significant level of production training by project TA during the life of the project. At the end of the project a majority of CAPM farmers are expected to be competent producers, and, except for occasional problems, will not be dependent upon outside public or private sector technical support. In addition, farmer organizations will be well trained to manage the packing and marketing of produce. To deal with problems when they do come up and to stay up to date with technology and with market developments, CAPM technical advisors will assist farmer associations to develop and maintain strong linkages with MOAC extension and research, input suppliers, and domestic and regional markets.

Also, during the project extension, MOAC horticultural, research, organizational, and marketing personnel will be encouraged to participate in training and implementation events. Project collaboration with these counterparts will help to institutionalize some of the project support activities and make possible expansion of the production base. Also, the installation of telephones at farmer organization facilities will facilitate communications between farmer organizations, markets, service organizations, and input suppliers.

The project will provide training for farmer organization leaders and managers based upon an initial needs assessment which will include participating farmer input The training will allow these organizations to determine market needs, make seasonal production plans based upon this information, organize their members to produce crops in sufficient volumes to attract marketers, procure necessary inputs, collect and prepare produce for pickup at central facilities, and negotiate domestic and regional sales. Whether small farmers will continue to produce commercial horticultural crops after the end of the project is dependent on how well farmer organization leaders and managers absorb and practice skills taught under the project.

V. Project Goal, Purpose, End of Project Status, Outputs and Inputs

A. Project Goal and Purpose

The goal and purpose of the project remain valid and will be unchanged:

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

Purpose: To establish an environment that is stimulating increases in small-scale commercial agricultural production, other agribusinesses, and domestic and export marketing.

B. Updated End of Project Status (EOPS)

The shift in the project's small farm produce marketing strategy, as well as the need to adjust various numeric targets which were set at unrealistically high levels during the last project amendment, suggests the following modified EOPS for the amended project:

1. **At least three farmer organization businesses effectively managing the production, grading, packing and marketing of horticultural crops.** In three or more areas farmer organizations will have organized for the purposes of assembling, grading and packing produce for targeted markets. Farmer organizations will be trained to manage the marketing of produce, link with production support services, manage packing facilities, and conduct the business of farmer organizations. Minimal infrastructure necessary to establish and operate packing houses and/or produce collection depots will be established.

2. **230 farmers on 220 hectares are capable of producing quality horticultural crops to meet market demand:** To assure that small farm production will be sufficient to attract buyers to farmer managed assembly depots and packing houses, the small scale farmer production base will be expanded from the 1993 base of 168 farmers on 126 hectares. Practical, field based demonstration training will be provided to these farmers by CAPM technical assistance in coordination with MOAC horticultural extension agents and research personnel.

3. Annual net income per hectare of participating farmers increased from about E4500 to E8000 through increased yields and improved returns from marketing of two crops per year. Farmers will increase their incomes as result of improved yields, improved produce quality and by cropping during both the winter and summer growing seasons They will also benefit from their participation in value added activities such as packing, grading, and directing their product into lucrative seasonal market niches.

4. In 1995, the total value of CAPM farmer produce exported to regional markets reaches E1,300,000; through domestic markets about E252,600.

C. Updated Project Outputs

Updated outputs for the redirected project are based upon findings of the Interim Assessment and the resulting adjusted project strategy. Implementation arrangements for achieving the updated outputs may be found in Section VI, Detailed Project Description. Annex F is a summary of the Interim Assessment discussion of previous project outputs.

1. 230 farmers educated in function of farmer organizations and in role of individual members.

2. 5-10 farmer organization leaders selected and trained in organizational skills and business management of produce assembling, packing and marketing of horticultural crops.

3. Three operating packing businesses with capability to assemble and prepare small farm horticultural produce for domestic and regional markets.

4 Trained farmer organizations labor force with skills to pack horticultural produce for domestic and regional markets.

5. Trained managers at three farmer organization packing houses.

6. 230 farmers trained in production of commercial quality and quantity of horticultural crops.

7. Secure system(s) for collecting produce payments from marketers and distributing payments to farmers.

8. Reliable system(s) for producers to source inputs for production of commercial horticultural crops.

9. Reliable system(s) for transport of produce from field to packing houses and packing houses to market.

10. Reliable system(s) for farmer organizations to source materials and supplies for packing produce.

11. Secure system(s) for managing farmer organization supplies and materials; physical assets and financial affairs.

12. System(s) for packing house managers to acquire timely market information for produce demand and prices.

D. Summary Budget and Project Inputs

As in both the original project paper and the prior project paper amendment, CAPM will continue to provide a mix of inputs to stimulate increased commercial agricultural production and marketing During the proposed extension of the project, the more action-oriented technical assistance that has characterized the project since the amendment in 1991 will continue. However, the make-up of the technical assistance team will be changed to 1) promote an increase in horticultural production and 2) to develop the capabilities of farmer organization businesses to organize production and manage the grading, packing and marketing of horticultural production.

Revised Life of Project
AID and Government of Swaziland (GOS) Inputs ($000s)*

	AID	GOS	
Technical Assistance	9,029		
Training	258		
Commodities	560		
Monitoring/Evaluation/ Audit	986		
Personnel and Project Support		1,648	
Production Inputs		1,352	
Marketing Facilities		520	
Farm Labor, Facilities		819	
Total	10,833	4,339	15,172

* GOS inputs include in kind contributions from project beneficiaries and MOAC services It also includes a cash contribution of E 780,000 ($279,000) made from Section 416 funds.

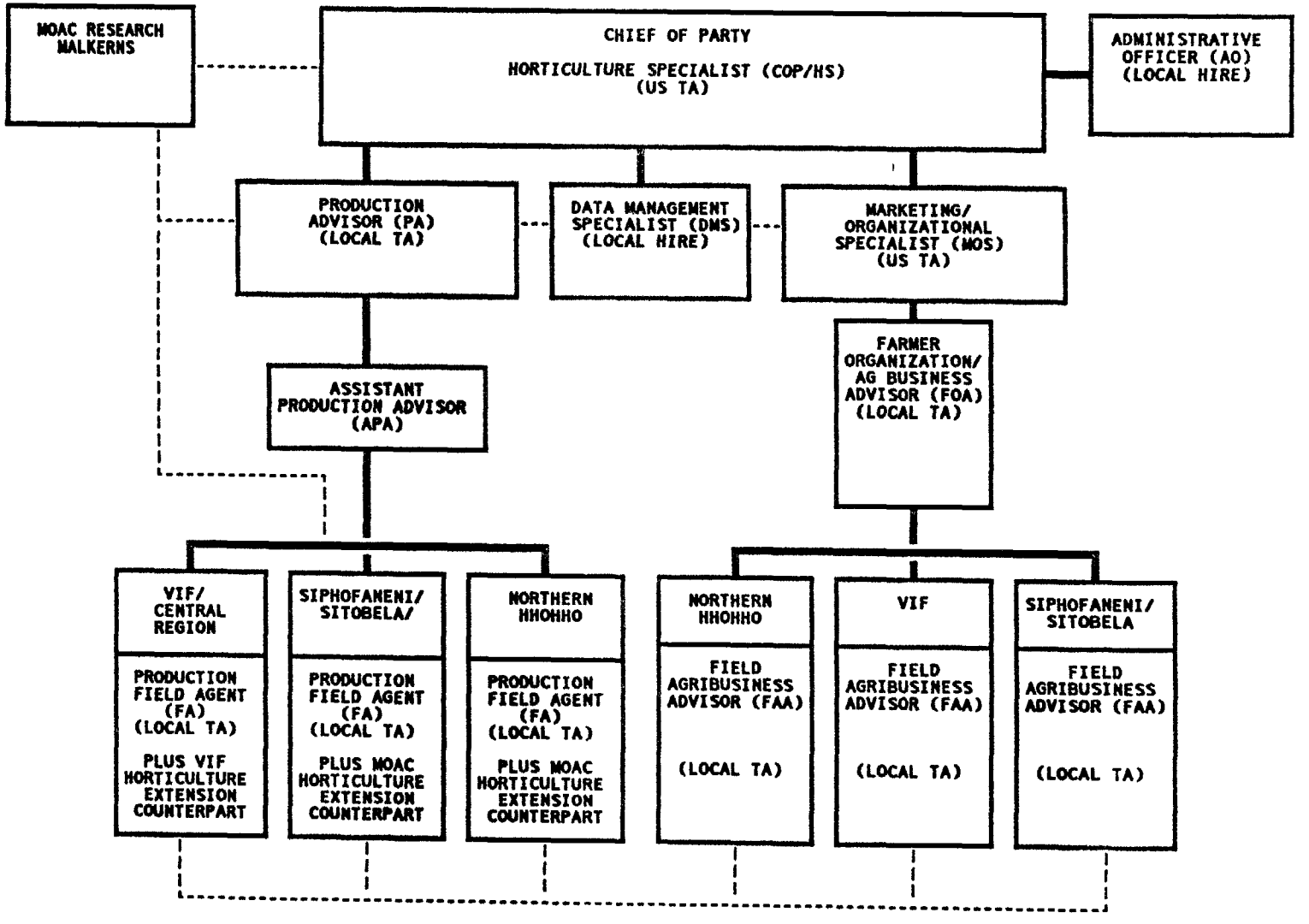
E. Summary Implementation Arrangements

Under the guidance of the MOAC Permanent Secretary (PS), the Director of Agriculture, and the USAID Project Manager, project implementation will be coordinated by and largely carried out by a long term U S technical assistance contractor. Other implementing entities include the MOAC, and the Swazi Business Growth Trust (SBGT) A description of their respective implementation roles follows

CAPM PROJECT

ORGANIZATIONAL CHART

(December 20,1993)



1. The Long Term Technical Assistance Contractor

A U S. long term technical assistance contractor will be contracted to manage overall project implementation. Reporting to the MOAC Director of Agriculture and to USAID, the Contractor will be directly responsible for developing the capability of small farmers to produce commercial quality and quantities of horticultural crops; and for developing the capability of farmer organization businesses to assemble, grade, pack and market horticultural crops raised by their members as well as other nearby farmers. A summary description of the contractor's implementation role and personnel follows:

a. A U.S Horticultural Specialist (HS) will have overall responsibility for the small farm commercial horticultural production program. In cooperation with MOAC Extension and Research personnel, the HS will be responsible for the planning, coordination, supervision and direct implementation of a program to develop the capabilities of targeted farmers in all aspects of production and post harvest handling of targeted horticultural crops. In carrying out the program, the HS will supervise a locally hired Production Advisor, an Assistant Production Advisor and three local hired Production Field Agents. It is anticipated that the HS will also act as Chief of Party (COP) of the technical assistance team.

b. The Production Advisor (PA), hired locally and based in the field, will assist the HS in planning, coordinating and implementing the small farm production program. This Advisor and the **Assistant Production Advisor (APA)** will oversee the work of three **Production Field Agents (FA)** who, in cooperation with MOAC extension personnel, will directly advise, train and assist small farm producers in all aspects of horticultural production and post harvest handling.

c. A U.S. Marketing/Organizational Specialist (MOS) will be responsible for developing the capabilities of small farm organizations to market horticultural produce; and, for developing sustainable marketing linkages which are manageable by small farm organizations. Assisting the MOS in meeting these objectives will be a locally hired **Farmer Organization/Agribusiness Advisor (FOA)** who will oversee three field level **Field Agribusiness Advisors (FAAs)** who will work directly with farmer organizations in all matters related to managing the business of packing and marketing of produce. In addition the MOS, the FOA and FAAs will provide TA and training to organization boards, leaders, managers and members in general organizational management and participation.

2. MOAC Horticultural Extension, Cooperative and Research Participation

MOAC horticultural extension agents will be assigned in the three primary production areas. In addition to their normal extension responsibilities these agents will, whenever possible, assist in advising and training small farmers in commercial production. With regard to MOAC Research staff, a modest amount of

project funds are provided to offset the cost of overseeing applied commercial horticultural varieties trials MOAC cooperative staff will be consulted on all matters related to farmer organizations and will be invited to participate, as available, in organizational training events As a guiding principal to MOAC research, extension and cooperative staff participation in the project, such participation shall be carried out when, as part of overall MOAC staff responsibilities, CAPM activities coincide with objectives of the MOAC staff. This is approximately the level of support that the farmer organizations can expect after the project. During the project, to facilitate this level of participation by such MOAC personnel, the Contractor will be charged with maintaining necessary contacts, discussing implementation plans and activities with all interested parties.

3. Swazi Business Growth Trust

To strengthen agribusinesses which provide inputs or services to the horticultural production, packing, and marketing subsector, as a project input, the Swazi Business Growth Trust will be provided with a small grant to establish an agribusiness advisory service. Agribusinesses which provide inputs or services to the small farm horticultural commercial sector, will be encouraged to enlist SBGT advisory support when constraints to their business performance are identified. This service, once established will not only be available to firms during the project but is expected to continue such services after the project.

Under the grant SBGT will recruit a local-hire Agribusiness Advisor to be contracted as part of the permanent SBGT staff. It is anticipated that this advisor will play a key role in assisting firms sourcing from CAPM farmers, and private sector agricultural supply and service companies doing business with the farmer organizations. The Advisor will also be available to provide business advisory services to the broader agribusinesses community. Annex C includes a general description of SBGT and a justification for selection of SBGT to provide these services.

VI. Detailed Project Description

A. Organizational Development Activity

Farmer organizational development will be carried out in areas where core groups of CAPM trained farmers are already producing commercial quality produce for regional or domestic markets. The number of areas in which the project can achieve sustainable impact is limited by the level of resources available and the time provided to implement this development. It is believed that the project can successfully develop the targeted areas listed below because of the intensive level of technical assistance which will be provided. If the project were to work in fewer areas, the necessary small farmer production base would be reduced, thus limiting the attractiveness of Swazi produce to large buyers who require sizeable volume.

Areas in which the project will assist farmer organization development include the Northern Rural Development Area (NRDA), Vuvulane Irrigated Farms (VIF), and Siphofaneni/Sitobela and possibly the Central Area and the Mbekelweni Irrigation Scheme These farmers want to continue with CAPM to increase their incomes by organizing to collectively solve logistical problems in production, packing and marketing of vegetables for domestic and regional markets. From this base, new farmers and hectares will be incorporated into the CAPM program. A description of these production areas may be found in Annex C.

Each of the above farmer groups requires its own unique package of development assistance. However, all will require technical assistance and training in general organizational principals, operations, and management; and in member responsibilities and roles. Some will require assistance in formalizing their organization and in reviewing and updating their charters and procedures.

Based on each group's commitment to organize to produce, assemble, pack and market horticultural products, in close collaboration with organization leadership, managers and members, and MOAC cooperative staff, a training needs assessment will be conducted for each group. The CAPM funded long term technical assistance team, including the U.S. Marketing/Organizational Specialist (MOS) and the local hire Farmer Organization/ Agribusiness Advisor (FOA), will assess general organizational skills training needs and develop training plans and scopes of work to carry out the training.

On the first level, the assessments will ascertain how strong the collective networks are and the degree to which farmers and leaders wish or are ready to be formalized (e.g., loose association versus chartered cooperative). The assessments will also determine the reasons why farmers are organizing to participate in the CAPM project. When these reasons are not clear or are unrealistic, the assessment team will work with the groups to help them to define a practical, achievable organizational 'vision'. Once the 'vision' is clear and members express their commitment to it, the assessment team will determine what training and technical assistance is needed for the groups to achieve their 'visions'.

It is anticipated that membership will require training in general organizational principals and participation - to understand the organization and its rules; and to define, learn, and encourage appropriate roles and responsibilities for boards, leaders, managers, staff, and members. The importance of the commitment of members to the success of the organization will be emphasized.

The CAPM farmer organization technical team members will be providing direct technical assistance and training to the organizations in all the above aspects of organizational development.

B. Horticultural Business Management and Marketing Activity

The CAPM MOS, the FOA, the three FAAs, and project funded short term TA, in collaboration with MOAC extension, research and cooperative personnel, will provide direct technical assistance over the life-of-project to the targeted organizations in all aspects of managing and operating packing houses and assembly depots, including such activities as transporting, receiving, grading, storing, packing and marketing horticultural produce. Of particular importance, will be the establishment of practical and transparent resource and financial procedures and controls. The CAPM organizational development team's overall objective is, by the end-of-project, to leave behind viable farmer managed horticultural business organizations who are assembling, grading, packing, and marketing vegetables produced by their members and other area participating farmers.

As a basis for these farmer managed horticultural businesses, the MOS assisted by the FOA and FAAs will train, in a fully participatory manner, each organization to develop appropriate business plans and implementation strategies and timetables. These plans will include an executive summary which includes a description of the organization and its overall business objectives; production and marketing targets, plans and strategies; an analysis of the competition; operations, management and organization requirements; financial statements and objectives; and business development strategies for both physical and human resources.

For each organization, the MOS, assisted by short term technical assistance and organizational management, will develop, by the end of the project, operational manuals and support materials for all aspects of horticultural business management, operations and marketing. As indicated, the MOS, the FOA, and FAAs will advise and train organizational management, staff and members in such procedures and operations. The strategy for doing this will be defined in the LOP work plan based upon lessons learned to date in the project. Where indicated, training will be carried out in cooperation with both GOS and private entities which provide services or inputs to the target businesses. Linkages between these entities and the farmer businesses will be promoted.

Finally, in close collaboration with organization management, consisting of farmer leaders and paid managers, the MOS will develop seasonal marketing strategies for each organization consistent with assessed abilities of organization management, market requirements, logistics and communications. Based on market analysis and production potential, the strategy will include the mix of crops to be produced by members. Such strategies will place a high priority in developing systems which are relatively uncomplicated. Backward linkages from such markets to farm organizations will be negotiated where possible. Such linkages, for example, could include production advice and assistance, production and packing inputs.

It is the intention of the project that these activities will assist farmers and farmer organizations to find the best markets for their produce. Criteria for the selection of the market will include: reliability and timing of payments, best market price, transport requirements, sustainability of market linkages, and possibilities for forward contracting. Potential marketing entities include Swazi Fresh Produce Market (SFPM) firms, other Swazi-registered firms, direct sales to regional wholesale markets, sales to larger farmers in Swaziland or Republic of South Africa (RSA), retail sales, and local sales.

While previously SFPM firms were targeted under CAPM to be the preferred market for small farmer produce, to assure the best prices through increased competition, these SFPM firms will now need to compete with other marketing entities for Swazi small farmer produce. Even so, it is expected that SFPM firms will continue to be a significant market for the small farm production. As such, the project will continue to provide technical support and logistical guidance to SFPM firms but less intensively than previously provided. In addition, the SBGT Agribusiness Advisor will be available for a fee to assist SFPM firms with financial and business management advice.

Supporting the implementation of the marketing strategy discussed above, communication systems will be developed in cooperation with NAMBoard and the MOAC Marketing Advisory Unit so that farmer organizations can receive rapid feedback on market demand and prices. Access to such information gives the farmer the option to switch to the highest price buyers and the basis to negotiate better sales terms and prices The MOS, the FOA and FAAs will train farmer leaders and managers to access and effectively use this market information.

Fundamental to the market communication system is the availability of telephones at farmer organization packing facilities for both logistic as well as market information purposes. To assure this, a criteria for selection of packing houses or assembly depots with be the availability or feasibility of installation of telephones at each site. As necessary, the MOAC will be requested to coordinate with appropriate GOS entities to facilitate telephone installation. As needed, the project will fund radio phones to cover sites while awaiting telephone installation. In some cases telephones are already located in or near actual or proposed locations. For example, there is a pay phone at the Mkhovu packing house, a phone at the Central Cooperative Union (CCU) shed now being used in Siphofaneni, and a phone near the proposed packing house site at VIF. The type of installation - pay phone versus ordinary service phone - will be made after assessments of the ability of the organization to cover to cost of service.

Through the telephone network, farmers organization managers will be able to obtain domestic and regional market information directly from markets or through the current NAMBoard Information Officer based at Nokwane. Currently the CAPM marketing team is supplying NAMBoard with daily information on regional produce prices and market trends received by fax from RSA wholesale

markets In the future, it is anticipated that this information will be obtained directly by NAMBoard and made available to farmers To facilitate this, Peace Corps is assigning a Volunteer Computer Management Specialist to SFPM This PCV will determine the feasibility of establishing a direct link with the Pretoria/Johannesburg markets in order to monitor daily prices. In addition, the Volunteer will analyze the system for gathering domestic market information in order to make price and demand information available to market firms and farmers. NAMBoard is also working to fill a new position of Market Analyst who will further increase NAMBoard and SFPM's capacity to provide timely and accurate market information.

C. Horticultural Production Activity

Under the amendment, CAPM will assist in the expansion of commercial horticultural production in Swaziland. The project will develop the commercial horticultural production skills of small-scale farmers who are members of farmer groups discussed above and, where practical, other nearby commercially oriented farmers who wish to market their production through CAPM sponsored group facilities. Farmer training will be field based and will be delivered to farmer groups and individuals using practical, participatory, demonstration techniques It will include technical subjects relevant to the commercial production of targeted crops. Topics will include· crop mix selection, input selection and procurement, soil preparation, planting, irrigation management, fertilization, pest and disease management, harvesting, quality control, and basic post-harvest preparation for field pickup. Led by the Horticultural Specialist (HS), training will be conducted by CAPM team members, short term technical assistance, and MOAC horticultural extension and research personnel.

The HS will direct overall CAPM assistance related to crop production and harvesting. The Specialist will work with the Production Advisor (PA), the Assistant Production Advisor (APA), the Production Field Agents (FAs), the MOS, the FOA, and farmer organization management and leaders in planning and implementing seasonal programs based upon seasonal market information provided by the MOS. The PA and APA will directly supervise the Production Field Agents (FA) who will collaborate with MOAC horticultural extension and research officers to directly advise and assist farmers in all aspects of production and harvesting. For special technical assistance or training needs, the HS may draw on short term technical assistance inputs.

The HS will be responsible for developing seasonal production plans for all growing seasons through the end of project. Such plans will specify CAPM support and describe participating farmers and number of hectares allocated, targeted crops, planting and harvesting schedules, input arrangements, and farmer training requirements and functions. All such seasonal plans and essential initial farmer seasonal horticultural training must be completed before planting is initiated. In addition the HS and short term technical assistance will develop production guidance materials for each crop for each season. Such materials will be continually

updated to serve as guides during project implementation and as resources to the farmer organizations, the MOAC, UNISWA and other interested parties after the project terminates.

The project will implement seasonal production programs in each farmer organization region, giving systematic in-field technical support throughout the planting, growing, and harvesting season. CAPM production technical assistance team members will cooperate with other project members in assisting farmers to receive optimum returns from their production. They will also cooperate in collecting and recording production and harvest data for use in project evaluation and monitoring.

For production inputs, the CAPM production team will develop linkages between suppliers and farmer organizations and farmers. Of particular importance will be linkages between suppliers of quality seed and seedlings. CAPM advisors will encourage reliable suppliers to visit each farmer organization to become familiar with their operations and seasonal needs. It is expected that commercial production input suppliers will respond to such encouragement because of the concentrations of potential farmer clients in the farmer organizations. Both organization managers and farmers will receive training on sourcing of inputs including how to negotiate with suppliers.

FAs and, when possible MOAC horticultural extension agents, will systematically visit all farm sites to provide production advice and monitor crops. In addition the PA, the APA and the HS will, through site visits to farms, systematically monitor FA efforts and the status of production. As needed, to solve difficult production problems, the FAs will request that the PA arrange special advisory assistance or guidance. Sources of such advice include the HS, MOAC research and extension personnel, UNISWA faculty, and private sector input suppliers. In addition, regional research and testing facilities will be utilized, and continual liaising with these resources encouraged.

The production technical assistance team members and MOAC horticultural extension and research personnel will identify key production constraints and develop programs to overcome them. Collaborating with MOAC horticultural extension and research personnel and private input suppliers, CAPM will conduct field demonstrations, workshops, field days and other appropriate training activities.

Throughout its small farm horticultural development phase, CAPM has received substantial support from the MOAC Research Division, a beneficiary of the AID funded Cropping Systems Research and Extension Training Project (645-0212). The CAPM technical assistance team has collaborated with MOAC horticultural research officers in such activities as farmer training, field demonstrations and trials, and activities of the Horticultural Campaign Committee. During the extension, project personnel will continue to collaborate with the MOAC Research Division for the purpose of resolving production constraints and to field test new commercial varieties and production techniques. In support of such

activities, CAPM will work jointly with the Division in "on station" and "on-farm" applied crop research activities related to date-of-planting, variety selection, cultural practices, post-harvest technology, and improved pest management. In addition, Research will participate in practical technical production training demonstrations for participating farmers.

The CAPM Horticultural Specialist will coordinate with the Research Division's Horticultural Officer and Chief Research Officer to plan farmer organization hosted training activities for each growing season. This collaboration with Research is expected to provide the basis for sustainable linkages with the small commercial farm sector as a network between the researches and small farm organization managers is established.

D. Agribusiness Support Activity

As time and technical assistance resources allow, to solve constraints and/or to facilitate implementation, the CAPM team will arrange for or directly provide direct technical assistance to agribusinesses which impact on targeted small farm production, packing and marketing activities. Examples of such assistance include production or business advice to horticultural nurseries which provide seedlings to project farmers; business, logistic and operational advice to small farm horticultural marketing channels; packing advice to suppliers of horticultural production inputs; and business and logistics advice and support to produce transporters. Among others, included for such support are firms located at the Swazi Fresh Produce Market (SFPM).

When indicated, such businesses will be advised to contact the Swazi Business Growth Trust Agribusiness Advisor (ABA) for business advisory assistance. The project will provide a grant to SBGT, a local NGO, to develop this agribusiness advisory service in order to establish a reliable source of business advise to agribusinesses during and after the project. To qualify for SBGT services, clients must 1) own an existing Swazi registered or licensed business; 2) have at least one full-time employee and have a business location. Firms which meet the SBGT criteria for technical advice will, for a reasonable fee, be able to receive business guidance and planning assistance. Where the client requires additional specialized business assistance the Agribusiness Advisor will be referred to other technical assistance within SBGT or financial assistance with the Growth Trust Corporation (GTC).

The SBGT ABA will work out of the Mbabane office, but will be available on a country wide basis. The ABA will receive administrative and logistic backup from SBGT support staff located in each of these offices.

VII. Administrative Arrangements

A. Government of Swaziland (GOS) Responsibilities

1. Project Authority Within The GOS

As official representatives of the Government of Swaziland, the Minister of Economic Planning and Development (MEPD) and the Principal Secretary of the Ministry of Agriculture and Cooperatives (MOAC) or their designees will sign the Project Agreement Amendment. For matters related to project implementation, the Principal Secretary (PS) of MOAC and the Director of Agriculture or designee(s) will 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

The CAPM Working Committee will continue to oversee and advise on matters of project implementation. Its chair will remain with the MOAC Director of Agriculture or his designate. Other members will be the MOAC Senior Agricultural Officer, the MOAC National Subject Matter Specialist for Horticulture, a representative from MEPD, the SFPM Manager, representative from SwaziBank, CAPM farmer and marketing representatives, the CAPM COP, the USAID Project Manager, and others that are deemed to be appropriate for the redirection of the project strategy. An important role of the Working Group will be to assure that CAPM is aware of the activities of other GOS or NGO sponsored activities in areas related to CAPM and that necessary coordination between CAPM and these other activities occurs

3. MOAC Horticultural Extension and Research Participation

The project will work with MOAC horticultural extension agents assigned to the three primary production areas, and will coordinate farmer training activities, whenever possible, with these agents. While it is understood that the MOAC agents are mandated to provide services to a broad base of farmers in each region, as time allows, it will be important that these agents be involved with CAPM technical support activities to assure sustainability of the commercial small farmer production base after the completion of the project. In line with the relocation of the project office to the Malkerns Research Station and increased ties with this MOAC institution, the project will collaborate with Research in supporting CAPM farmer training and overseeing applied commercial horticultural varieties trials. MOAC cooperative staff will be consulted on all matters related to farmer organizations and will be invited to participate, as available, in organizational training events. As a guiding principal to MOAC research, extension and cooperative staff participation in the project, such participation shall be carried out when, as part of overall MOAC staff responsibilities, CAPM activities coincide with objectives of the MOAC staff. This is approximately the level of support that the farmer organizations can expect after the project. During the

project, to facilitate this level of participation by such MOAC personnel, the Contractor will be charged with maintaining necessary contacts, discussing implementation plans and activities with all interested parties

B. Contractor Responsibilities

For day-to-day project management and coordination the extended project will have a decentralized approach. In providing technical assistance, training and other implementation services, the Contractor's Chief of Party (COP) will report to and seek guidance and direction from the MOAC Director of Agriculture or his designate and with the USAID Project Manager as designated by the USAID Director. The COP will also communicate with, seek advice, and coordinate with the CAPM Working Committee, and as indicated, the Horticultural Campaign Committee, the Research Division, the Department of Cooperative Development, the Department of Agriculture and Extension, NAMBoard and other MOAC and private entities involved in small farmer production and marketing. The Contractor will make every effort to be aware of other GOS or NGO sponsored activities which are related to CAPM and to coordinate CAPM efforts with these other activities.

To carry out project implementation activities described above and in the Contractor scope of work (Annex C: Appendix C.3) the Contractor will propose long term and short term technical assistance for approval by MOAC and USAID; manage all matters and logistics related to fielding, supervising and maintaining such technical assistance. With some exceptions including project vehicles, the Contractor will, within AID procurement regulations, procure all commodities and equipment required to manage and maintain the technical assistance team and to support project technical assistance, training and other implementation activities.(Note: housing will be supplied from the pool of houses provided by the GOS to USAID for its development program in Swaziland. Office space for the Contract team will be provided by the MOAC at the Malkerns Research Station.)

The Contractor will develop a detailed, time phased, life- of-project implementation plan and update it yearly. In developing the plan, the Contractor will consult with participating farmer groups to assure their full understanding and participation in planned farmer development activities. For the same purpose, the Contractor will consult with all other parties proposed to participate in the plan's activities, whether they are implementors or beneficiaries.

The Contractor will prepare and provide the MOAC and USAID with financial reports; semi annual progress reports; semi annual host country contribution reports; monthly summary reports of progress against Outputs, EOPS, and PRISM targets; the project close out report; and will maintain a list of items procured under the Contract which identifies the item, its location, condition and cost.

C. Swazi Business Growth Trust (SBGT)

Under the project, USAID will provide a grant to SBGT to develop an agribusiness advisory service. They will hire a local Agribusiness Advisor as part of the permanent SBGT staff. It is anticipated that this advisor will play an important role in assisting agricultural supply and service companies to improve services to the small farm sector When needed, CAPM technical advisors will encourage businesses which service the small horticultural farm sector to approach SBGT for advice. CAPM contractors, SBGT and USAID management will periodically consult to identify and discuss possible SBGT support to firms linked with the small farm horticultural sector.

D. Project Procurement

The USAID Regional Contract Officer (RCO) will execute a Direct Contract with a U.S. institutional contractor to provide long and short-term technical assistance. The contractor will be encouraged to subcontract not less than 10% of dollar value of the contract with Gray Amendment firms. The RCO or the USAID/Swaziland EXO will directly procure 4 project pick-up trucks and 3 small caravans to be used by the institutional contractor to carry out the project: the trucks will replace worn out project vehicles and the caravans will be used by project field agents for overnight accommodation when working at isolated farmer organization sites. Equipment and supplies needed to maintain the contractor team and to implement technical assistance, training, field trails, and packing house/depot development will be procured by the Contractor. Such equipment and supplies include such items as sorting tables, communications hardware, basic office equipment, and miscellaneous field equipment. Timing of major procurement actions may be found in the Revised Implementation Schedule below.

As an input to resolving problems of agribusinesses which support the small farm horticultural industry, a grant will be made to the Swazi Business Growth Trust to provide agribusiness advisory services to the horticultural industry subsector. Annex C: Appendix C.4 contains a waiver for such a grant.

E. Gray Amendment Considerations

For cost, implementation dislocations, and time considerations, the Mission advertized in the Commerce Business Daily its intention to extend the current institutional contractor. This firm won the original contract under full and open competition. Although other firms sent letters of inquiry they did not provide capability statements as required in the advertizement.

As a result, these firms were judged by the RCO not to be responsive. Therefore, the Mission intends to pursue negotiations with the current contractor for implementing the project amendment. At least 10% of the contract will be subcontracted to disadvantaged firms or individuals. In addition, a Gray Amendment firm will be contracted for the project evaluation.

F. Revised Implementation Schedule

The following is an illustrative implementation schedule depicting approximate dates by which critical actions are scheduled to be initiated or completed. To augment this schedule, within, 45 days of initiation of the LTTA contract, the contractor will provide MOAC and USAID with a LOP work plan which will be revised annually or as necessary. The plan will detail project activities and steps needed to complete them. It will show who is responsible for each action, and when and where actions are to take place. It will also provide a schedule for completion of other implementation planning documents discussed above, including farmer organization business and marketing plans; and seasonal production program plans. The implementation schedule is presented for the twenty two months of the project extension. It reflects some work which will be accomplished by USAID and the current institutional contractor before the extension is obligated.

Revised Project Implementation Schedule

Season	1994	Activity	Responsibility
summer	Feb 14	- Winter production and marketing program developed	Contractor, FO, MOAC, Marketers
summer	Feb 14	- General organizational training plan for farmers developed and initiated	Contractor, FO
summer	Feb 14	- Strategic marketing plan w/ seasonal market windows, market information plan, and production calendar completed	Contractor, FO, Marketers
summer	Feb 16	- Grant Agreement amended	USAID, GOS
summer	Feb 23	- PIO/T signed to extend LTTA contract	USAID, GOS
summer	Feb 28	- PIO/T signed for SBGT Agribusiness Activity	USAID
summer	Mar 1	- Relocate project office to Malkerns Research Centre	Contractor, MOAC
summer	Mar 1	- Production guideline training material development/refinement initiated	Contractor
summer	Mar 1	- Conduct farmer field day training for winter crops.	Contractor, FO, MOAC, Marketers

Season	1994	Activity	Responsibility
summer	Mar 1	- Market Information Peace Corps Volunteer assigned to SFPM	Peace Corps, SFPM, USAID
summer	Mar 1	- Packing house/ depot sites confirmed and legalized	Contractor, FO
winter	Mar 15	- Contract amendment for LTTA signed	USAID, Contr
winter	Mar 15	- SBGT Grant Signed	
winter	Mar 15	- Prepare PIR with GOS contribution	USAID, Contractor
winter	Mar 15	- Packing facilities development plans and packing house communications system plan .	Contractor, FO, MOAC, Marketers
winter	Apr 1	- Project extension begins	USAID, Contr
winter	Apr 1	- All local and expatriate TA contracted and working	Contractor
winter	Apr 7	- Packing facility renovation and equipment installation initiated	Contractor, FO
winter	Apr 7	- Begin planting winter crops in targeted areas	Farmers, Contractor
winter	Apr 7	- Submit LOP & Annual Work plan with special section on ways to increase the role of women in the project.	Contractor
winter	Apr 7	- Initiate monitoring and evaluation system, including GOS contribution tracking	Contractor, GOS
winter	Apr 15	- Collect additional baseline data as needed	Contractor, USAID
winter	Apr 15	- Vehicles procured; other commodity purchases initiated	Contractor, USAID
winter	Apr 15	- Packing business procedures manuals completed	Contractor
winter	Apr 29	- SBGT hires Agribusiness Advisor and initiates advisory service.	SBGT
winter	May 1	- CAPM Working Group Quarterly	Contractor, USAID, GOS, private sector

Season	1994	Activity	Responsibility
winter	May 1	- Business plan for NRDA organization finalized	Contractor, FO
winter	May 7	- Packing business training initiated	Contractor
winter	May 15	- Submit first monthly status report on progress toward achieving project outputs	Contractor
winter	May 20	- SBGT adds Agribusiness Advisory Service Activities to its MIS system.	SBGT
winter	Jun 1	- Business plans completed for all remaining farmer organizations	Contractor, FOs
winter	Jun 15	- Farmer organization business and operations management training initiated	Contractor
winter	Jun 15	- Begin marketing winter crops	Farmers, FO, Contr, firms
winter	Aug 1	- CAPM Working Group Quarterly	CWG
winter	Aug 1	- Renovations completed and equipment installed in all packing houses and depots	Contractor, GOS
winter	Aug 15	- Conduct Farmer field days	Contr, MOAC
winter	Aug 15	- Design summer production and marketing program, and trials	Contractor, FO
winter	Sep 1	- Telephone installations at organizations completed	Contractor, GOS, FOs
summer	Sep 15	- Submit PIR with GOS contribution	Contractor, USAID
summer	Sep 30	- Begin planting summer crops and start trials	Farmers, Contr, MOAC
summer	Nov 1	- CAPM Working Group Quarterly	CWG members
summer	Nov 1	- Design summer program and farm trails; conduct farmer field days	FO and Contr
summer	Nov 1	- Finalize plan for farmer organization access to market information	Contractor
summer	Nov 1	- Refine strategic marketing plan	Contractor

summer	Nov 7	- Review progress of farmer organizations	Contractor, FOs
Season	**1995**	**Activity**	**Responsibility**
summer	Jan 30	- Design winter cropping program and trial plantings; conduct farmer field days	FOs and Contr
winter	Feb 1	- Submit revised Work Plan	Contractor
winter	Feb 1	- CAPM Working Group Quarterly	CWG members
winter	Feb 1	- Begin planting winter crops	Contr, farmers
winter	Mar 22	- Submit PIR	Contr, USAID
winter	Apr 7	- Review status of supply and service agribusinesses	Contr
winter	Apr 7	- Review status of SFPM firms and overall market development related to farmer organizations	Contractor
winter	May 1	- CAPM Working Group Quarterly	CWG members
winter	May 15	- Conduct field days	Contr, MOAC
winter	June 1	- Turn over production guidelines for the targeted crops to FOs	Contr, FOs
winter	June 15	- Begin marketing winter crops	FOs, Contr, firms
winter	Aug 1	- Final CAPM Working Group Quarterly	CWG
winter	Aug 1	- Audit of Contractor, if necessary	USAID
winter	Aug 15	- SBGT final report on Agribusiness Advisory Activity including prospects and plans to continue activity after the project.	SBGT, USAID
winter	Aug 15	- Design summer production and trials	Contractor, FO
winter	Aug 22	- Conduct field days	Contr, MOAC
winter	Sept 1	- Begin summer plantings	Farmers, Contr
winter	Sept 1	- Final Project Evaluation (external)	USAID

Season	1995	Activity	Responsibility
winter	Sep 15	- Submit PIR with GOS contribution	Contractor, USAID
winter	Oct 15	- Final field days with farmers and farmer organizations	Contractor, MOAC
winter	Nov 1	- Contractor close-out activities begin	Contractor
winter	Nov 1	- Sustainability seminar with MOAC, NAMBoard/SFPM, FO leaders and input suppliers	Contractor, USAID
winter	Nov 15	- Contractor TA submit draft end-of-tour reports	Contractor
winter	Nov 15	- All project commodities handed over to GOS	Contractor, USAID
winter	Nov 15	- Submit draft of Contractor's Final Report	Contractor
winter	Nov 30	- Last of Contractor team departs	Contractor
summer	Nov-Dec	- Complete contract closeout; prepare PACR	Contractor, USAID
summer	Dec 31	- PACD	
summer	Dec 31	- Project closeout report	USAID

VIII. Revised Cost Estimates and Financial Plan

The revised categories and recommended levels of technical assistance (person months) for each stage of the project are as follows

	Original*	Revised**	Extended***
Long-term Expatriate TA	144	91	40
Long-term Local TA	0	210	223
Short-term Expatriate TA	40	41	21
Short-term Local TA	27	as possible	10
Home-office Support	15	27	19
Total person months	226	369	313

* July 1989 through December 1991 Note that figures in this and the other columns are for this time period only.
** January 1992 through February 1994
*** March 1994 through October 1995

The long-term, local-hire technical assistance team support staff will remain relatively unchanged.

The revised two-person expatriate long-term technical assistance team will consist of a Horticultural Specialist, and a Marketing/ Organizational Specialist. They will relate, generally, to the Department of Agriculture and Extension The advisors will liaise with other departments of MOAC, at headquarters and in the field, and outside agencies as necessary to carry out their scopes of work

Although the designation of full-time counterparts from MOAC is not essential, it will be beneficial to the project to have MOAC horticultural extension personnel closely associated with the field activities of the project At the same time, these personnel will grow professionally in their capacity to assist in the agricultural and agribusiness development of Swaziland.

A. AID Inputs

The total cost to AID will be $10.832 million over the 78-month life of the extended project (Table 1) A total AID cost of $6 million was projected for four years in the 1989 project paper and increased to $7 832 million in the 1991 amended project paper The increase, $3 0 million in the current amendment will fund the project's production and marketing technical assistance for an additional 20 months, until October 31, 1995. Project expenditures by fiscal year are shown in Table 2, and a detailed budget of CAPM expenditures during the extension is shown in Table 3.

Technical Assistance Support of production and marketing technical assistance activities will account for most of the AID contribution to the project. The balance of the AID budget total will be allocated to local project office and contractor's home office support for the TA effort, and project monitoring, evaluation and audit activities discussed below.

The estimates of future costs for the TA component and office operations (Tables 1 and 3) are based on input cost rates derived from USAID's experience in managing the project to November 1, 1993 and projected needs in the project extension, and the contract of the present contractor will be extended through October 1995. In Table 3, it is assumed that expatriate and local TA salary levels will not change substantially; the Educational Allowance is based on two dependent children of LTTA; current project equipment and supplies will carry over into the extension; new commodities will be those needed to support development of farmer organizations and farmer demonstrations as outlined in the contractor's strategic plans; training activities will be both on-the-job, tours, and nonformal as outlined in the contractor's plan of work; the project office will be located at the Malkern's Research Station and thus result in a cost savings, and, a grant will be made to SBGT which is described in Appendix C.4.

Monitoring, Evaluation and Audit: $249,000 is included for costs associated with implementing monitoring activities on a continuing basis by the USPSC Project Manager; $80,000 is budgeted for the final external evaluation and $20,000 is included for an external audit in mid-1995, if determined necessary.

Table 1

CAPM Budget Estimates with Extension to December 31,1995

Total Project Cost AID and GOS

	Project Paper 1991 Amendment $000s	Change for Extension $000s	Total for Extension $000s
AID Inputs			
Long-term TA	3,850	1,339	5,189
Short-term TA	1,788	555	2,343
Training	173	85	258
Project Office	331	135	466
Commodities	426	135	561
Home Office Support	228	302	530
UNISWA	400	0	400
Grant to SBGT		100	100
PSC Project Manager		249	249
Monitoring/Evaluation/ Audit	637	100	737
AID Total	7,833	3,000	10,833
GOS Inputs			
Personnel	741	215	956
Project Support	456	45	501
Travel	191	0	191
NAMBoard	0	92	92
Infrastructure	0	44	44
Company/Farmer Inputs			
Production Inputs	843	509	1,352
Company Facilities	368	16	384
Farm Labor, Facilities	196	623	819
Swazi Total	2,795	1,544	4,339
Total Project Costs	10,628	4,544	15,172

TABLE 2

PROJECTED EXPENDITURES BY FISCAL YEAR
PROJECT PAPER
(THOUSAND US$)

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
TOTAL	6,000	2,104	8,104

PROJECT AMENDMENT I: REDIRECTION AND EXTENSION TO 2/28/94
(THOUSAND US$)

FISCAL YEAR	AID	GOS	TOTAL
1989-91 1_/	3,398	583	3,981
1992	1,922	825	2,747
1993	1,440	714	2,154
1994 2_/	1,140	673	1,813
TOTAL	7,900	2,795	10,695

1_/ July 1, 1989 - September 30, 1991
2_/ October 1, 1993 - February 28, 1994

PROJECT AMENDMENT II: REDIRECTION AND EXTENSION TO 12/31/95
(THOUSAND US$)

FISCAL YEAR	AID	GOS	TOTAL
1989-91 1_/	3,398	583	3,981
1992	1,922	825	2,747
1993	2,001	714	2,715
1994	1,516	810	2,326
1995	1,568	787	2,355
1996 2_/	428	620	1,047
TOTAL	10,833	4,339	15,172

1_/ July 1, 1989 - September 30, 1991
2_/ October 1, 1995 - December 31, 1995

Table 3

CAPM Extension Budget

	April–Dec 94	Jan–Nov 95	TOTALS
TECHNICAL ASSISTANCE			
Long–term TA			
Production Specialist/COP	53,950	56,648	110,598
Marketing/Org Specialist	53,950	56,648	110,598
Subtotal	107,900	113,295	221,195
Fringe Benefits (25%)	26,975	28,324	55,299
Overhead (70%)	94,413	99,133	193,546
Subtotal	121,388	127,457	248,844
Allowances			
Travel	24,000	24,000	48,000
Personal Effects	9,000	18,000	27,000
Education Allowance	11,100	11,100	22,200
Health Unit	1,800	1,800	3,600
Furniture	9,000	0	9,000
Utilities	4,980	4,980	9,960
Guard Services	6,640	6,640	13,280
House Maintenance	6,640	6,640	13,280
Storage	1,992	1,992	3,984
DBA Insurance	3,010	3,161	6,171
Subtotal	78,162	78,313	156,475
Local Staff			
Production Advisor	26,892	30,926	57,818
Farmer Org /Ag Business	34,362	39,516	73,878
Marketing/FO Agents (3)	44,820	51,543	96,363
Assistant Production Advisor	11,952	13,745	25,697
Production Field Agent (3)	23,904	24,840	48,744
Administrative Officer	28,884	33,217	62,101
Data Management Specialist	16,932	19,472	36,404
Secretary/Receptionist	4,860	5,590	10,450
Clerk	3,486	4,009	7,495
Subtotal	196,092	222,857	418,949

Table 3 (continued)

Fringe Benefits (1 5%)	2,941	3,343	6,284
Overhead (67 5%)	134,348	152,685	287,033
Subtotal Local Staff	333,382	378,884	712,266
Short–Term TA			
Expatriate (21 PM)	250,000	275,000	525,000
Local (10 PM)	15,000	15,000	30,000
Subtotal	265,000	290,000	555,000
Total Technical Assist Costs	905,832	987,949	1,893,781
OTHER DIRECT COSTS			
Home Office Support	45,000	50,000	95,000
Office Operations	30,000	35,000	65,000
Vehicle Maintenance	35,000	35,000	70,000
Commodities	30,000	12,000	42,000
Trials/Demo/Training	50,000	35,000	85,000
Subtotal	190,000	167,000	357,000
Total Direct Costs	1,095,832	1,154,949	2,250,781
G & A (4%)	43,833	46,198	90,031
Total Project Costs	1,139,665	1,201,147	2,340,812
Fixed Fee (5%)	56,983	60,057	117,041
Total Cost Plus Fixed Fee	1,196,648	1,261,204	2,457,853
USAID COSTS			
Grant to SBGT	100,000		100,000
Final Evaluation/Audit		100,000	100,000
Vehicles (4) and Caravans (3)	93,033		93,033
Project Manager	110,000	139,114	249,114
Subtotal	303,033	239,114	542,147
TOTAL USAID/CONTRACTOR COST	1,499,681	1,500,318	3,000,000

B. GOS Inputs:

The Swazi input of 25% to the total cost of the project will be a combination of GOS contribution and capital investments by the participating farmers, marketing firms, and other agribusinesses. The projected input has an estimated value of $1.54 million for the extension and $3 633 million for the LOP, well over the required level. The GOS input during the extension will be in-kind contributions from its recurrent budget, consisting of contributions made by GOS administrators, MOAC research and extension horticultural officers and other regional and headquarters MOAC staff, and SFPM personnel who will be involved with CAPM activities. The Swazi private sector inputs will be comprised of farmer inputs such as fertilizer and labor; a percentage of the operating costs for participating marketing entities; and prorated contributions for participant use of capital items such as irrigation systems and packing houses. In addition, GOS contribution will include approximately E100,000 of unspent Section 416 funds previously committed under the 1991 project amendment. These funds will be used for renovation of basic infrastructure and providing basic equipment for packing houses.

The Swazi inputs were converted from emalangeni to U.S. dollars in the original project paper at E2.00 = $1.00; in the 1991 PPA the rate used for additions to the budget was E2.80 = $1.00; in this revision the rate used for additions to the budget is E3 0 = $1.00.

The following assumptions were made in calculating the GOS contribution. overhead costs were calculated at 100% of personnel contribution; calculations were based on a farmer complement of 230 and a total hectarage of 220; all projections are based on historical data, namely data accumulated on GOS contribution for the period October 1991 to September 1993. Subsequently, adjustments were made according to any major changes in circumstance brought about by the proposed strategy for the 22 month extension.

Each category is listed below with any anticipated changes described.

1. GOS Funded Personnel: Based on the assumption that participation of Government personnel in the 22 month extension will not change significantly from previous participation, the following figures show the value of GOS personnel contribution: Senior Management $68,567, counterparts $36,667, trainees $2,105, trainers $191, overhead $ 107,529 for a total of $215,059.

In these calculations, one working day was considered to consist of 8 hours, one working week, 5 days, and one working month, 20 days. Training time for GOS Personnel was charged out as follows. Senior Personnel at $4.64 per hour and Counterparts at $2.79 per hour. Salaries for GOS personnel have been charged at Senior Personnel $1,757 per month and Counterparts $1,339 per month. (Source. Ministry of Labor and Public Service, Department of Establishment and Training, Establishment Circular: Cost of Living Increase, June 1992).

2. **Project Support:** Office space is E1,350 for 22 months = E29,700 ($9,900), and utilities are: electricity at E400 per month, Water E50 per month for 22 months = E9,900 ($3,300). The total is $13,200. It is assumed that rental for office space at Malkerns Research Station is valued at E1,350 per month (based on pre-redirection value of GOS office space, researched by R. Olson), electricity is E400 per month and water is E50 per month.

3. **Housing lease:** Two houses provided by the GOS are valued at E2,000 per month ($29,333 for 22 months) and furnishing at $2,319.

4. **Packing Houses:** Three buildings are valued at E2,000 per month for 22 months = E132,000 ($44,000). Besides the current packing house in Mkhovu, packing houses will be set up in VIF and Siphofaneni

5. **Production Inputs:** For 2 Winter seasons and 1 Summer season, inputs were valued at $504,000. The 22 month extension will incorporate two Winter seasons and one Summer season. Historical data was used, making adjustments for an increase in farmers (to 230) and in increase in cultivated land (to 220 Ha).

6. **Labor:** Based on the labor figure for the last six months and including a 40% increase because of the increase in number of farmers, labor was valued at $295,218.

7. **Farm Facilities:** Farm facilities were projected for 70 extra farmers and were calculated based on the following assumptions: of the 70 farmers, 20% (14) are on-scheme farmers and 80% (56) are scheme farmers. Using an average of the existing farm facilities, per farmer, for the different areas, average value of facilities for non-scheme farmers is E26,486 and average for scheme farmers is E8,000. Thus non-scheme contribution is 14 x E 26,486 = E 370,811, and scheme contribution is 56 x E 8,000 = E 448,000 for a total of E 818,811.

Cost to farmer of leasing land is valued at E400 per year, thus 220 farmers x 1.9 years = E 167,200. Total for facilities is $328,670.

8. **Farmer Training:** Farmer training contribution was calculated based on the training carried out during the last six months and included a 40% increase for the increase in number of farmers. The farmer training contribution was valued at $ 4,631.

9. **Company Facilities:** Since company contribution in the 22 month extension will diminish, this projection was based on 30% of the value of a local marketing firm's contribution over the last six months. This is buildings/equipment at E4,554, labor at E19,800, operating costs of E16,500, and administration at E6,930 for at total of E47,784 ($15,928).

10. **NAMBoard/SFPM Contribution:** The NAMBoard contribution is calculated at 10% of operating costs and is justified according to the following activities which are dedicated to local produce: one full-time field person to source local produce; a record keeping system which tracks local farmer contribution to NamBoard operations; all transport operations dedicated to local procurement; seed procurement and packaging activities devoted to local farmers. Projection based on NAMBoard's contribution over the last six months are E25,000 and thus contribution for 22 months is $91,667.

IX. Project Audit

Funds have been included in the project to conduct a non-federal audit of the contractor local costs in FY 1994.

X. Updated Monitoring and Evaluation Plan

A. Monitoring Plan

1. Activities and Events to be Monitored

The CAPM project activities and their impacts will be monitored and evaluated within the context of the goal-indicators, purpose-indicators or EOPS, and outputs given in the revised logical framework, Annex H and to meet USAID Program Information System for Strategic Management (PRISM) requirements outlined in this section.

Progress will be monitored by the Institutional Contractor through systematic data gathering and actual observation of farmers, farmer organizations, produce marketing firms, and other public and private entities which provide inputs to or service the farmer organization horticultural businesses. The Contractor Production Field Agents (FA) shall be responsible for systematic collection of data from farmers. Farmer Organization Advisors (FOA) will systematically collect data from farmer organizations, the Marketing/ Organizational Specialist (MOS) will collect data through interviews with NAMBOARD, MOAC and private sector personnel, including farmers, agribusiness persons, domestic and export marketers and input suppliers. The monitoring data

collected will be summarized monthly to be used for project management, semi-annual progress implementation reports (PIRs), and will later be used in project evaluation

To facilitate monitoring and evaluation of the project, a Management Information System (MIS) has already been developed under CAPM to gather and organize data for the purposes of management, monitoring, reporting and evaluation. The system will be maintained and refined by the Contractor as necessary under the extension Information which it will track and a discussion of how it will be this system and its purpose follows:

The Contractor will monitor (1) farmer production, (2) sales by farmers, (3) development of farmer organizations, (4) market conditions and prices at SFPM, RSA, and local markets (in the Manzini-Mbabane corridor), (5) activities of marketing entities with which the project and farmers are involved, and (6) training and technical support.

The Contractor will maintain and refine as necessary its MIS system to generate detailed records on all phases of production and marketing of farmer produce by crop, season, area, and by market to determine the profitability of the production techniques and programs, and to document lessons learned.

The current CAPM data collection system contains comprehensive data collection forms including farmer and firm profiles, activity forms for FAs, monthly and semi-annual firm collection forms. However, formats for (3), (4), and (5) are not yet developed. Project work with farmer organizations should facilitate collection of data. In turn, the project will need to sufficiently train association accountants in record keeping.

a. Production by Farmers: The system that groups farmers by area and gender will be maintained and data analyzed and reported in these categories. Summary tables based on the Farmer Profile forms will be utilized and all tables will be updated at the beginning and end of each production season. The forms designed by Baird (1992) and described in the Interim Assessment Report (RONCO 1993) may be used with the modifications suggested in the Interim Assessment Report Production volumes, costs, and yields per crop will be monitored.

b. Farmers' Sales and Income: The Contractor will develop 1) a system to collect income data from sales of CAPM crops and data on sales outside CAPM market channels; and 2) a baseline will be established for participating farmers in each of these based primarily on data collected from the project to date.

c. Farmer Organizations: Data on farmer organizations (membership by gender and location, activities, financial aspects, etc.) will be collected, computerized, and analyzed. There are no formats yet developed for doing this, and

the technical assistance position concerned with farmer organizations will have to design a system to monitor farmer organizations, organization farmers and non-organization members who market through the organizations, by area

d. Market Conditions and Prices: Knowledge of market prices and demand are necessary for making marketing decisions and are also necessary variables in determining farmer sales volume and revenues. CAPM is presently obtaining daily market quotes from SFPM, NAMBoard, RSA, and local markets (in the Manzini-Mbabane corridor). Trading results from RSA markets and Swazi markets will continue to be collected and analyzed for windows of opportunity and the development of marketing strategies by farmer organizations. The contractor, in collaboration with the MOAC Market Advisory Unit when possible, will determine the best methods for systematically collecting market prices specifically for farmer organizations in the region and will train farmer organization managers in sourcing, by telephone or other appropriate means, and using this information.

e. Marketing Entities: Although the project will not focus on supporting marketing firms, to the degree possible, performance of firms which source from the farmer organizations will be monitored to determine volumes purchased by types of firms.

f. Training and Technical Support: The Contractor will provide, for all training and technical support given to farmers, farmer organizations, and those providing services or inputs to participating farmers and farmer organizations, 1) types and purpose of training and technical assistance, 2) numbers and gender of participants, and 3) training impact.

g. Program Information System for Strategic Management: The USAID mission requires that every individual USAID project collect data to be used in the Program Information System for Strategic Management (PRISM). Under CAPM, some of this information is collected and summarized as part of normal internal program management or for semi-annual progress reports. Other information must be developed by the Contractor through baseline surveys, interviews, or review of published data reports. Used for both PRISM and evaluation purposes, the following is a list of indicators that will be monitored and desegregated by gender and area as appropriate·

i. Increased horticultural production capacity :
- increase in marketable yield per hectare per commodity
- increase in number of farmers, receiving credit
- increase in hectarage under production

ii. Improved farmer participation:
- increase in number of farmers
- increase in number and percentage of women farmers
- increase in volumes of horticultural crops marketed by associations

- increase in participation in farmer organizations
- increase in use of farmer organization packing/grading sheds

iii Improved technical capacity of farmer organizations.
- increase in formation of farmer organizations
- increase in record keeping, support to members, services offered
- increase in revenues of organizations
- increase in staff business skills

iv. Improved marketing skills of farmer organizations:
- increase in sales through farmer organization-linked marketing entities
- increase in market diversification

2. USAID and Contractor Responsibilities

CAPM project progress will be monitored by USAID, GOS, and Contractor personnel working collaboratively. Within USAID/Swaziland, the USPSC Project Manager, reporting to the Deputy Director of the Project and General Development Office (DOD/PGDO) in the Project and General Development Office (PGDO), will be responsible for coordinating with the MOAC and with the Institutional Contractor to assure that project activities proceed at a pace to complete planned activities within the planned life-of project time frame and within AID standard rules and procedures; and assuring that project reports and evaluations are fully responsive to Mission requirements.

To facilitate this, a full time USPSC Project Manager has been budgeted in the revised project budget. This Project Manager will be responsible for monitoring and management in the field where factors that emerge as constraints to project progress (or "assumptions" that begin to fail) can be identified, and corrective actions can be established. To facilitate this monitoring, regular visits to various project sites by the USPSC Project Manager will provide first hand project monitoring information to USAID.

The Regional Contracting Officer (RCO) will monitor the project to ensure that contract specifications are met.

The Mission Controller, who has overall responsibility for the financial integrity of the project, will provide financial information to the Project Manager for preparation of PIRs and will monitor the project financial status during the life-of-project.

The Contractor will submit semi-annual reports that will provide the status of inputs and outputs; GOS and participant contributions. These reports will be made available to the GOS, including MOAC and MEPD. The report format follows:

SEMI ANNUAL REPORTING FORMAT

I. Progress towards the project goal, purpose and outputs;

II. Progress in project implementation:

Each output should be reported as follows·

1. Output planned by PACD;
2 Planned cumulative progress by reporting date, March 15, or September 15, based on the Life-of-Project Work plan;
3 Actual cumulative project progress achieved by end of previous reporting period.
4 Planned six-month progress for the current reporting period;
5. Actual progress achieved within the current reporting period;
6. Planned six-month progress for the next reporting date.
7. Date actions to be completed and persons responsible.

III. Implementation Issues

IV. Important actions over next six months, time frame and action agent.

V. Important issues or problems constraining progress. Planned action to resolve these, when and who will be responsible.

VI How last reporting period issues or problems were or were not resolved. If not resolved they should still be listed in "V." above.

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3. Possible Regional Management of CAPM

It is possible that during the proposed life of the revised CAPM project the USAID presence in Swaziland will have been reduced or even terminated. If that were to happen, it is expected that there will be a regional office to monitor USAID activities in Swaziland.

Should this occur, the CAPM project could continue to function through management by the regional office. There are examples of projects in other regions which function without the official local presence of USAID.

The type of project that might operate under this mode of management is important. Some projects require almost daily decision-making by USAID; others are perhaps not yet well established and require close attention by USAID project managers.

CAPM, on the other hand, is a mature project It is well understood and supported by the host government. Its activities do not require constant decisions on policy or disbursement. It is also expected that the team will be composed of advisors with previous A I.D. experience

B. Evaluation Plan

Because CAPM has been evolving over the past year, its data requirements have changed accordingly. For these reasons the Contractor and the USAID PSC Project Manager will determine the need for additional baseline development, consistent with the present strategic objective, targets and sub-targets and against which the proposed indicators can be accurately measured. Attention must be given up front to assembling as much data, quantitative as well as qualitative, as possible in order to begin to develop a profile of farmer organizations. As needed, short term technical assistance will be funded under the project to refine the baseline.

The project budget includes $80,000 for the final external evaluation scheduled to occur in September 1995. The evaluation team will consist of 1) a fresh produce production and marketing specialist, 2) a farmer organization specialist, and 3) an agricultural economist with specialty in marketing, and a social analysis with small farm sector experience. A Gray Amendment firm will selected to provide the necessary experts for this evaluation. This final evaluation will review the degree to which outputs, EOPs and the purpose have been achieved. It will also provide important lessons for use by AID for programming and project development purposes. It will also be important to the MEPD and MOAC in developing future policy, programs and projects for the small farm commercial sector.

XI. Summary of Updated Project Analysis

A. Summary Economic and Financial Analysis

1. Summary Economic Analysis:

The purpose of the economic analysis is to determine if the project is a worthwhile investment for the country. The general principal of economic analysis is to compare the real benefits of the project to its real costs to determine the social profitability of the project Hence, the economic analysis is to replace nominal values used in the financial analysis with existing shadow prices, opportunity costs and real interest rates. The economic analysis must also remove taxes and subsidies included in any prices.

The IRR for the economic analysis is 10.4 percent, which indicates that the project is worthwhile from the standpoint of the Swazi society as a whole.

2. Summary Financial Analysis:

Results from the financial analysis indicate that there is financial incentive for farmers to participate in the project. By the first year net returns per hectare to farmers range from E7,563 to E2,265. By 1997, when the full impacts of the extension are achieved these returns can reach as high as E9,703 per hectare. These figures represent a substantial increase in farm income for these farmers.

Similarly, traders can earn attractive returns by selling Swaziland produce in the region. Estimates indicate that a trader could earn over E76,000 by moving around 1,000 tons of produce.

The 15 years of net benefits of the project extension were used to calculate an Internal Rate of Return (IRR). The IRR gives an indication of the profitability, or "yield", of the project. In this case the IRR is 20.2 percent and the project should be considered to be profitable from a financial perspective.

Sensitivity analysis was conducted to determine how the profitability of the project might be affected due to changes in product prices, yields and costs. The results indicate that the project is highly sensitive to price fluctuations and less sensitive to changes in yields and costs. Hence, the project will need to emphasize the importance of getting produce to markets at a time when prices are at their highest, exploiting seasonal market niches which Swaziland may have in the region. If the project is not able to achieve this, its viability would be questionable. To deal with this issue, CAPM technical advisors will identify such seasonal windows for focus horticultural crops. Seasonal production calendars will then be developed for farmer organizations with planting schedules per crop per seasonal window.

B. Summary Technical Analysis

The CAPM project focus has been redirected to demonstrate that farmer organizations can be trained to pack and market the output of small-scale growers producing primarily for the fresh market. The basic objective is to put into place self sustaining, profit-driven farmer organization systems involved in marketing for and coordinating the production of small-scale Swazi farmers.

The current CAPM project has developed the core group of farmers with whom the extended project will initially work and from which the farmer base will be expanded. This group is made up of farmers with irrigation in the Northern Rural Development Area (NRDA), VIF, Siphofaneni/Sitobela, and the Central area. These are experienced CAPM farmers who have demonstrated an ability and interest to participate and work collectively.

Technical constraints which will be addressed through intensive technical assistance and training include those related to the development of small farmers into commercial farmers; and the development of farmer organizations into managers of horticultural packing facilities. The potential for increased

yields by small farmers has been demonstrated by the CAPM project. Also demonstrated has been the potential for farmer organization management of packing facilities Experience in marketing has created various opportunities for market penetration.

Under the extension, the CAPM team will work with farmers and farmer organizations to increase the assembled volumes of targeted horticultural crops, available for purchase and pickup at farmer organization packing houses or depots. The availability of such commercial volumes is expected to attract, to the packing houses or depots, larger and more reliable local and regional market buyers. To facilitate such buyer participation and increase competition, communication systems will be established at targeted farmer organizations and organization managers will be trained to use these systems to contact markets to negotiate sales and arrange for and coordinate pickup of produce.

The proposed farm organization marketing strategy will need intensive, repetitive and practical training of farmer organization managers and leaders in commercial production; and in the operation, and management of produce marketing facilities. Support from the GOS in removing infrastructural constraints such as the installation of telephone lines and the supplying and renovating of packing house/depots will also increase small farmers' ability to benefit from the project. This more narrow focus will also facilitate assistance from extension services and programs of the government and create an awareness of farmers' needs in the financial and public sectors.

The markets with which the farmer organizations will be trained to deal with include the Swazi Fresh Produce Market (SFPM) firms, through which most marketing has been done to date; and regional export markets. The SFPM firms are, for many of the crops produced by small farmers, the easiest and sometimes the only way to penetrate some markets. The firms presently assigned a position at the Market are generally stronger than those with which the project has worked over the past two years. CAPM technical assistance will attempt to link farmer organizations with both SFPM firms and alternative regional marketing outlets which are interested in sourcing from farmer organization packing houses/depots and which are willing at a minimum to provide lug boxes and or other packing materials. In addition it is anticipated that the CAPM team will be able to convince these entities that it is in their interest to provide other assistance to the farmer groups. Such assistance could include, for example, market standards in terms of quality and presentation, and production advice or inputs. Of particular interest to investigate by the CAPM team will be RSA producer groups who might wish to maintain their markets with Swazi produce during low RSA production seasons.

As time and resources allow and to the degree necessary to assure markets for the targeted farmer associations, Philani or any other Swazi firm trading on the NAMBoard market will continue to receive technical assistance from the project, although at a reduced level than that provided at present. For more intensive assistance, these firms will be advised to approach the newly

created Swazi Business Growth Trust Agribusiness Advisory Service The Trust will receive a small grant under the project to develop this service There, for a reasonable fee, the firms can receive planning, organizational, managerial, and financial advice

C. Summary Administrative Analysis

The current CAPM Working Committee will continue to oversee and advise on matters of project implementation. Its chair will remain with the MOAC Director of Agriculture or his designate.

For day-to-day project management and coordination the extended project will be managed by a U.S. Contractor who will report to and seek guidance and direction from the MOAC Director of Agriculture or his designate and with the USAID Project Manager as designated by the USAID Director. This Contractor will provide technical assistance who will provide practical, demonstration, repetitive type training and technical assistance to small farmers, farmer organization leaders and managers in commercial horticultural production, grading, packing and marketing.

Various GOS ministries will continue to be integrally involved in providing support to the project Activities conducted through the MOAC extension and research programs will be increased to some extent and the SFPM marketing operations is expected to play a key market outlet role.

Those most involved in the implementation of the project are the small scale farmers who, through their organizations, are the principal focus of the project.

Three farmer organizations, located in areas where the project has already provided considerable assistance, will be targeted for further development. Members or potential members of these organizations have substantial experience under CAPM in producing and marketing horticultural crops and thus form a nucleus for expanding the base of participating farmers. These organizations will be trained to coordinate the production, postharvest activities, packing, and marketing of their members horticultural production.

The farmers' organization will be made up of a core group of farmers who are members of a scheme or who are of a geographic region. The farmers will comprise the general assembly of the organization and will elect their Board of Directors who will manage the company with the assistance of a minimal management staff, some of whom will be salaried.

The Board of Directors and the management will be trained by working directly with the CAPM technical assistance team in developing the production program for the season and in managing packing houses and depots where produce is graded, packed and marketed Under CAPM, the organizations leaders and managers will learn while on-the-job.

The postharvest handling of the produce will be the responsibility of the farmers' organization Training and technical assistance will be provided by CAPM, but the hiring of management for the packing operation and transport for collecting produce from the field will be the organization's responsibility. Where required, the farmers' organizations will be assisted to legally organize in order to be able to enter into contractual relations and be eligible for credit from financial institutions.

How each organization financially supports itself will be determined for each organization. Management costs should be minimal. It is envisioned that an organization may have a secretary/treasurer who is paid and a manager who will receive a minimal stipend and incentive payments based on volumes packed and marketed. The Board of Directors will probably make most management decisions and the secretary/treasurer will handle the daily tasks of the organization.

As is now done in the NRDA tomato packing house, an assessment on each box of produce marketed is the most likely means of raising necessary funds for management and may be supplemented by membership fees. The strategy for generating the necessary operational funds available will be determined by the project in collaboration with the farmers' organization. Packing operations are normally paid for by a per box assessment but this too must be determined for each organization.

Agribusinesses which are markets for the farmer organization packing operations or which provide services or inputs to target farmers or farmer organizations will receive some technical assistance from the CAPM Contractor. Such assistance will be provided as time and resources allow and to reduce constraints to project objectives or to facilitate implementation. In addition, The Swaziland Business Growth Trust will be provided with a small grant to develop the capability to assist, on a fee basis, Swazi marketing firms and service and input suppliers to improve their business management and operations.

Results under the project to date provides confidence that by the end of the project that CAPM farmers can be developed into commercial farmers and, based on the NRDA tomato packing house experience, that farmer organizations will be able to manage horticultural packing houses. Thereafter, it is expected that farmers and farmer organizations will only need occasional technical advice which they will be able to obtain from MOAC horticultural extension and research officers; or from the SBGT Agribusiness Advisor; or from marketing firms to assure that the product meets their market requirements

D. Summary Social Soundness Analysis

The revised Social Soundness Analysis was based on a Rapid Rural Appraisal conducted by a RONCO team member which provided the following findings about CAPM to date and observations which were used in developing the extension. Observations from the analysis follow:

Scheme farmers see the advantages of CAPM in terms of helping them with marketing, production aspects are secondary, probably because they have received technical assistance from the previous projects and from government extension agents All see problems with late payments and transport. There is the strong notion that all marketers should be supplied and multiple outlets may still be necessary for CAPM farmers, especially since they also market other crops as well

Scheme farmers perceive themselves as being commercial entrepreneurs, but their production is circumscribed in terms of expansion by the size of the scheme. A few farmers did increase their land for CAPM crops by renting an additional plot from others. It is possible that continued cultivation without much rotation will cause declining yields. It should be determined as to whether or not more farmers could participate in producing CAPM crops and if there are additional crops to rotate with tomatoes that are not in the same family group such as peppers. MOAC research personnel will be consulted about this issue.

Scheme and some individual SNL farmers have a limited range of understanding about the functions, methods and purpose of CAPM. Some think it is a marketing firm. Others think it is there to help with transport. Training on the nature, organization, and scope of activities of projects, programs, and firms of CAPM is necessary to clear up misconceptions.

Individual SNL and TDL farmers have a greater capacity than scheme farmers for increasing production by increasing their hectarage under irrigated cultivation. These farmers mostly are independent of each other, and not linked into any network or organization TDL farmers could be linked up into a farmers' organization. These farmers are attuned to the market, understand and feel market shifts and gluts, however, they do need technical production assistance. They are able to strategize to obtain better prices and do not have to sell at the farm gate. CAPM has less effect on them in terms of production advice and crops, because they are already cultivating many crops and large areas.

Training that explains the notions of "value-added" such as grading and packing, selling on consignment, and marketing fees needs to be developed, and attention paid to having all farmers, not just the leaders and male farmers, attend the sessions.

Farmers also need training sessions on (1) crop rotation and (2) record keeping and farm finances. The development of a simple system that farmers can use to keep track of inputs and outputs would be beneficial in general and in developing a commercial mentality.

The farmer organization operation of packing houses needs careful structuring and nurturing. Detailed management training is required on how to organize and operate such an organization. Issues covered should include information on:

1 How to structure representation between the schemes in the north and between men and women on the board and in committees or governing bodies Women should be represented, and unless there are strategies for including them, it is unlikely that many will be elected. An organization in Embekelweni would, however, undoubtedly contain women members as women members are the majority

2. How to operate a small business enterprise which would include keeping books and records of members' production and sales.

3. How to get value-added by correct grading, packing, and business practices.

Several issues will need special attention. In the north with scheme farmers, transportation between Mkhovu where the packing house is located and other schemes in terms of meetings and product collections is likely to be a problem. To facilitate collections and payments, the possibility of having telephones should be explored There is already one telephone at Mkhovu in the shed across from the packing house. The project or GOS should consider expending some funds for communication networks to facilitate marketing activities in CAPM areas. Since roads are often poor and individual farmers and schemes scattered from the packing house and markets. Therefore, collection and information for buyers must be facilitated by communication. By comparison, all large, commercial farmers have telephones that facilitate their contact with market agents, buyers, and input suppliers.

Scheme farmers both in the north and central areas have become dependent on donor-financed assistance and their ability and confidence to form independent organizations with business functions will have to be developed. They mostly come together for irrigation maintenance or farm machinery rentals. Another severe problem concerns those who have been hired through an earlier donor project as secretaries at the individual packing sheds. Accusations of mis-handling funds have occurred, and careful attention needs to be paid to persons hired by the farmers' organizations in any capacity.

Individual SNL farmers in both the central and southeast areas need extensive assistance in forming their farmers' organization in terms of its constitution and by-laws, as well as the practical operation of turning an organization into a business. These farmers are scattered, and only a few have transport. Whereas they can take a bus or other transport to attend a meeting, it is inconvenient and time-consuming, and it one of the reasons why the limited type of association they presently envision is not yet underway. Some attention needs to be given to ameliorating this constraint.

E. Women in Development Issues

The Social Analysis conducted by RONCO in July 1993 as part of their project design effort noted some important issues related to women and CAPM implementation The Contractor will be directed to take such issues into consideration in preparation of the Life of Project Work Plan and to make every effort to involve and benefit women at all levels of project execution. A summary of these issues follows:

1. Production: Women scheme farmers generally have less land than men, and in the north they plant more of their holdings. CAPM can assist women scheme farmers in particular to obtain credit, get the right kind of seeds and other inputs, and provide technical assistance about crop protection. Special efforts should be made to schedule the timing of training so as to facilitate women's attendance. Along those lines, wives of CAPM male farmers should also be encouraged to attend training, as they often manage plots in their husbands' absence. Any additional trials or demonstrations in farmers' fields or with farmer management should assure that there are significant numbers of women participants.

2. Participation and representation: Women scheme farmers are participating in CAPM, and they are active participants. However, women farmers may need some encouragement to increase the amount they plant, obtain the necessary credit to purchase inputs, attend training, and keep records. Also, the inclusion of women farmers' schemes through the MOAC's Zenzele program (Home Economics Branch n.d. 1990) should be considered, especially if they are located in the areas where CAPM is working and close to other farmers. (There are some of these in the southeast area near individual SNL farmers) Their hectarage may be smaller, but their participation in CAPM may be advantageous for the smallholder commercial sector. Also, there undoubtedly are women farmers who manage or individually farm SNL and perhaps more than the one female participant who has a TDL farm. A strategy for including more of them is important and needs to be formulated and implemented. What would a strategy that targets women farmers add to developing the small farmer commercial sector? The answers are multiple and include issues concerned with (a) distribution and equity; (b) production labor; and (c) welfare and nutrition.

First, it may be argued that it is easier to obtain product in greater volume from large farmers than from small farmers. Yet in order to develop the majority of the population, small farmers should not be bypassed, because it is more difficult to work with them or because questions of scale might predetermine lesser yields. It ,may be easier to deal with male farmers rather than with females, but again, the much of the rural population would be discounted.

Second, it is necessary to add women farmers to commercial farming programs because women already are doing commercial production on schemes in their own right and as wives of scheme and non-scheme farmers; in general, there are more women doing

agriculture than men. If women participants or wives of registrants are not fully trained and participating in production and marketing techniques, product production and quality are undermined

Finally, as noted above, there should be some attention to women's participation in the farmers' organizations both as board members and as general members Currently, each of the seven schemes in the north is represented by a man, and the total structure is thus far all male. Strategies for inviting women to participate should be devised by CAPM. In order to assess the involvement of women and the impact of the project on them, the contractor will continue to disaggregate data on training and other activities along gender lines.

ANNEX A

ECONOMIC AND FINANCIAL ANALYSIS
CAPM PROJECT EXTENSION

I. Approach to the Analysis

This analysis examines the financial and economic aspects of extending the Swaziland CAPM project. The extension is to cover a 22 month period, beginning in February 1994, and is estimated to cost USAID 3.0 million US dollars. The analysis is based on crop production budgets derived in collaboration with project team members, utilizing their crop production experience over the last two years, and from crop budgets prepared by a consulting team assisting with the CAPM amendment (see attached crop budgets, Appendix I).

The budgets include a combination of eight different crops, representing the crop mix for the combined CAPM project areas. A baseline year was calculated for 1993 using actual production estimates for hectares planted, yields and prices for each crop. Production targets for crop yields and the number of hectares were estimated for years 1994 and 1995 based on what is felt to be achievable for the 22 month extension period given present knowledge of the project areas. It was also assumed that there would be a modest increase in the production of selected crops in 1996 and 1997 due to demonstration effects resulting from the project extension. Each production year includes costs and returns resulting from both summer and winter crops. While all farmers in the project area are using irrigation systems, it is estimated that approximately 75% of the farmers are using flow irrigation systems, while 25% are using sprinkler systems.

The budgets are designed to estimate gross and net returns to farmers and traders as a direct result of the extended project. The net benefits calculated in the baseline year were subtracted from the future years providing a figure for incremental net benefits for the project extension. These net benefits were projected to remain constant from 1997 through 2008, covering a 15 year benefit stream (1994 through 2008).

II. Production Targets & Assumptions

Using production estimates from 1993 as a baseline, targets were determined for the number of hectares and yields for both summer and winter growing seasons from 1994 through 1997. As mentioned above it was assumed that there would be some demonstration impact which could be attributed to the project in the form of increasing hectares and yields in 1996 and 1997, after the PACD.

These targets are listed in Table 1 below. By providing technical assistance in production and marketing it is assumed the CAPM project will increase both yields and hectares grown of the selected crops listed on the following page.

Table 1. CAPM Extension Production Targets

	1994		1995		1996		1997	
Crop	HA	Yield	HA	Yield	HA	Yield	HA	Yield
Tomato (Nema)	30	24	35	28	40	28	40	28
Tomato (Fresh)	40	18	50	20	50	20	50	20
Pepper	25	11	25	13	25	14	25	14
Sweet Corn	9	4	12	5	15	5	15	5
Cabbage	15	35	20	40	25	40	30	40
Butternut Squash	12	12	12	14	12	14	12	14
Onion	15	18	30	20	35	20	40	20
Others	15	20	30	25	30	30	30	30
Total HA	161		214		232		242	

Note:

Yields are tons per hectare. Others is included to account for alternative crops which the project may wish to explore. A potato budget is used as a proxy for this account.

It is also assumed that by assisting farmers on perfecting production techniques and timing, the project will help farmers and traders to market produce at opportune times when prices are at their seasonal best. The prices used (Table 2) are based on existing farm gate and market prices and are thought to be conservative estimates of what can be achieved under the project amendment.

Table 2. Farm Gate and Market Prices

	Farm Gate E/Ton	Market E/ton
Tomato (Nema)	560	850
Tomato (Fresh)	550	1167
Pepper	800	1600
Sweet Corn	1800	3500
Cabbage	320	428
Butternut Squash	600	800
Onion	550	650
Others	600	700

Farmer production and post harvest costs are based on actual production experience and budgets prepared by a consulting team assisting USAID/Swaziland in preparing the CAPM project amendment (RONCO) These costs include variable production costs such as; seeds, fertilizer, chemicals, labor, mechanical operations and running costs for irrigation. Post harvest costs to farmers include costs for transport, sorting and packing.

Fixed costs include replacement and maintenance costs for capital items such as irrigation equipment, pumps, sprayers, hand tools and the occasional pick-up truck. The sprinkler irrigation systems in use were estimated to cost in the range of E10,000, while the flow irrigation systems were estimated to cost around E2,000. All capital items were put on an annualized/per hectare basis, noting that most farmers will utilize these assets for both summer and winter growing seasons.

Gross returns to traders is calculated by subtracting the farm gate price paid to farmers from the marketing price, multiplying the product times the quantity produced. Traders' costs include transportation, grading, packaging and overhead.

III. Financial Analysis

Results from the financial analysis indicate that there is financial incentive for farmers to participate in the project. By the first year net returns per hectare to farmers range from E7,563 to E2,265. By 1997, when the full impacts of the extension are achieved these returns can reach as high as E9,703 per hectare These figures represent a substantial increase in farm income for these farmers.

Similarly, traders can earn attractive returns by selling Swaziland produce in the region. Estimates indicate that a trader could earn over E76,000 by moving around 1,000 tons of produce.

Table 3 provides a summary of the financial analysis for the CAPM project extension. This includes the estimated net benefits to farmers and traders less the benefits calculated from the baseline information to obtain the incremental net benefits of the project extension. It should be emphasized that these are benefits over and above those which have been generated by the project to date.

Contributions by USAID for the extension are subtracted from the incremental net benefits since they are part of the cost of the project. The exchange rate used to calculate the USAID contribution was US$ 1.00 = E 3.20. Contributions of the GOS (25% of the USAID contribution), is considered to be revenue of the project according to USAID convention (AID Handbook 3, Appendix 3D, Page 6) After accounting for these additional project costs and benefits, a net benefit stream was calculated covering a 15 year period.

The 15 years of net benefits of the project extension were used to calculate an Internal Rate of Return (IRR). The IRR gives an indication of the profitability, or "yield", of the project. In this case the IRR is 20.2 percent and the project should be considered to be profitable from a financial perspective.

TABLE 3 FINANCIAL ANALYSIS SUMMARY

FINANCIAL ANALYSIS - CAPM EXTENSION	1994	1995	1996	1997	1998	1999	2000	2008
NET BENEFITS TO FARMERS & TRADERS	948085	1619172	1878054	1944959	1944959	1944959	1944959	1944959
LESS BASELINE	542708	542708	542708	542708	542708	542708	542708	542708
TOTAL INCREMENTAL NET BENEFITS	405377	1076464	1335346	1402251	1402251	1402251	1402251	1402251
OTHER PROJECT COSTS								
USAID	3974890	4029245						
OTHER PROJECT BENEFITS								
GOS	993722	1007311						
NET BENEFITS OF CAPM (15 YEARS)	-2575790	-1945469	1335346	1402251	1402251	1402251	1402251	1402251
IRR FOR CAPM EXTENSION	0 202							

IV. Sensitivity Analysis and Product Prices

Sensitivity analysis was conducted to determine how the profitability of the project might be affected due to changes in product prices, yields and costs. The results (summarized in Table 4 below) indicate that the project is highly sensitive to price fluctuations and less sensitive to changes in yields and costs. Hence, the project will need to emphasize the importance of getting produce to markets at a time when prices are at their highest, exploiting seasonal market niches which Swaziland may have in the region If the project is not able to achieve this, its viability would be questionable.

Table 4. Sensitivity Analysis

Projected Change	IRR
10% decrease in Prices	7.6
20% decrease in Prices	-0.1
10% decrease in Yields	15.1
20% decrease in Yields	10.0
10% increase in Costs	15.9
20% increase in Costs	11.6

Another important aspect of the project is the GOS contribution. Without this revenue the IRR of the project would be reduced to 12.9 percent. Although, still considered to be viable, it would be considerably more marginal.

Sensitivity analysis was also conducted on the exchange rate. If the Emalangeni were to devalue to E 3.50 to US$ 1.00 the IRR would drop to 17.7%.

V. Economic Analysis

The purpose of the economic analysis is to determine if the project is a worthwhile investment for the country. The general principal of economic analysis is to compare the real benefits
of the project to its real costs to determine the social profitability of the project. Hence, the economic analysis is to replace nominal values used in the financial analysis with existing shadow prices, opportunity costs and real interest rates. The economic analysis must also remove taxes and subsidies included in any prices.

In Swaziland there are no subsidies on agricultural inputs. However, there is a tax on petrol and diesel fuel which amount to around 11%. Therefore adjustments were made to the costs budgeted for transportation and pumping to remove the effects of this tax.

Adjustments were also made to account for the opportunity cost of labor. Labor costs used in the budgets were based on actual payments by the project of E7.00/day for non-skilled positions and E10.00/day for skilled positions. The minimum wage rate in Swaziland is E3.00/day, although it is felt that not many people were paid this low of wage rate. Hence, an opportunity costs for labor in the rural areas was considered to be about half of labor costs used in the budgets

Interest rates are generally thought to parallel those in the RSA However lending rates at the Agricultural Development Bank in Swaziland ranged between 14% and 17%, which is considered to be around 5% below market rates. Hence, a small adjustment was made to the "Fixed Costs" account for borrowing at subsidized rates.

The other major adjustment which was made was to change the GOS contribution to the project to a cost rather than a benefit, since it represents a cost to the country in real terms. These adjustments are displayed in the budget in Appendix II and summarized in Table 5.

The IRR for the economic analysis is 10.4 percent, which indicates that the project is worthwhile from the standpoint of the Swazi society as a whole.

TABLE 5 ECONOMIC ANALYSIS SUMMARY

ECONOMIC ANALYSIS - CAPM EXTENSION	1994	1995	1996	1997	1998	1999	2000	2008
NET BENEFITS TO FARMERS & TRADERS	1109522	1844075	2119867	2190143	2190143	2190143	2190143	2190143
LESS BASELINE	630955	630955	630955	630955	630955	630955	630955	630955
TOTAL INCREMENTAL NET BENEFITS	478567	1213121	1488912	1559188	1559188	1559188	1559188	1559188
OTHER PROJECT COSTS								
USAID	3974890	4029245						
GOS	993722	1007311						
TOTAL	4968612	5036556						
NET BENEFITS OF CAPM (15 YEARS)	-4490045	-3823435	1488912	1559188	1559188	1559188	1559188	1559188
IRR FOR CAPM EXTENSION	0 104							

ANNEX A
APPENDIX I

FINANCIAL ANALYSIS - CAPM PROJECT EXTENSION

CROP BUDGETS

FINANCIAL ANALYSIS - CAPM EXTENSION Crop Budgets Baseline 1993 Emalangeni

FARMER GROSS RETURNS / HA	Fresh Tomato	Peppers	Sweet Corn	Nema Tomato	Others	Onions	Cabbage	Butternut
Yield (Tons/HA)	17	9	3	22	20	15	30	10
Farm Gate Price/MT	550	770	1800	560	600	550	285	550
Gross Returns/HA	9350	6930	5400	12320	12000	8250	8550	5500
FARMER PRODUCTION & POSTHARVEST COSTS								
VARIABLE PRODUCTION COSTS/HA								
Seed/Seedlings	490	889	800	773	2574	350	1332	740
Fertilizer	757	714	714	757	834	714	834	640
Chemicals	1400	802	270	1400	1409	522	575	487
Labor	705	470	370	775	755	690	440	512
Mechanical operations	252	252	252	252	252	350	252	252
Irrigation - if pumped	600	600	600	600	600	600	600	600
Total / HA	4204	3727	3006	4557	6424	3226	4033	3231
POSTHARVEST COSTS / HA								
Transport to collection point	500	324	600	550	0	0	0	
Other transport								
Sorting/packing					2000	2130	1200	820
Packing overhead					200	150		
Total / HA	500	324	600	550	2200	2280	1200	820
FIXED COSTS / HA								
Replacement plus maintenance	720	720	720	720	720	720	720	720
TOTAL COSTS TO FARMERS / HA	5424	4771	4326	5827	9344	6226	5953	4771
NET RETURNS TO FARMER / HA	3926	2159	1074	6493	2656	2024	2597	729
NUMBER OF HA	35	25	6	25	0	3	10	8
TOTAL NET RETURNS TO FARMERS	137410	53975	6444	162325	0	6072	25970	5832
GROSS RETURNS TO TRADERS								
Tons Marketed	595	225	18	550	0	45	300	80
Market Price / MT	1167	1400	3500	850	700	650	400	750
Market Price less Price to Farmer	617	630	1700	290	100	100	115	200
Gross Returns to Traders	367115	141750	30600	159500	0	4500	34500	16000
TRADERS COSTS / MT								
Collection					40	40	50	40
Local transport	28	21	0					
Regional transport	250	125	350	250				
Packaging	208	342	617	5				
Grading	17	7	40	0				
Overhead	20	5	10	5	10	10	10	10
Total Costs/MT	523	500	1017	260	50	50	60	50
TOTAL TRADERS COSTS	311185	112550	18300	143000	0	2250	18000	4000
NET RETURNS TO TRADERS	55930	29200	12300	16500	0	2250	16500	12000
TOTAL NET BENEFITS	193340	83175	18744	178825	0	8322	42470	17832

FINANCIAL ANALYSIS - CAPM EXTENSION Crop Budgets 1994 Emalangeni

FARMER GROSS RETURNS / HA	Fresh Tomato	Peppers	Sweet Corn	Nema Tomato	Others	Onions	Cabbage	Butternut
Yield (Tons/HA)	18	11	4	24	20	18	35	12
Farm Gate Price/MT	550	800	1800	560	600	550	320	600
Gross Returns/HA	9900	8800	7200	13440	12000	9900	11200	7200
FARMER PRODUCTION & POSTHARVEST COSTS								
VARIABLE PRODUCTION COSTS/HA								
Seed/Seedlings	490	889	800	773	2574	350	1332	740
Fertilizer	757	714	714	757	834	714	834	640
Chemicals	1400	802	270	1400	1409	522	575	487
Labor	705	470	370	775	755	690	440	512
Mechanical operations	252	252	252	252	252	350	252	252
Irrigation - if pumped	600	600	600	600	600	600	600	600
Total / HA	4204	3727	3006	4557	6424	3226	4033	3231
POSTHARVEST COSTS / HA								
Transport to collection point	500	396	800	600	0	0		
Other transport								
Sorting/Packing					2000	2556	1400	984
Packing overhead					200	180		
Total / HA	500	396	800	600	2200	2736	1400	984
FIXED COSTS / HA								
Replacement plus maintenance	720	720	720	720	720	720	720	720
TOTAL COSTS TO FARMERS / HA	5424	4843	4526	5877	9344	6682	6153	4935
NET RETURNS TO FARMER / HA	4476	3957	2674	7563	2656	3218	5047	2265
NUMBER OF HA	40	25	9	30	15	15	15	12
TOTAL NET RETURNS TO FARMERS	179040	98925	24066	226890	39840	48270	75705	27180
GROSS RETURNS TO TRADERS								
Tons Marketed	720	275	36	720	300	270	525	144
Market Price / MT	1167	1600	3500	850	700	650	428	800
Market Price less Price to Farmer	617	800	1700	290	100	100	108	200
Gross Returns to Traders	444240	220000	61200	208800	30000	27000	56700	28800
TRADERS COSTS / MT								
Collection					40	40	50	40
Local transport	28	42	0					
Regional transport	250	250	350	250				
Packaging	208	342	617	5				
Grading	17	14	40	0				
Overhead	20	10	10	5	10	10	10	10
Total Costs/MT	523	658	1017	260	50	50	60	50
TOTAL TRADERS COSTS	376560	181011	36600	187200	15000	13500	31500	7200
NET RETURNS TO TRADERS	67680	38989	24600	21600	15000	13500	25200	21600
TOTAL NET BENEFITS	246720	137914	48666	248490	54840	61770	100905	48780

FINANCIAL ANALYSIS - CAPM EXTENSION Crop Budgets 1995 Emalangeni

FARMER GROSS RETURNS / HA	Fresh Tomato	Peppers	Sweet Corn	Nema Tomato	Others	Onions	Cabbage	Butternut
Yield (Tons/HA)	20	13	5	28	25	20	40	13
Farm Gate Price/MT	550	800	1800	560	600	550	320	600
Gross Returns/HA	11000	10400	9000	15680	15000	11000	12800	7800
FARMER PRODUCTION & POSTHARVEST COSTS								
VARIABLE PRODUCTION COSTS/HA								
Seed/Seedlings	490	889	800	773	2574	350	1332	740
Fertilizer	757	714	714	757	834	714	834	640
Chemicals	1400	802	270	1400	1409	522	575	487
Labor	705	470	370	775	755	690	440	512
Mechanical operations	252	252	252	252	252	350	252	252
Irrigation - if pumped	600	600	600	600	600	600	600	600
Total / HA	4204	3727	3006	4557	6424	3226	4033	3231
POSTHARVEST COSTS / HA								
Transport to collection point	500	468	1000	700	0	0	0	
Other transport								
Sorting/Packing					2500	2840	1600	1066
Packing overhead					250	200		
Total / HA	500	468	1000	700	2750	3040	1600	1066
FIXED COSTS / HA								
Replacement plus maintenance	720	720	720	720	720	720	720	720
TOTAL COSTS TO FARMERS / HA	5424	4915	4726	5977	9894	6986	6353	5017
NET RETURNS TO FARMER / HA	5576	5485	4274	9703	5106	4014	6447	2783
NUMBER OF HA	50	30	12	35	30	30	20	12
TOTAL NET RETURNS TO FARMERS	278800	164550	51288	339605	153180	120420	128940	33396
GROSS RETURNS TO TRADERS								
Tons Marketed	1000	390	60	980	750	600	800	156
Market Price / MT	1167	1600	3500	850	700	650	428	800
Market Price less Price to Farmer	617	800	1700	290	100	100	108	200
Gross Returns to Traders	617000	312000	102000	284200	75000	60000	86400	31200
TRADERS COSTS / MT								
Collection					40	40	50	40
Local transport	28	42	0					
Regional transport	250	250	350	250				
Packaging	208	342	617	5				
Grading	17	14	40	0				
Overhead	20	10	10	5	10	10	10	10
Total Costs/MT	523	658	1017	260	50	50	60	50
TOTAL TRADERS COSTS	523000	256707	61000	254800	37500	30000	48000	7800
NET RETURNS TO TRADERS	94000	55293	41000	29400	37500	30000	38400	23400
TOTAL NET BENEFITS	372800	219843	92288	369005	190680	150420	167340	56796

FINANCIAL ANALYSIS - CAPM EXTENSION Crop Budgets 1996 Emalangeni

FARMER GROSS RETURNS / HA	Fresh Tomato	Peppers	Sweet Corn	Nema Tomato	Others	Onions	Cabbage	Butternut
Yield (Tons/HA)	20	14	5	28	30	20	40	14
Farm Gate Price/MT	550	800	1800	560	600	550	320	600
Gross Returns/HA	11000	11200	9000	15680	18000	11000	12800	8400
FARMER PRODUCTION & POSTHARVEST COSTS								
VARIABLE PRODUCTION COSTS/HA								
Seed/Seedlings	490	889	800	773	2574	350	1332	740
Fertilizer	757	714	714	757	834	714	834	640
Chemicals	1400	802	270	1400	1409	522	575	487
Labor	705	470	370	775	755	690	440	512
Mechanical operations	252	252	252	252	252	350	252	252
Irrigation - if pumped	600	600	600	600	600	600	600	600
Total / HA	4204	3727	3006	4557	6424	3226	4033	3231
POSTHARVEST COSTS / HA								
Transport to collection point	500	504	1000	700	0	0	0	
Other transport								
Sorting/Packing					3000	2840	1600	1148
Packing overhead					300	200		
Total / HA	500	504	1000	700	3300	3040	1600	1148
FIXED COSTS / HA								
Replacement plus maintenance	720	720	720	720	720	720	720	720
TOTAL COSTS TO FARMERS / HA	5424	4951	4726	5977	10444	6986	6353	5099
NET RETURNS TO FARMER / HA	5576	6249	4274	9703	7556	4014	6447	3301
NUMBER OF HA	50	30	15	40	30	35	25	12
TOTAL NET RETURNS TO FARMERS	278800	187470	64110	388120	226680	140490	161175	39612
GROSS RETURNS TO TRADERS								
Tons Marketed	1000	420	75	1120	900	700	1000	168
Market Price / MT	1167	1600	3500	850	700	650	428	800
Market Price less Price to Farmer	617	800	1700	290	100	100	108	200
Gross Returns to Traders	617000	336000	127500	324800	90000	70000	108000	33600
TRADERS COSTS / MT								
Collection					40	40	50	40
Local transport	28	42	0					
Regional transport	250	250	350	250				
Packaging	208	342	617	5				
Grading	17	14	40	0				
Overhead	20	10	10	5	10	10	10	10
Total Costs/MT	523	658	1017	260	50	50	60	50
TOTAL TRADERS COSTS	523000	276453	76250	291200	45000	35000	60000	8400
NET RETURNS TO TRADERS	94000	59547	51250	33600	45000	35000	48000	25200
TOTAL NET BENEFITS	372800	247017	115360	421720	271680	175490	209175	64812

FINANCIAL ANALYSIS - CAPM EXTENSION Crop Budgets 1997 Emalangeni

FARMER GROSS RETURNS / HA	Fresh Tomato	Peppers	Sweet Corn	Nema Tomato	Others	Onions	Cabbage	Butternut
Yield (Tons/HA)	20	14	5	28	30	20	40	14
Farm Gate Price/MT	550	800	1800	560	600	550	320	600
Gross Returns/HA	11000	11200	9000	15680	18000	11000	12800	8400
FARMER PRODUCTION & POSTHARVEST COSTS								
VARIABLE PRODUCTION COSTS/HA								
Seed/Seedlings	490	889	800	773	2574	350	1332	740
Fertilizer	757	714	714	757	834	714	834	640
Chemicals	1400	802	270	1400	1409	522	575	487
Labor	705	470	370	775	755	690	440	512
Mechanical operations	252	252	252	252	252	350	252	252
Irrigation - if pumped	600	600	600	600	600	600	600	600
Total / HA	4204	3727	3006	4557	6424	3226	4033	3231
POSTHARVEST COSTS / HA								
Transport to collection point	500	504	1000	700	0	0	0	
Other transport								
Sorting/Packing					3000	2840	1600	1148
Packing overhead					300	200		
Total / HA	500	504	1000	700	3300	3040	1600	1148
FIXED COSTS / HA								
Replacement plus maintenance	720	720	720	720	720	720	720	720
TOTAL COSTS TO FARMERS / HA	5424	4951	4726	5977	10444	6986	6353	5099
NET RETURNS TO FARMER / HA	5576	6249	4274	9703	7556	4014	6447	3301
NUMBER OF HA	50	30	15	40	30	40	30	12
TOTAL NET RETURNS TO FARMERS	278800	187470	64110	388120	226680	160560	193410	39612
GROSS RETURNS TO TRADERS								
Tons Marketed	1000	420	75	1120	900	800	1200	168
Market Price / MT	1167	1600	3500	850	700	650	428	800
Market Price less Price to Farmer	617	800	1700	290	100	100	108	200
Gross Returns to Traders	617000	336000	127500	324800	90000	80000	129600	33600
TRADERS COSTS / MT								
Collection					40	40	50	40
Local transport	28	42	0					
Regional transport	250	250	350	250				
Packaging	208	342	617	5				
Grading	17	14	40	0				
Overhead	20	10	10	5	10	10	10	10
Total Costs/MT	523	658	1017	260	50	50	60	50
TOTAL TRADERS COSTS	523000	276453	76250	291200	45000	40000	72000	8400
NET RETURNS TO TRADERS	94000	59547	51250	33600	45000	40000	57600	25200
TOTAL NET BENEFITS	372800	247017	115360	421720	271680	200560	251010	64812

ANNEX A
APPENDIX II

ECONOMIC ANALYSIS - CAPM PROJECT EXTENSION

CROP BUDGETS

ECONOMIC ANALYSIS - CAPM EXTENSION Crop Budgets Baseline 1993 Emalangeni

FARMER GROSS RETURNS / HA	Fresh Tomato	Peppers	Sweet Corn	Nema Tomato	Others	Onions	Cabbage	Butternut
Yield (Tons/HA)	17	9	3	22	20	15	30	10
Farm Gate Price/MT	550	770	1800	560	600	550	285	550
Gross Returns/HA	9350	6930	5400	12320	12000	8250	8550	5500
FARMER PRODUCTION & POSTHARVEST COSTS								
VARIABLE PRODUCTION COSTS/HA								
Seed/Seedlings	490	889	800	773	2574	350	1332	740
Fertilizer	757	714	714	757	834	714	834	640
Chemicals	1400	802	270	1400	1409	522	575	487
Labor	353	235	185	388	378	345	220	256
Mechanical operations	252	252	252	252	252	350	252	252
Irrigation - if pumped	540	540	540	540	540	540	540	540
Total / HA	3792	3432	2761	4110	5987	2821	3753	2915
POSTHARVEST COSTS / HA								
Transport to collection point	450	292	540	495	0	0	0	0
Other transport								
Sorting/Packing					2000	2130	1200	820
Packing overhead					200	150		
Total / HA	450	292	540	495	2200	2280	1200	820
FIXED COSTS / HA								
Replacement plus maintenance	725	725	725	725	725	725	725	725
TOTAL COSTS TO FARMERS / HA	4967	4449	4026	5330	8912	5826	5678	4460
NET RETURNS TO FARMER / HA	4383	2481	1374	6990	3088	2424	2872	1040
NUMBER OF HA	35	25	6	25	0	3	10	8
TOTAL NET RETURNS TO FARMERS	153409	62025	8242	174753	0	7271	28716	8317
GROSS RETURNS TO TRADERS								
Tons Marketed	595	225	18	550	0	45	300	80
Market Price / MT	1167	1400	3500	850	700	650	400	750
Market Price less Price to Farmer	617	630	1700	290	100	100	115	200
Gross Returns to Traders	367115	141750	30600	159500	0	4500	34500	16000
TRADERS COSTS / MT								
Collection					40	40	50	40
Local transport	25	17	0					
Regional transport	225	101	315	225				
Packaging	208	342	617	5				
Grading	8	4	20	0				
Overhead	20	5	10	5	10	10	10	10
Total Costs/MT	487	469	962	235	50	50	60	50
TOTAL TRADERS COSTS	289686	105521	17310	128975	0	2250	18000	4000
NET RETURNS TO TRADERS	77429	36229	13290	30525	0	2250	16500	12000
TOTAL NET BENEFITS:	230838	98254	21532	205278	0	9521	45216	20317

ANNEX B

UPDATED TECHNICAL ANALYSIS

I. INTRODUCTION

The CAPM project focus has been redirected to demonstrate that farmer organizations can be trained to pack and market the output of small-scale growers producing primarily for the fresh market. The basic objective is to put into place self sustaining, profit-driven farmer organization systems involved in marketing for and coordinating the production of small-scale Swazi farmers.

II. BACKGROUND

The present production base for Swaziland is made up of two distinct groups: 1) Title Deed Land (TDL) farmers: 2) Swazi National Land (SNL) farmers.

Title Deed Land (TDL) producers include individual farmers as well as large estates. Although some TDL farmers have relatively small holdings of land, they are not considered to be small-scale producers and are not the primary target for assistance. However, their participation in the production and marketing programs in areas such as Sitobela, Siphofaneni, and the central Malkerns area, is critical for generating sufficient quantities of produce to attract large buyers

Swazi Nation Land (SNL) farmers produce under widely divergent environmental conditions. Only producers who have access to irrigation can be targeted for the objectives of this project. This means production with long-term potential of around 1,757 farmers/homesteads covering 1472 hectares, representing 2.6 percent of the total land currently under irrigation in Swaziland.

The inclusion of the Vuvulane Irrigation Scheme which grows estate crops in the main, but have significant potential and interest for horticultural production, will increase the target area.

SNL irrigation scheme farmers mainly live in traditional homestead environments where rain fed agronomic crops such as maize and sorghum are grown. Most schemes have, at some time, had some Government of Swaziland (GOS) involvement and can be divided into four categories: 1) Rural Development Area (RDA) schemes; 2) Cooperative/Association schemes; 3) Individual/Private schemes; 4) Large-Scale Swazi schemes.

RDA schemes were government initiated in the early 1980s, the GOS providing all the funding, design, construction and extension services. For various reasons, including a lack of sufficient GOS resources to support them, these schemes have not been overly successful.

Cooperative/association schemes are also found in RDAs. The significant difference being that these schemes were requested by the group or association of farmers in the area. The farmers also contributed to the scheme cost, in both cash and in kind. These schemes have generally been more effective.

Small farmer schemes are those in which the farmer requested GOS assistance in design, but paid for and constructed the schemes themselves. There is little information regarding the distribution or success of this type of scheme, although statistically, this type of scheme makes up 35 percent of the total SNL irrigation (Myeni and Brosz, 1990).

Large-scale Swazi schemes have not been formed, with the exception of perhaps the Vuvulane project and the Malkerns Irrigation scheme, but it is proposed that the Komati river basin could provide a large area for SNL irrigation production, and there is a possibility of a significant development in the Lavumisa area (Brosz, 1990).

A. Seasonality of Production

Most vegetables in Swaziland are grown during the winter period, which traditionally leads to an oversupply situation, and corresponding low prices in the August to November selling season. It is estimated by various sources that between 50 to 80 percent of produce grown never reaches market at this time of year because of a combination of oversupply and poor or non-existent marketing infrastructure. This has undoubtedly contributed to the farmers' lack of motivation with regard to increasing vegetable production.

The problem of seasonality of production is seen as the major factor limiting the development of the industry in Swaziland, given the market's requirement for regularity of supply. When viewed against the background of regular, reliable and easily accessible supplies from South Africa, it is easy to see why the local producer is failing to compete with imported produce. Any intervention must address as many of the problems associated with this skewed production performance as possible

Preliminary market studies indicate that prices for many items in the South African market are highest in the fall months. This would allow late summer planting to take place for fall production at a better price and better rate of production. The green pepper market is a good example of this seasonality of production and price.

B. Present Marketing Situation for Horticultural Commodities

The present marketing situation is dominated by two main intermediaries, namely hawkers and NAMBoard.

1. Hawkers: The 150-200 hawkers at present are estimated to participate in 80-90 percent of scheme and individual SNL producer sales (van den Burg, 1991). The advantages of hawker sales to the producer are that they:

- o Pay cash at farm gate
- o Provide transport
- o Operate with low overheads
- o Provide "Packaging" in the form of bags or crates

From the sellers perspective, however, they have the disadvantages of:

- o Purchasing limited quantities
- o Being unreliable
- o Providing no field feedback
- o Preferring to buy from guaranteed suppliers in South Africa

The hawkers generally access the urban local and municipal markets with relatively small volumes of produce.

2. NAMBoard Fresh Produce Market: This organization, also called Swazi Fresh Produce Market, was set up in 1988 to provide the marketing component specifically for small-scale horticultural producers. Advantages to the producer of selling through the agents of this organization are that the agents can:

- o Take large volumes
- o Provide transport for "critical mass volumes"
- o Consolidate product for the market
- o Provide some form of import protection

The disadvantages of selling through NAMBoard's agents, from a producers point of view, are

- o Sales on consignment offer no guarantee of sale or if sold, at no set price
- o High overheads
- o Limited "marketing" capacity

The current market is almost entirely domestic, although some exports of tomatoes and limited produce exports to Mozambique have taken place. This means that most SNL producers feed into the urban and municipal markets as well as the rural market. The CAPM project has demonstrated that participation in the RSA market is feasible.

Under the extension, the CAPM team will work with farmers and farmer organizations to increase the assembled volumes of targeted horticultural crops, available for purchase and pickup at farmer organization packing houses or depots. The availability of such commercial volumes is expected to attract, to the packing houses/depots, larger and more reliable local and regional market buyers. To facilitate their participation and increase competition, communication systems will be established at targeted farmer organizations. Organization managers will be trained to use these systems to contact markets, to negotiate sales, and arrange for and coordinate pickup of produce.

C. Technical Constraints

1. Labor A shortage of labor for summer crops has been reiterated many times as a constraint to summer production. The apparent success of some irrigation schemes however, is seen as an indication that it is not universal, and that where the perceived risk of summer production is lowered, and financial returns become significant in terms of labor utilization, then summer production of horticultural crops will not be restricted by labor shortages.

2. Pests and Diseases: It is certain that summer production carries with it certain risks of increased pest and disease pressure. These problems are however, not insurmountable, given adequate practical demonstration type farmer training; and farmer organization training in how to access appropriate MOAC extension agents and research officers. Under the extension, farmers will be intensively trained in pest and disease control. In addition, linkages between farmer organizations and MOAC extension and research will be promoted.

3. Cultivar Selections: Cultivar selection is a real problem with many crops, and is associated with both increased pest and disease pressure as well as high summer temperatures. Research work through the Cropping Systems Research Extension and Training Project (CSRET) funded by USAID and MOAC's research efforts, has significantly improved the situation in Swaziland. However, a sustained research effort needs to be maintained so that cultivar availability continues to become a less significant constraint During the extension, MOAC research officers will work with the Contractor team in applied research and cultivar trails and in small farmer training. Assuming these activities are shown to result in increased yields and sales, it is expected that the MOAC will be encouraged to continue with similar research involvement with the small farm horticultural sector after the project.

4. Shortage of Extension Workers: The shortage of extension workers is a significant factor in many areas and lack of continuous field support does pose a serious constraint to horticultural production, and it is an area that any intervention must consider seriously. Under the project extension, the MOAC has agreed to place horticultural extension officers in project focus areas. Successful production and marketing from these areas is expected to influence the MOAC to continue such support after the project is completed.

5. Low Yields: Low yields can be directly related to all the above mentioned technical considerations. In the absence of any improvement in these conditions, yields cannot increase, returns to labor and margins will not rise, and the crops will simply not be produced profitably. However, in project focus areas, yields have already increased due to CAPM farmer training and technical assistance. Such training and technical assistance will continue under the extension. As a result during the project extension, yields are expected to increase and farmers are expected to develop sufficient skills to maintain these yield levels in the future. In addition, MOAC extension and research personnel will work with the CAPM team in delivering this training and are expected to continue to work in CAPM target areas after the project has terminated.

D. Marketing Constraints

The technical restrictions discussed above are compounded by marketing problems - often quoted as the most significant constraint to expansion of the horticultural industry.

1. Lack of Relevant Marketing Information and Prices· Lack of relevant market information and market prices certainly reduces market awareness among potential producers, and gives them little ability to read the market and make decisions accordingly, but is not the most significant aspect of a poor marketing infrastructure During the project market information systems will be developed within each target farmer organization through the installation of telephones or radio phones and training of market organization management in how to use this equipment for both price information and sales.

2. Cost and Availability of Transport: The cost and availability of transport is another weakness of the system and is compounded by the other technical and marketing constraints. The factor of insufficient "critical mass" for example, leads to problems in utilizing available transport efficiently. CAPM has had some success in solving this transport problem with the NRDA tomato packing house. Farmers have managed to get their produce to the packing house where sufficient quantities of produce were assembled for pick up by Durban buyers. Some problems were encountered when one Durban trader failed to meet the pick up schedule. Under the extension, it is expected that the quantity of produce will be increased through increased yields and increasing the number of farmers and hectares. Thus, the quantities are expected to be sufficient to attract both local and regional buyers. However, the project must continue to solve transportation scheduling problems. Communication links with alternative markets will be established for each farmer organization so that if a scheduled buyer does not show up farmer organization managers will have other market outlets to contact.

3. Cash and Credit: Some SNL producers use credit, and given similar conditions of collateral and market, this would tend to indicate that lack of access to credit is not a serious constraint. It is felt that it is not so much lack of credit, but the perceived high risk associated with the production process that prevents the extensive use of credit (Gardner and Bielen, 1990). Women have less access to credit than men, and less knowledge about how to obtain loans. CAPM has already had success in linking farmer groups to the Swazi Bank. During the extension the CAPM team will work with Swazi Bank to institutionalize such linkages.

4. Uncertain Markets: The lack of a reasonably secure market is one of the more serious factors preventing expansion of the vegetable hectarage Lack of a definite, reliable market raises the risk of production considerably, and reduces the perceived advantage that might be gained from higher crop margins. This, in turn, reduces the total hectarage planted and restrains growth.

5. Lack of Knowledge about Quality and Presentation: This problem accentuates the element of competition, especially when hawkers (the main market link for small-scale producers) have access to imported produce which is generally of a higher standard than the domestically procured product. Poor presentation and quality when combined with unreliable seasonal supply, tends to make the SNL producer a "supplier of last resort." Any intervention or support must have as one of its objectives, to change the position of the SNL producer to one of a "supplier of first choice." Under the project extension, the technical assistance team will, using demonstration, hands on techniques, repetitively train farmers and farmer associations in grading and packing to meet market quality standards. Reinforcing the hands on training at packing centers, selected farmer organization leaders and managers will participate in field trips to markets in RSA to see for themselves the advantages of well packed quality product.

6. Lack of Critical Mass· Buyers are not generally prepared, given the ease of import sourcing, to travel long distances to purchase small volumes of product. This means that producers who hedge the risks by growing small hectarages, put themselves in an even more uneconomic position, by growing volumes unattractive to buyers, especially when the volumes to be collected are very dispersed. It is for this reason that key extended project objectives include increasing yields; increasing hectarage under production; and the development of packing houses or depots where produce is assembled and packed in commercial volumes.

7. Poor Communications: The lack of communication in most rural areas is a factor which accentuates all of the above mentioned marketing constraints, and ensures that the small-scale producer is never in a situation where he can take anything but a residual position in the market. Under the extended project, farm organization packing houses/depots will be provided with controlled telephones or radio phones for the purpose of communicating with local and regional markets.

8. Seasonality: As has already been discussed under the section on SNL production patterns, seasonality of production is seen as the most serious result of the technical as well as some of the above marketing constraints. In a situation where the producer can not be relied upon to supply consistently or reliably, the market will always purchase from the more reliable source as a first option. Unfortunately, once these supply links have been made, it becomes very difficult for the competing SNL producer to break these linkages, even in periods of significant SNL supply. It is clear that for sustained penetration into the domestic market system, SNL producers must be able to change the current trend of distinctly seasonal production. They must focus production to supply year round and at a quality standard which attracts buyers. This implies a refocusing of the target market. It is essential that the SNL producer perform at a level suitable for regional sales. Once an ability to compete in regional markets is developed, the knowledge will be transferable to competition in local markets.

While seasonality can be a problem, it can also provide opportunities. It is for this reason that farmers and farmer organizations will be trained to schedule production to be harvested for seasonal windows of opportunity. These windows occur when production is low in the target market area. At such times the best prices can be gained by those who can provide product.

Under the extension, the CAPM team will develop seasonal planting calendars for crops in targeted areas. Based on historical market information for the RSA and Swaziland, these calendars will show the best time for planting target crops in order to be marketed into historically best seasonal price windows in the RSA and in Swaziland. This will provide market planning information for farmer organizations. The information will be supplemented through the CAPM team establishment of simple telephone based market information systems and the training of farmer organization managers to use them.

III. PRODUCTION SCOPE

1. Cropping Options: Local and Regional Crops

The following is a list of crops with commercial potential for small farmers in Swaziland, and was the source of cropping options for incorporation into a technical analysis of crops for promotion in SNL irrigation schemes by the CAPM project:

Initial 1991 PPA Crop Selections SNL Producers

- o Banana
- o Chili
- o Cucumber
- o Garlic
- o Ginger
- o Granadilla
- o Green Beans
- o Brinjal
- o Broccoli
- o Cauliflower
- o Celery
- o Pumpkin
- o Spinach
- o Sweet Potato
- o Tomato
- o Processing
- o Tomato
- o Green Maize
- o Cabbage
- o Potatoes
- o Green Pepper
- o Guava
- o Lettuce
- o Mango
- o Okra
- o Onion
- o Beetroot
- o Carrot

This list of crops was analyzed and the analyses appear in the PPA, 1991. The focus has been narrowed to four winter crops and five potential summer crops. Other crops which have potential for production by small farmers are also mentioned below.

a. Cabbage has been chosen as a summer crop. It is one of the main crops grown by small farmers. Returns are not as high as some other crops, but risks are lower.

b. Chili Peppers are a widely grown crop in Swaziland although no research base exists for them. A local nurseryman received training in drying of chilies and is exporting the product. Due in part to demand and in part to the high labor requirement, the exporter is looking for additional production. This is an opportunity for small farmers in the region and should receive some assistance from CAPM.

c. Green Beans are a crop with which farmers in Swaziland have experience. It is a relatively heat tolerant crop and as such it has potential for <u>summer</u> production, and winter production. It is a labor intensive crop and this suited to small farmer production assuming that the farmer has or can obtain the labor.

d. Green Pepper have proven to be a good crop for regional export production under CAPM. This is a relatively new crop for small farmers and yields need to be improved. This will continue to be in the <u>winter</u> export production program.

e. Onions can be produced in winter or summer and have a history of production by small farmers. Summer production is more difficult than winter, but will be the target reason for the CAPM project due to greater potential returns on the local <u>summer</u> market.

f. Potatoes have good potential for the summer market and an effort is underway to promote local production for the summer. One problem with potatoes is that it is of the same family (Solanaceae) as tomatoes and peppers and thus does not provide a rotation out of this family to prevent buildup of pathogens. The production of potatoes will be a part of the CAPM summer program.

g. Squash, Butternut is a crop with which Swazi small farmers have experience and which can be grown in the summer. This will be included in the CAPM summer program.

h. Tomatoes, Fresh Market are one of the most successful crops grown on irrigated land in Swaziland, have good market potential, and are the first to have a mechanical sorting line. These will continue to be a CAPM target crop for winter export.

i. Processing Tomatoes, such as Nema 1400, are no longer produced in Swaziland for processing. It has a good winter market in Durban, RSA. This will continue to be a target crop.

J. Sweet corn has been shown to have good regional, and fair local demand. Although its production requires more attention than traditional maize, it is a crop that farmers can grow and market successfully given close attention. This will be a target crop for winter markets.

k. Other Potential Crops have market and production potential. Little research has been done on some of these and others are known to be susceptible to diseases. However, they should be tested to determine their possible use as alternative crops. These are. Muskmelons, Honeydews (Crenshaws, Persians, Casabas), Garlic, Watermelon, Seedless Watermelon, and Gem Squash.

3. Summary of Target Crops: The table below lists crops that will receive immediate or on-going attention for production. Other crops will be developed when the market development specialist and the production specialist make the necessary analyses and trials.

Target Crops

Winter Crops	Summer Crops
Fresh market tomatoes	Potatoes
Processing tomatoes	Onions
Sweet Corn	Cabbage
Green Peppers	Butternut Squash
Green Beans	

For financial and economic analysis of crops targeted for exploitation under the extended project see Annex A.

IV. MARKETING SCOPE

A. Domestic Market Size

For the domestic market, it is very difficult to estimate volume of produce consumed. The table below shows the amount of imports based on permits issued by NAMBoard for three of the target crops of CAPM for summer production; an unknown quantity has been brought in without permits.

Imports of Fresh Produce, 1991

Crop	Metric Tons
Potatoes	7,676
Onions	2,266
Cabbage	616

A problem with these data is that they do not reflect how much of the produce was consumed in Swaziland and what part was re-exported to Mozambique. However, a significant portion can be assumed to be for local consumption and could be displaced by local production.

The experience of CAPM since 1991 has shown that there is an ability to produce and sell in the local market in the summertime. One item, green beans, may have a regional as well as local market in the summer, as it is a labor-intensive crop The 1991-92 summer season had an average price of R1.10 and an average high of R2.40 per kilogram on a turnover of approximately 195 MT. This demonstrates an excellent potential for the regional market for green beans.

B. Exports of Fresh Produce

Reliable figures for export volumes that can be used to calculate the impact of CAPM produce on prices in the regional market are not available. Data available from the Johannesburg and Pretoria markets indicate that the volumes sold would not be adversely affected by the projected volumes of production. The Mozambican and Durban markets would also be an outlet for some of the product. It is not considered that any of the target crops sold in regional markets would depress prices to a level that would seriously effect returns.

C. European Markets

The 1991 PPA includes in its technical analysis a section on European markets for selected produce. Some marketing is occurring of Swazi produce. This is an infant industry and has potential.

The CAPM project has lent some technical support to this activity and may continue to do so, on a limited basis, and only if small farmers can be brought in as supplemental producers to larger farmers

V. THE PROJECT INTERVENTION

A basic concept of the redirected CAPM was that the project would help create a vertically integrated production and marketing system to link small, potentially commercial farmers with lucrative markets for their produce. The concept is sound. However, in the implementation of the concept in Swaziland it has proved to be difficult to find or develop one or more firms that are fully integrated from production through marketing, including the provision of technical assistance to small farmers. The mutuality of interest between the firms and small farmers is largely missing. Firms presently assisted by CAPM continue to do significantly more business with RSA wholesalers than with CAPM farmers. At the same time, with considerable project support, some progress has been made.

This section describes a modified project intervention that will help "close the loop" by developing the capabilities of farmer organizations to pack and market horticultural produce.

A. Basic Project Intervention: The basic philosophy behind the intervention is the transition of small-scale, production driven farmers into market driven commercial farmers by bringing them into the marketing system. This can be accomplished by developing farmer organizations into production and marketing enterprises that allows the farmers to participate beyond the farm gate with their products.

1. Objectives of the Intervention: The objectives of the intervention are to 1) develop farmer organizations to be able to assist small farmers in producing and assembling quality fresh produce and linking that production to markets to maximize returns to farmers; and 2) assist in the development of agribusinesses which provide services or inputs which support small farm horticultural production and marketing.

2. Targets of the Intervention: There are three target groups which are inter-dependent in their activities and for which a plan of action must be developed The activities of the project are derived from what are perceived to be those interventions necessary to develop a core group of small farmers into commercial farmers The three target groups that serve as focal points for CAPM are

- o Small farmers and their organizations
- o The NAMBoard firms
- o Regional Marketing Firms

a. The Target Farmers: The core group of farmers who will make up the production base will be selected using the following criteria:

- o Must have irrigation and soils suited to the production of targeted crops.
- o Must be willing to grow targeted crops according to efficient agronomic practices extended by the project.
- o Must be part of, or in close proximity to, the regional targeted farmer organizations.
- o Must be willing to participate in and/or market through a system of small farmer organizations.

b. The Farmer Organizations: With training, the role of farmers' organizations in the project will be to:

- o Facilitate the programming, production, collection, and preparation of crops for marketing.
- o Represent member farmers in negotiations with markets.
- o Provide a vehicle through which small farmer production, farm management and postharvest skills can be developed, applied, and reviewed.
- o Develop an awareness among small farmers of the role of a commercial farmer in the marketing system.
- o Represent the economic interests of its members and the agricultural community in general.
- o Develop alternative market outlets for targeted crops to ensure optimum returns to both the marketing entity and small farmers.
- o Develop market information gathering methods and contacts for expanded marketing opportunities.
- o Assist small farmers with procurement of production inputs.
- o Liaise with government and private enterprise organizations on industry-related issues.

c. **The NAMBoard Firms:** The role of the NAMBoard firms in the project will be.

- o Serve as a possible outlet for the production assembled by small farmer organizations.
- o Source other commodities in Swaziland by encouraging small and medium farmer production for the domestic market, in lieu of imported produce.
- o Provide a sales outlet for items other than "commodity" items on the local market, i.e. specialty crops.

The NAMBoard firms already have established outlets on the local market. This is a highly competitive market, especially in the summer. The NAMBoard firms are, for many of the crops produced by small farmers, the easiest and sometimes the only way to penetrate some markets. The firms presently assigned a position at the Market are generally stronger than those with which the project has worked over the past two years. Two new RSA firms are well capitalized and more experienced than previous NAMBoard firms which have failed.

d. **Regional Marketing Outlets:** CAPM technical assistance will identify several regional marketing outlets which are interested in sourcing from farmer organization packing houses/depots and which are willing at a minimum to provide lug boxes and or other packing materials. In addition it is anticipated that the CAPM team will be able to convince these entities that it is in their interest to provide other assistance to the farmer groups. Such assistance could include, for example, market standards in terms of quality and presentation, and production advice or inputs. Of particular interest to investigate by the CAPM team will be RSA producer groups who might wish to maintain their markets with Swazi produce during low RSA production seasons.

3. The Present Status

The current CAPM project has developed the core group of farmers with whom they will initially work. This group is made up of farmers with irrigation in four areas: NRDA, VIF, Siphofaneni/Sitobela, and the Central area These are experienced CAPM farmers who have demonstrated an ability and interest to participate and work collectively. It is expected that this base will be expanded each year

The crops for concentration for the winter production season are sweet peppers, fresh market tomatoes, nema 1400 tomatoes, and sweet corn

For summer production and marketing, the project will need to carefully analyze the income-generating potential of alternative crops, which may include potatoes, onions, green beans, cabbage, and squash.

4. Additional Opportunities

Additional opportunities exist for small farmers to produce specialty or "supplemental" crops for producer/marketers with established markets. Examples of crops with some potential are dried chili peppers, baby and specialty vegetables, and potatoes. This will be a secondary activity as it will probably be only a select few farmers participating in the early stages. Project support of these market opportunities will be limited to occasionally providing technical advice.

5. Plan for Moving from Present Method of Operation to the New Strategy vis-a-vis NAMBoard Firms

As time and resources allow and to the degree necessary to assure markets for the targeted farmer associations, any Swazi firm trading on the NAMBoard market will continue to receive technical assistance from the project, although at a reduced level than that provided at present For more intensive assistance, these firms will be advised to approach the newly created Swazi Business Growth Trust Agribusiness Advisory Service. There, for a reasonable fee, the firms can receive planning, organizational, managerial, and financial advise.

C. Issues and Risks of Commercial Interventions of Small Farmer Production

In the 1991 PPA for the redirection and extension of the CAPM project the following were assessed to be "the more pertinent technical and marketing issues associated with the proposed intervention: attaining yields, pests and diseases, irrigation scheme functionality, competition from other buyers, competitive advantage of SNL farmers, reactions of other intermediaries".

The first three issues are related to technical assistance provided by the CAPM project, GOS/MOAC, and others since the 1991 redirection. While these are ongoing issues which will always need attention, the CAPM project and others have demonstrated that these issues can be dealt with effectively.

The CAPM project has become more focused than originally planned, due in part to the efforts required to resolve these issues. The proposed farm organization marketing strategy will need intensive, repetitive and practical training of farmer organization managers and leaders to lessen the impact of these issues. Support from GOS on removing infrastructural constraints such as the installation of telephone lines and the supplying and renovating of packing house/depots will also increase small farmers' ability to benefit from the project. This more narrow focus will also facilitate assistance from extension services and programs of the government and create an awareness of farmers' needs in the financial and public sectors.

Competition from other buyers, while still an issue, will be considerably lessened by this revised project approach. The farmer organizations will consistently and reliably move the product through the system at the lowest possible cost, optimizing returns to the farmers. While some product will always be sold to itinerant vendors who offer a higher price, but their presence is unreliable. Over time, farmers will come to realize that moving their production to markets through reliable outlets such as that being established under the project will bring higher returns over the total season. They must be made to remember the times when itinerant traders did not show up and the farmers' crops rotted in the field or at the side of the road.

The farmers who have been incorporated into the CAPM project are mostly SNL farmers from irrigation schemes or independent SNL farmers with irrigation. Some TDL farmers participate in the project, although their number is small The farmers organizations will be formed around core groups of SNL farmers and technical assistance and marketing activities will be directed mostly through these organizations. If TDL farmers, or any other farmers, want to use the farmers' organizations as a marketing outlet, they will be encouraged to do so, although technical assistance may be less than it will be for organization members. The vision of the project and the production and marketing program is that it will continue to grow. This will be accomplished by bringing neighboring farmers' production, and possibly their organizational participation, into the program. In the future, similar development may take place in other schemes and regions.

SNL farmers have good potential for increasing their incomes due to a competitive advantage from not having to pay for land or water. Low overhead and labor costs also improve their competitiveness This potential cannot be realized by selling at the farm gate or not participating in the value-added activities associated with marketing. Improved yields and increased returns must be demonstrated to encourage similar participation by other small farmers.

E. Summary and Conclusions

The small farmers must produce more efficiently and become a more active part of the marketing system if they are to improve their economic conditions They must have technical assistance to improve yields, and a marketing mechanism which can obtain the optimum returns for those yields

The potential for increased yields by small farmers has been demonstrated by the CAPM project. Experience in marketing has created various opportunities for market penetration. Direct intervention and perceived opportunities by input and service industries has created a base to support this growing production and marketing sector and create new opportunities in the agro-industrial sector.

The concept of this project amendment is to link together all the components of the production and marketing system to ensure the development of small farmers into active participants in the agribusiness sector.

APPENDIX TO TECHNICAL ANALYSIS

Market Prices for Selected Crops in Reef Markets

In 1991-1992, the total volume of fresh produce sold in the fifteen fresh produce markets of South Africa was 2.35 million metric tons. Of this total, 42 percent was turned over in the Reef markets of Johannesburg and Pretoria. The Capetown and Durban markets turned over 16 5 percent and 9.5 percent, respectively, of the national total.

The proximity of the Reef markets makes them the obvious target for most marketing efforts. Available transportation also makes these markets most attractive. The volume of produce turned over and the sophistication of these cosmopolitan areas indicate excellent opportunities for marketing programs.

Durban, though not as large as the Reef markets and not as accessible, is an interesting market for some crops, such as "jam tomatoes," due to the ethnicity of the population.

There is some traffic between Capetown and Swaziland, especially in deciduous fruits, and this traffic, though irregular, may be used to create some new markets. A cautionary note on this would be that dealing with Capetown would probably require holding produce and then shipping the longer distance. This would require cooling and/or cold storage facilities.

In the Reef markets, and presumably in other major markets, all produce transactions are entered into a computer system connected to a cashier's office. This system allows for compilation of market prices and volumes traded. These data are compiled annually from July through June and are published. These are available from the respective produce markets' public relations and customer service offices.

The data for the various items are presented by package and grade where applicable. Prices are reported as the average and the high for each quality level and package type. Turnover in the different units is also listed. The data provide a good overview of prices and seasonality but further consultation would be required to determine more precisely the prices that could be used for feasibility studies or other analyses. This could probably be arranged with the statisticians in each market.,

On the following pages are some examples of prices for selected crops mentioned in the Technical Analysis. In the 1991 PPA, prices for selected crops are presented for the Durban market for the years 1985 through 1987 Those prices were not included here due to the different years

Seasonality of prices can easily be seen in these data. It may, for example, be better to grow green peppers for the markets of March, April, May and June when yields would probably be higher than in June, July, August and September during the coolest weather. Such analyses are critical to the success of the project.

SWEET CORN (Punnet Pack)
RANDS/KILOGRAM

Price Level, Market & Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average-Jo'burg '90-'91	1 79	1 96	2 67	2 73	2 40	3 77	4 60	10 72	8 67	5 29	4 95	3 09
Average-Jo'burg '91-'92	2 81	3 15	2 22	2 26	2 80	2 36	4 94	5 35	4 16	2 95	3 06	2 77
Average-Pretoria '91-'92	2 20	2 99	3 08	2 56	3 39	3 06	1 80	6 09	6 78	3 75	3 04	3 11
High -Jo'burg '90-'91	4 89	4 44	4 89	4 89	4 44	6 22	10 0	13 33	13 33	13 33	10 0	8 00
High -Jo'burg '91-'92	7 11	8 44	5 60	4 89	10 67	8 89	12 0	10 66	6 66	5 55	5 78	6 67
High -Pretoria '91-'92	13 33	6 67	16 0	6 67	4 89	8 89	6 58	12 00	13 33	13 33	10 0	16 0

GREEN BEANS
RANDS/KILOGRAM

Price Level, Market & Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average - Jo'burg '90-'91	1 03	1 07	1 14	96	67	78	1 50	1 08	36	1 06	95	1 35
Average - Jo'burg '91-'92	96	1 95	1 87	90	71	1 26	97	1 43	1 01	98	1 06	1 14
Average - Pretoria '91-'92	91	1 82	1 67	82	76	1 30	95	1 55	1 06	97	94	1 07
High - Jo'burg '90-'91	2 08	2 34	2 60	2 33	2 08	1 95	2 60	2 34	78	2 59	1 95	3 25
High - Jo'burg '91-'92	1 82	3 90	2 60	1 69	1 30	2 34	2 08	2 86	1 95	1 95	2 34	2 60
High - Pretoria '91-'92	2 60	3 25	3 25	3 90	2 60	6 50	2 34	2 60	2 60	5 20	5 19	6 50

MUSKMELONS
RANDS/KILOGRAM

Price level, Market & Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average Jo'burg '90-'91	51	72	99	79	68	69	60	80	1 01	80	62	75
Average - Jo'burg '91-'92	61	79	80	67	66	66	52	70	1 76	83	60	62
Average Pretoria '91 '92	81	81	76	79	76	67	1 01	N/A	1 27	1 21	85	91
High Jo'burg '90-'91	1 04	1 44	1 76	1 44	1 28	1 12	72	1 44	1 44	1 52	1 12	1 52
High Jo'burg '91-'92	1 20	1 44	1 76	1 28	1 44	1 44	1 12	1 28	1 24	1 44	2 40	1 76
High Pretoria '91-'92	1 44	1 76	1 60	1 12	2 00	1 04	1 28	N/A	1 44	2 08	2 08	2 40

SWEET MELONS
RANDS/KILOGRAM

Price Level, Market & Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average Jo'burg '90-'91	76	74	97	66	74	48	55	72	1 04	58	58	63
Average - Jo'burg '91-'92	1 18	79	99	71	73	64	60	59	1 01	64	40	71
Average Pretoria '91-'92	88	49	49	73	93	60	44	53	1 44	99	65	1 18
High - Jo'burg '90-'91	1 44	1 36	1 76	1 36	1 28	96	56	1 36	1 60	1 76	1 20	1 12
High Jo'burg '91-'92	1 60	1 44	1 60	1 12	1 60	1 28	1 12	1 28	2 40	1 60	96	1 92
High Pretoria '91-'92	1 28	96	1 12	1 12	1 12	96	96	80	1 44	1 44	72	1 20

GRADE #1 TOMATOES
RANDS/KILOGRAM

Price Level, Market & Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average Jo'burg '90-'91	1 26	1 14	1 37	1 28	1 15	1 00	97	1 07	94	1 26	1 20	1 06
Average Jo'burg '91-'92	90	1 09	1 39	1 51	96	88	73	97	1 37	1 15	95	88
Average Pretoria '91-'92	89	1 08	1 51	1 54	89	88	70	97	1 41	1 10	91	87
High - Jo'burg '90-'91	3 12	2 34	3 12	2 34	2 03	2 03	2 25	2 19	2 34	2 50	3 12	3 12
High - Jo'burg '91-'92	1 88	2 34	3 13	2 81	1 87	2 50	1 87	2 81	2 66	2 19	1 88	2 34
High Pretoria '91-'92	2 03	2 66	2 81	3 13	1 88	1 56	1 25	2 19	2 34	2 34	2 83	2 03

GREEN PEPPERS
RANDS/KILOGRAM

Price Level, Market & Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average Jo'burg '90-'91	88	79	1 18	1 24	1 24	1 24	3 11	2 77	2 23	1 90	2 18	1 13
Average - Jo'burg '91-'92	1 82	1 81	3 04	1 91	1 98	2 01	1 67	1 72	1 52	2 26	1 83	1 41
Average - Pretoria '91-'92	1 16	1 54	2 95	2 00	1 95	2 12	1 59	1 95	1 53	2 38	1 62	1 24
High Jo'burg '90-'91	2 66	2 66	3 33	3 33	3 11	2 67	6 77	6 22	3 33	3 55	4 44	2 67
High - Jo'burg '91-'92	3 55	3 55	6 67	4 00	3 33	4 44	3 33	3 55	2 67	5 33	3 55	2 67
High Pretoria '91-'92	4 44	4 00	8 89	4 44	3 33	4 00	2 89	17 78	11 11	5 56	4 44	3 33

ANNEX C

UPDATED ADMINISTRATIVE AND ORGANIZATIONAL ANALYSIS

I. PROPOSED ORGANIZATIONAL STRUCTURE

A. Background

Swaziland sits on the doorstep of one of the largest and most sophisticated markets in Africa. It is favored as few other nations in the world in that it can supply virtually any horticultural produce to this market at a time when demand is high enough to return profits to small farmers that many of their counterparts in other countries could never realize.

Through the efforts of CAPM, MOAC extension and other services, and other projects it has been demonstrated that small farmers can, with training, produce fresh horticultural items in demand in the South African markets and do so efficiently. The market has potential to increase its consumption of many fresh produce items during the winter season. There is also potential for the introduction of new or "unique" products through a program of market development.

However, the structure of the production-marketing system is as yet incomplete and, without changes, the potential cannot be exploited. The role of the CAPM project is two-fold; first, to further improve and expand the small farm horticultural production base and, secondly, to develop the capability of farmer organizations to assemble, grade, pack and market the production to allow the potential of the export market to be realized

The proposed structures are those which will allow all the resources available for production improvement and market exploitation to take place to the greatest benefit of Swaziland's small farmers.

B. Farmers' Organizations

The CAPM project has targeted three regions in which farmers' organizations can be developed around existing production for the purpose of marketing that and other production. All organizations will be formed as private enterprises and each will have the same basic organizational structure.

The rationale for forming the farmers' organization is to provide a means of accumulating small farmers' produce in sufficient quantities of specified quality to facilitate its marketing.

This project expects to form small farmer organization businesses that, at the end of the project, will have the expertise and ability to market produce without assistance, other than periodic contacts with MOAC extension and research officers. The organizations must be able to produce and prepare a crop or crops for market while maintaining contact with market buyers for the purpose of forward contracting or spot selling of production.

Three farmers' organizations are considered for development because members or potential members already have experience under CAPM in producing and marketing horticultural crops and thus form a nucleus for expanding the base of participating farmers.

The farmers' organizations should be organized and functioning by the summer of 1994. The winter of 1995 is assumed to be the last season of CAPM assistance, and by this time the organizations will function with minimal support from the CAPM team.

The farmers' organization will be made up of a core group of farmers who are members of a scheme or who are of a geographic region. The farmers will comprise the general assembly of the organization and will elect their Board of Directors who will manage the company with the assistance of a minimal management staff, some of whom will be salaried.

The Board of Directors and the management will be trained by working directly with the CAPM technical assistance team in developing the production program for the season. Using participatory training techniques, CAPM TA will train the organizations leaders and managers in production programming, logistics of handling inputs and harvesting crops as well as with general management and accounting techniques. Under CAPM, the organizations leaders and managers will learn while on-the-job.

CAPM will provide technical advise on production will be available to the organization and the individual farmers. The Board will be responsible for organizing meetings of the general assembly when the technical advise to be given is applicable to all farmers.

CAPM technical assistance will identify the best channels for production and postharvest inputs and will train the organization leadership and managers in managing the process of procuring these inputs. Examples of inputs are seeds or seedlings, fertilizers, chemicals, and packing materials Each organization will have a central structure provided by the farmers or the MOAC from existing under utilized structures in project areas, most likely a packing shed or collection center where an office will be located and where a telephone is available or will be installed.

Currently, approximately US$30,000 of Section 416 funds is available as GOS counterpart that will be allocated to provide the minimum facilities development required and installation of telephones for the organizations which do not have them. This will not only provide a needed structure, but will also be that focal point around which farmers will be drawn together.

The postharvest handling of the produce will be the responsibility of the farmers' organization Training and technical assistance will be provided by CAPM, but the hiring of management for the packing operation and transport for collecting produce from the field will be the organization's responsibility.

Where required, the farmers' organizations will be assisted to legally organize in order to be able to enter into contractual relations and be eligible for credit from financial institutions.

Although some farmers' organizations will be organized around the farmers of a particular irrigation scheme, they may admit non-scheme farmers to market their produce through the organization. It will be to the organizations' advantage to increase the volume of production beyond what is available for marketing from its membership alone.

How each organization financially supports itself will be determined for each organization. Management costs should be minimal. It is envisioned that an organization may have a secretary/treasurer who is paid and a manager who will receive a minimal stipend and incentive payments based on volumes packed and marketed. The Board of Directors will probably make most management decisions and the secretary/treasurer will handle the daily tasks of the organization.

As is now done in the NRDA Tomato Packing House, an assessment on each box of produce marketed is the most likely means of raising necessary funds for management and may be supplemented by membership fees. The strategy for generating the necessary operational funds available will be determined by the project in collaboration with the farmers' organization. Packing operations are normally paid for by a per box assessment but this too must be determined for each organization.

Both the farmers and public and private sector institutions which deal with farmers will benefit from the farmers' organization as it serves as a collective channel for communications. It will be important that the project assist the organizations in developing skills in interacting with other organizations and institutions so the agricultural sector and the farmer members will benefit.

CAPM will be responsible for the developmental aspects of the organizations as they relate to production, packing, and marketing. CAPM production and marketing specialists will work with the organizations' managers to ensure that summer and winter production and marketing programs are carried out

An important feature of the project structure is that it creates and assures a sustainable linkage between the farmers and the market It also provides the technical assistance necessary to enable the small farmers to grow as commercial farmers and farmer organizations to grow as packing and marketing businesses.

C. CAPM Team

It is proposed that the CAPM team be constituted to provide solid capability in the fields of agribusiness/marketing, small farmer organizational development, and small farmer irrigated production assistance. A strong marketing program needs to be developed which includes market development for a more diverse line of crops, a presence in the summer season and a quality control program to support marketing efforts.

The proposed organization of the CAPM team is as follows:

1. Chief of Party/Horticultural Specialist (COP/HS), the Production Advisor (PA), Assistant Production Advisor and three Production Field Agents (FAs)

It is proposed that the Chief of Party be the Horticultural Specialist because of the importance of the expansion of commercial quality and quantity of produce. Having sufficient volumes of produce is central to the strategy of attracting buyers to farmer organization packing houses and depots.

A body of knowledge has been accumulated on production of several crops and continues to be refined. Field trials and experience have determined what varieties are suited to the local conditions. This work needs to be continued. The creation of production skills in small farmers must be continued, higher yields per hectare are a primary objective of the project. Also, new crops must be identified which allow for diversified production and penetration of summer markets New crops grown for market and crops grown for production other than for the winter market will require coordination with the market development specialist. Once crops have been targeted, a body of knowledge about them must be developed and passed on to the small farmers for their production. The Horticultural Specialist will develop overall production strategy and plans as well as participate in training of farmers in production of horticultural crops. The HS will be assisted in this

effort by a Swazi Production Advisor and an Assistant Production Advisor who will oversee three Production Field Agents who will provide field level technical assistance and training of farmers in commercial horticultural production.

2. Marketing/Organizational Development Specialist (MOS), Swazi Farmer Organization/Agribusiness Advisor (FOA) and three Swazi Field Agribusiness Advisors (FAAs)

The produce of small farmers cannot successfully be marketed without some form of organization to collect and prepare it for market. The farmer organization is the vehicle to move the product and assist in the production and preparation of the product. CAPM technical assistance advisors must have the skill to develop the organizations through the active involvement of organization members and leaders.

The MOA will be responsible for assessing markets, developing a marketing strategy for the organizations and, assisted by the three FOAs, training leaders and managers in skills which ensure that all the activities required from harvest to the market are as free from constraints as possible. The position requires a marketing specialist with experience in determining the feasibility of crops for alternative production, markets and seasons. The challenge in Swaziland is to diversify production and also enable farmers to produce for summer markets. This specialist should have first-hand knowledge and experience in all aspects of marketing, quality control, and postharvest technology as well skills in working with markets to create new opportunities. The advisor must have the ability to work closely with the Horticultural Specialist on crop feasibility studies. S/he must also be able to impart his skills to her/his organizational counterparts and team staff. Day to day technical assistance, training, and guidance in all of these areas which relate to packing and marketing will be provided by the three FAAs who will be assigned, one each, to each farmer organization. These individuals must have strong agribusiness and interpersonal skills, including the ability to lead organization managers and leaders into active roles in carrying out the horticultural businesses.

3. Government of Swaziland (GOS)

Various GOS ministries will continue to be integrally involved in providing support to the project. Activities conducted through the MOAC extension and research programs and the NAMBoard marketing operations will continue to be incorporated into the ongoing operations in support of the project

While the farmers' organizations are considered to be primarily beneficial for organizing production for market, they have the potential for improving the efficiency of available technical services. An organization of farmers engaged in similar production is a much easier vehicle for extension of technical services by the government than scattered individual farmers. These farmers, whose numbers will continue to grow will have specific needs common to most of them. Delivery of resources to an organized group of farmers who are producing for the same end will normally yield a greater return than these same resources supplied to many dispersed farmers.

The development of farmer organizations is expected to provide increased opportunities for the extension service and research division to provide their expertise and improve their professional development.

4. Horticultural Campaign Committee (HCC)

The Horticultural Campaign Committee of MOAC is expected to continue to be a key participant in the horticultural development in Swaziland. The objectives of this project agree with those of the HCC. The CAPM project and the HCC are expected to work closely together for their mutual benefit. The Horticultural Specialist will continue to be a member of the HCC.

II. ADMINISTRATIVE AND ORGANIZATIONAL ANALYSIS

A. Organization

1. Policy and Direction

Appendix C.1 shows the relationship between the various project entities. At the top of the chart is the overall controlling component of the project which is expected to consist of one hierarchical working committee which will determine the policy and direction of the project.

The Project Working Committee constituted with nominee(s) from appropriate Government of Swaziland (GOS) ministries, the United States Agency for International Development (USAID), the prime contractor, the private sector, project farmers, and interested marketing firms including those from the NAMBoard market. This working committee will oversee the project and provide practical advice and direction.

2. Executive

Those involved in the implementation of the project are represented in the Appendix C.2 First are the small scale farmers who, through their organizations, are the principal focus of the project; second are the marketing firms, and lastly, the CAPM team which through targeted efforts, expertise, and specific inputs are expected to facilitate the achievement of project objectives. The CAPM team scopes of work are represented below.

The Small Business Growth Trust (SBGT) will be available to provide business advice to marketing firms as well as horticultural production and packing input suppliers in collaboration with the CAPM team.

An agribusiness advisor will be assigned to SBGT under a USAID grant to collaborate with the CAPM project. This will be a business/financial person who will advise, on a fee basis, on financial and business plans for firms which provide inputs to the commercial horticultural sector. The agribusiness advisor will be strengthened in agricultural expertise by involvement with all members of the CAPM team. This is to be done in order to leave a well-rounded agribusiness advisor in place in SBGT at the end of the CAPM project

C. Project Interactions

There are various parties which will interact in the environment of the project. How these interactions will take place, especially between the small-farmers, farmer organizations, and firms which provide services or inputs to the small farmer organization, is described below and graphically presented in the Appendix C.2 to this Annex.

1. Horticultural Sector Service and Input Firms

As constraints to implementation are identified and to the degree time and resources allow, Swazi firms which provide services or inputs to the small farm horticultural production and packing operations, including those on the NAMBoard market will receive technical assistance from the CAPM team on organizational, financial, procurement, sales activities, and business management.

2. Farmers' Organizations

The current CAPM project has targeted three regions in Swaziland for production of crops for the winter export market. These regions are generally defined as:

- o Vuvulane Irrigated Farms (VIF)
- o Northern Hhohho (NRDA)
- o Siphofaneni/Sitobela

It is in each of these regions that a farmers' organization will be organized under the project. These organizations will coordinate the production, postharvest activities, packing and marketing of their members horticultural production with the assistance of CAPM technical assistance and MOAC extension and research officers.

The farmers' organizations will be organized as depicted in Appendix C.1 of this Annex and will have some form of infrastructure with which they are identified, such as packing sheds and collection centers. The farmers' organizations will be developed from existing groups of farmers in the region that form a base large enough to logically be formed into a viable economic enterprise. A number of farmers in these regions may not choose or may not be able to join the local farmer organization. This will not prohibit them from using the farmers' organization as a marketing channel and, in fact, they will be encouraged to do so.

It is considered that the order in which farmer organizations will be developed in the three regions is the North first, then the Siphofaneni/Sitobela and lastly the VIF. This is based on level of interest and activity as of June 1993 and could be modified. The three organizations should be functioning with minimal project assistance by the winter season of 1995.

The fourth region which will possibly be targeted for farmer organization development is the Central area where the project has worked with both SNL and TDL farmers for several seasons and the potential for forming a farmers' organization is good, particularly at Embekelweni. A description of each targeted region follows:

Northern Hhohho: Northern Rural Development Area (NRDA):

Since early 1993, CAPM assisted an informal association of farmers in the NRDA, the "Mkhovu Pack House Association" (MPA). The MPA's activities center around marketing fresh market tomatoes through a packing house developed under CAPM at the Mkhovu Irrigation Scheme. Its members cover a geographic area comprised of the eight irrigation schemes within an 18 km radius from Mkhovu. Several of these small schemes are registered as formal organizations for the purpose of maintaining their irrigation systems and procuring inputs.

Of the 250 farmers in the area, approximately 100 are presently involved in the MPA They produce on 57 of the 180 hectares comprising the eight schemes They are small-scale and have committed an average of 0 35 hectares each to CAPM production from their overall average holdings of about 0.9 hectares. Almost all are located on one of the eight Swazi Nation Land (SNL) irrigation schemes.

CAPM technical assistance has provided MPA members with production programming and training; coordinated the development of the packing house and trained members in its operation; linked the MPA with Philani Fruits and Vegetables and provided intensive technical assistance to both MPA and Philani in managing the packing house and in transporting and marketing their produce.

While the MPA is not registered, members aspire to formalize the organization. Representatives from each of the eight irrigation schemes presently make up the MPA's Executive Committee. The Committee has a chairman, secretary and a treasurer and has taken an active role in packing house operations. The MPA is interested in continuing to market tomatoes as well as other horticultural crops through its CAPM-developed packing house. It is also interested in procuring inputs and services for its members. It is anticipated, under the extended project, that 180 MPA area farmers will grow vegetables on 100 hectares and will market their production through the MPA packing house.

Siphofaneni/Sitobela:

Although there are no horticultural based farmer organizations in the Siphofaneni and Sitobela areas, there is a core of active CAPM-assisted farmers which have expressed an interest in formally organizing. They have a relatively high level of resources, education, and production experience and have often met with CAPM staff to collectively solve production and marketing constraints.

CAPM is presently providing production and marketing assistance to 25 farmers who are cropping 37 hectares (individual farm size on SNL and Title Deed Land (TDL) ranges from 1 to 10 hectares). They are located in two principal areas 30 km apart: along the Lusutfu River 10-12 kms southeast of Siphofaneni; and east of Sitobela in the Mhlatuze River watershed. In the 1993 winter season these farmers grew NEMA 1400 processing tomatoes for the Durban fresh market and sweet peppers for the local and regional markets. These products are being marketed through Philani Fruits and Vegetables, with considerable assistance from CAPM.

While it may be feasible for one farmer organization to meet the needs of producers in the Siphofaneni/Sitobela area, two independent or affiliated organizations may be advantageous because of distances Whether they form one or two associations, based on discussions to date, it is projected that, by the end of the extended project, at least 35 farmers on 60 hectares will formally organize to produce, and market horticultural produce from the Siphofaneni/Sitobela area

Vuvulane Irrigated Farms (VIF):

There are two formal organizations in VIF. One is a growers cooperative started 20 years ago, the other is a larger, splinter farmer association begun in 1991 that represents the majority of VIF farmers. The cooperative has roughly 40 members and the association 200 members.

VIF is made up of 1400 hectares, with approximately 300 hectares available for horticultural production. The rest is under sugar cane. In winter 1992, 36 farmers had programmed production under CAPM but production was curtailed from lack of water during the drought. Ten farmers are now producing on 6 hectares in winter 1993. It is projected that 50 farmers on 50 hectares will produce vegetables with CAPM support during the next winter season, increasing to 100 farmers on 100 hectares the following winter.

VIF farmers have good irrigation facilities, access to credit and inputs, and a resident extension person employed by the scheme. Although sugar cane is their staple crop, they have grown green beans, peppers (both sweet and "birds-eye"), and potatoes with CAPM. They have grown cabbage, carrots, and other vegetables for local sales and home use. Farmers have guaranteed market allotments from Mhlume Mills for their sugar cane. They have had only limited success marketing vegetables through Nokwane firms over the past years.

Embekelweni Irrigation Scheme and Central Area:

Although it is not anticipated that Embekelweni will be a target area for formal organizational development, the project will continue to provide limited production and marketing assistance at this scheme and with other area farmers who have previously been participants in the CAPM program. CAPM has installed a drip

irrigation system at the scheme to assure a constant source of water to plots. In order to operate the new system, CAPM has encouraged the formation of a water users' committee composed of scheme farmers as well as the several key MOAC personnel Farmers in the scheme have grown sweet corn and peppers for local and regional markets this winter.

At Embekelweni, there are presently 26 farmers on 13 hectares. CAPM is currently and will continue to advise these farmers on vegetable production using the new drip system and it will help identify markets for a wide variety of produce for the local markets. However, this assistance will be minimal and will not be allowed to jeopardize assistance for developing farmer organizations in the three areas mentioned above.

a. Farmer Organizations and Marketing

During the life of the project, markets for existing production need to be established and/or stabilized and alternative markets need to be developed. Simultaneously, markets for summer crops that have production potential need to be identified and analyzed and new crops for winter or fall production need to be found to allow for diversification of production. During the extension, the CAPM technical assistance team will provide this basic foundation work for the farmer organizations.

Successful marketing requires a reliable production base. By the end of the project, the need for intensive technical assistance to the farmers would have been satisfied and the farmers and farmer organizations should be able to function with occasional assistance from MOAC extension and research personnel. During the project, firm linkages will be established between these MOAC entities and farmer organization leaders and managers.

3. Input and Credit Suppliers

The supply of inputs to the farmers may take various forms. Two likely possibilities which need to be pursued are provision of inputs of credit by farm supply firms and further development of current credit channels to small horticultural farmer groups now offered by the Swazi Bank

4. Swaziland Business Growth Trust (SBGT)

The Swaziland Business Growth Trust is a trust formed under USAID with the role of assisting Swazi entrepreneurs form and develop their enterprises. SBGT will collaborate with the CAPM project in assisting, on a fee basis, Swazi marketing firms and

service and input suppliers to improve their business management. For instance, SBGT will be able to help such firms with business and financial plans General background on SBGT follows.

The Swazi Business Growth Trust was founded in August of 1991 with the objectives of increasing Swazi incomes and expanding the employment-generating capacity of the small business sector in Swaziland. The Trust plans to achieve these objectives through advising and assisting established small business owners in the management and operations of their enterprises. The private, no-profit Trust is funded by USAID, until 1996, under the Swazi Business Development Project (645-0235). Complementing this, the Government of Swaziland is providing the Trust with E1,000,000 for a small enterprise credit program These funds were generated from the sale of wheat donated to Swaziland by the United States in 1987 and are jointly programmed for development purposes by the Government of Swaziland and USAID.

Policy for the Trust is provided by a Board of Directors made up of representatives from small and large private Swaziland businesses and a representative from the Ministry of Commerce. Actual management of Trust operations are by a U.S. private contractor who is training Swazi staff to take over management of the Trust in the third year of the project Trust programs include the following,

- a credit program for small business loans,
- a program to encourage the development of business relationships between small businesses and large businesses and between small businesses and government where small businesses are supplying services and products to these larger entities,
- a program to provide small businesses with direct technical assistance in management, operations and technical skills,
- group training of small business owners, managers and employees in business management, operations and technical skills,
- activities to increase the quantity and improve the quality of services that Swazi business organizations provide to their members

5. MOAC Extension Agencies

The project is not expected to displace any of the existing extension activities underway in the small-scale farming sector. Rather, the presence of the CAPM field team is expected to supplement and provide convenient channels for MOAC support to the sector. The project will continue to benefit from inputs from the government and other extension organizations, and will work especially closely with MOAC horticulturists and research personnel.

6. Hawkers

In the past the hawkers have provided a valuable, although unreliable, market outlet for the small-scale farmers. The project does not expect to replace them, nor is the project expected to be threatened by them. The hawkers may play a role in the project by purchasing produce from the farmer organizations instead of sourcing it on the South African market.

7. National Agricultural Marketing Board (NAMBoard)

The Swaziland Fresh Produce Market operated by NAMBoard is a major influence in the horticultural environment in Swaziland. It is anticipated that CAPM, NAMBoard, and the farmer organizations horticultural production and packing activities will complement each other's activities. SFPM may well become the major outlet for the organizations, to the benefit of all parties.

8. Government

The Ministry of Agriculture a Cooperatives (MOAC) is the implementing Ministry for CAPM. There will be need for a continuation of the liaison with government officials at all levels throughout the life of the project. Participants will need to keep in regular contact with those officials who will influence their particular responsibility.

The project team will continue to encourage the participation of the extension service and research organization to participate in activities related to crop and farmer organizational development. When the project ends it will be critical that everyone in the agricultural sector is prepared to carry on the developmental activities of the project. One way to encourage this is to have MOAC personnel involved as much as possible in supporting the project's activities.

III. SUGGESTED PLAN OF ACTION

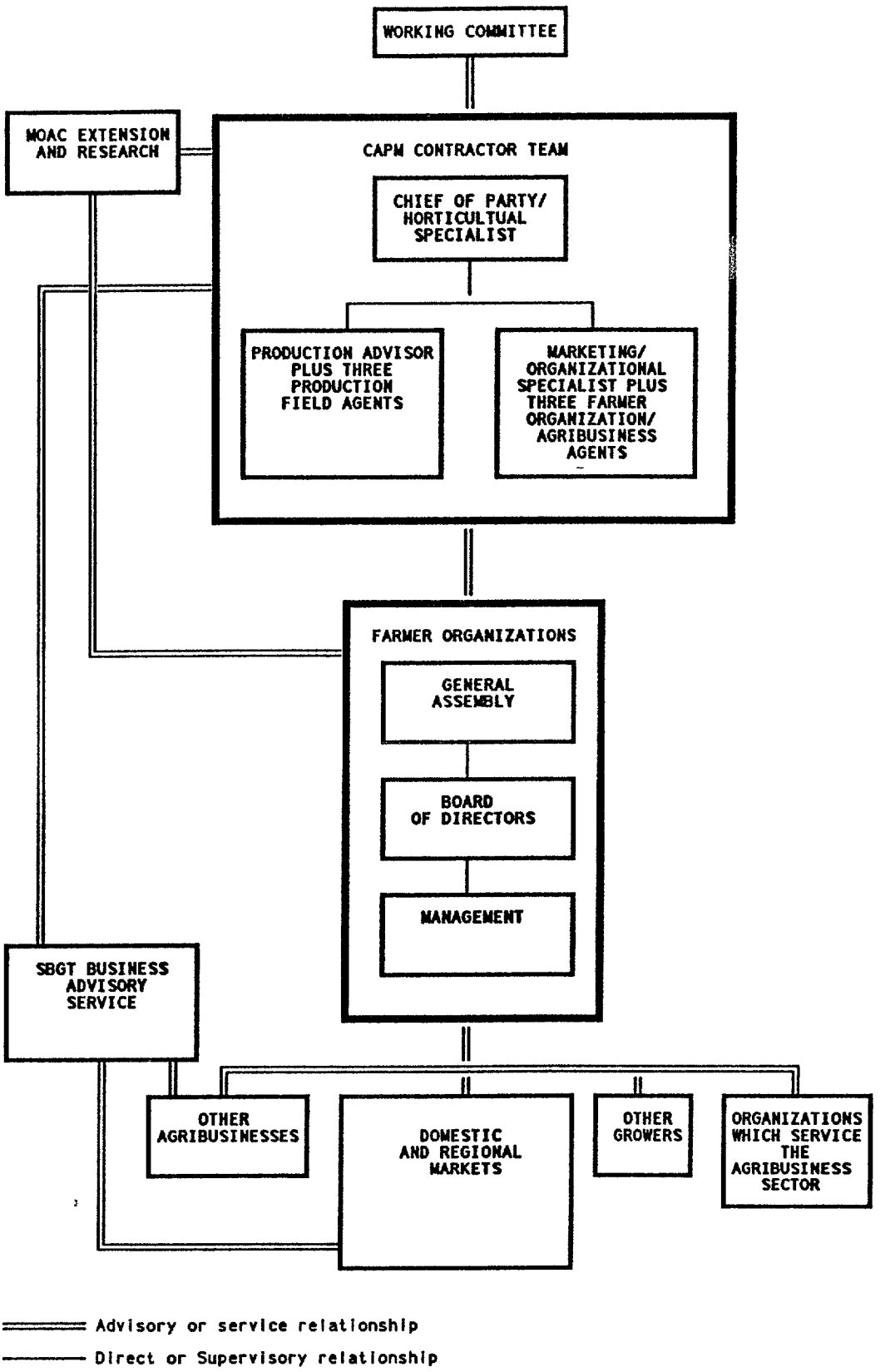
The amended project will commence with a number of activities already on-going. Production for the winter season will have been programmed and some plantings will possibly be in the ground. Most of the plantings will occur shortly after the commencement of the extension.

Development of farmers organizations will need to begin immediately and the NRDA will likely be the first to be organized. This organizing activity also requires the development and training of the personnel of the farmers' organization in operation of the tomato packing shed.

To initiate activities under the extension, the CAPM team will provide, within 45 days for signing of the Contract, a Life of Project and First Year Work Plan, to be approved by MOAC and USAID, which will include essential activities necessary for the development of the farmer organization horticultural businesses. The plan will schedule and specify essential steps to carry out each activity and will identify who will carry out each step with what resources Some areas which must be included in the plan are as follows:

- o General organizational development
- o Crop varieties to be grown
- o Sourcing of planting material
- o Sourcing and use of other inputs
- o Production programming
- o Production methods (including irrigation)
- o Planting of specified hectarage
- o Planting according to program schedule
- o Harvest and postharvest techniques
- o Farm records
- o Transport to packing shed
- o Packing house operations and management, financial systems, resource control, and marketing
- o Quality control
- o Collection and analysis of market information
- o Transport to market
- o Sale of produce
- o Settlement of claims
- o Receipt of payment
- o Retention of marketing fees
- o Payment of net receipts from sales

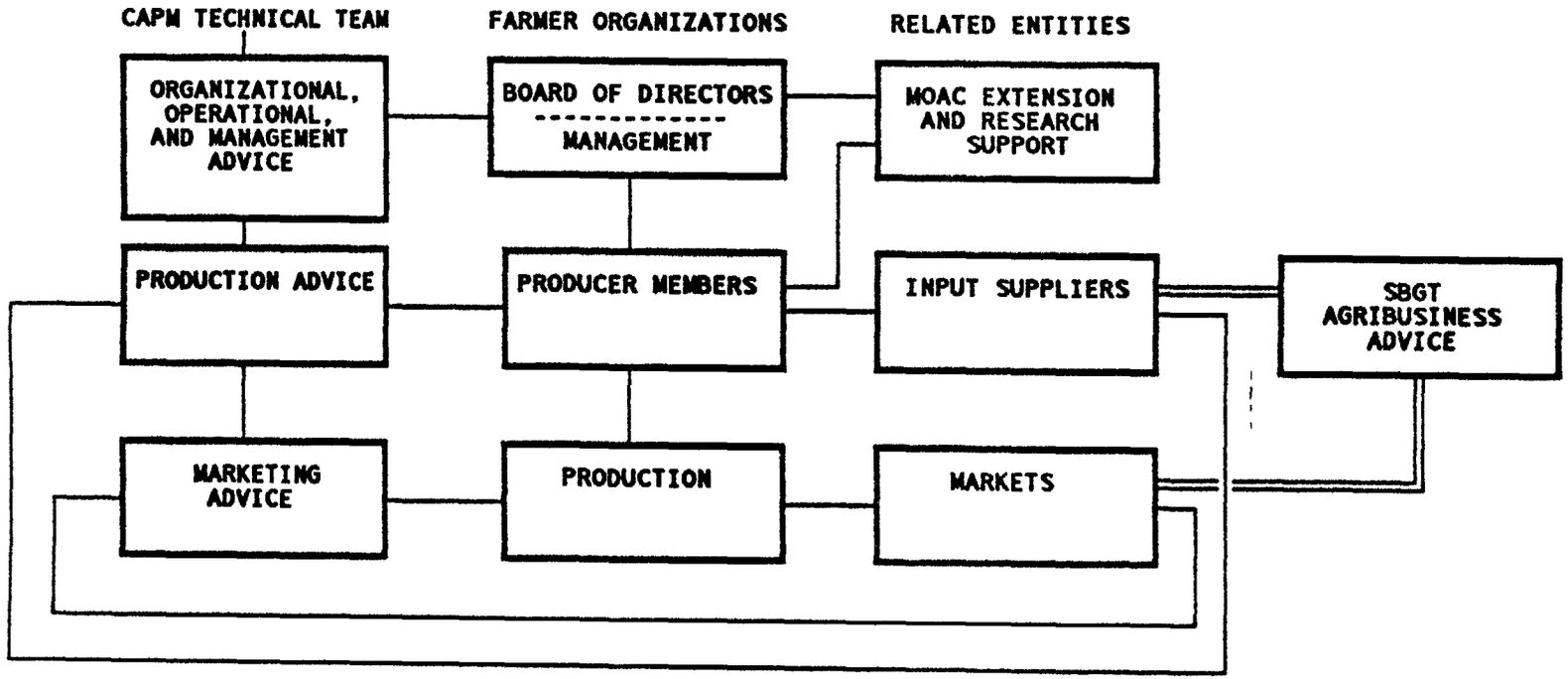
CAPM PROJECT
ORGANIZATIONAL CHART



═══ Advisory or service relationship

——— Direct or Supervisory relationship

GENERAL RELATIONSHIP OF PARTICIPANTS IN PROJECT ACTIVITES



APPENDIX C.3
REVISED CAPM INSTITUTIONAL CONTRACTOR SCOPES OF WORK

The long-term contracting field team, both local and expatriate provided by the contractor, is identified in the scopes of work that follow All contractor personnel will carry out their respective tasks within the vision of leaving behind viable farmer organization businesses which are programming, assembling, grading, packing and marketing small farm horticultural production

LONG-TERM EXPATRIATE POSITIONS:

Chief of Party/Horticultural Specialist (COP/HS)

Duration of Assignment: 20 months

Geographic Location: Malkerns Research Station, Malkerns Swaziland with frequent travel throughout the country and periodic travel within the region

Chief of Party (COP) Responsibilities: General Assignment and Lines of Authority: The Chief of Party/Horticultural Specialist will provide technical leadership to the CAPM project technical assistance (TA) team on behalf of the Contractor as defined in the contract. The COP/HS will have full field authority on behalf of the Contractor to manage and control TA specialists, long and short term, and all other CAPM activities carried out by the Contractor or its subcontractors in Swaziland.

Within the Contractor organization, the COP/HS will report to the Director of Agriculture and Extension; through the Director of Agriculture, the COP/HS will liaise with the Principal Secretary (PS) of MOAC and others in the GOS or the private sector as necessary to achieve the objectives of the Project.

Within USAID Swaziland, the COP/HS will coordinate with and report to the Mission CAPM Project Manager (PM) and as requested to the Office Director and Deputy Office Director/Project and General Development Office. Contact with other USAID officials will be through the USAID Project Manager, who will facilitate and assist the COP/HS to deal with mission processes and decision making.

Specific duties include, but are not limited to, the following

- o Supervise Contractor Support Office Staff in the following responsibilities·
- o Control in-country resources (financial and procured).
- o Manage, oversee, and evaluate long and short term CAPM TA specialists activities.
- o Obtain USAID/Swaziland and GOS approval, as necessary, for specific activities to be carried out by CAPM TA specialists or funded by the CAPM TA project.
- o Manage administrative matters, with the support of the Contractor's home office, of CAPM TA specialists.
- o Prepare scopes of work for short-term technical assistance.
- o Coordinate the preparation of the Interim and Life-of-Project Work plans, Semi-Annual progress reports, as well as all other financial, administrative, and technical reports essential to the project.
- o Assist in developing and managing the projects' relationship with the Project Working Group. This includes assisting with the preparation of agendas and generally keeping the bodies informed as to the progress of the project.
- o Development and direct the implementation of a WID strategy for the purpose of increasing the involvement, decision-making capacity, and responsibility of women participating farmers. Direct the impact monitoring of this activity.
- o Direct the CAPM Management Information and Monitoring Program. Assure correct, timely, and responsible data collection, analyze collected information and data, and provide summarized results with recommendations to resolve any constraint identified.
- o Coordinate all activities to assure the successful attainment of project all project outputs and objectives. The COP, while using the professional advice of other TAs, will be responsible for all decisions regarding seasonal production and marketing strategy, and daily implementation of this strategy

- As time allows, to solve constraints or to facilitate implementation, the COP/HS will directly provide or arrange for technical assistance to agribusinesses which impact on such areas as small farm production; produce transportation, packing, or marketing.

Horticultural Development Responsibilities: The specialist will take an activist role within the framework of the project organization to promote expansion of small farm commercial horticultural crop production in Swaziland. Emphasis will be on providing production advise to primarily organized Swazi Nation Land (SNL) farmers, but also to some Title Deed Land (TDL) producers engaged in commercial production of horticultural crops.

In fulfilling this role the specialist will directly carry out or will direct the CAPM Production Advisor and Field Agents to advise farmer groups on production schedules to meet market demands; recommend crop husbandry practices; identify constraints to production; conduct trials/demonstrators; develop appropriate production methods for new crops identified as having marketing potential; conduct horticultural production and post harvest training events for farmers; develop written materials on production related topic for use by farmers and extension personnel; assist in securing plant propagation materials of crop species/cultivars not locally available.

The specialist will work closely with the Marketing/ Organizational Specialist (MOS), Farmer Organization/Ag Business Advisor (FOA), and other project TA to establish viable farmer organizations composed of commercially-oriented small farmer members. The production base of these farmer will collectively be sufficient to comprise a critical mass of quality produce to attract marketers in the region.

The specialist will collaborate with counterparts within the MOAC including Research and Extension Officers. It will be the specialist's duty to ensure improvement of a field program that is responsive to the demands of the horticultural market. S/he will also maintain contacts with NAMBOARD, SFPM, and the Horticultural Campaign Committee. The specialist will interact with farmers regularly and assist, as feasible, in the development of a network with regional research programs and related private agribusinesses.

Specific Horticultural Development Responsibilities:

- Assume responsibility for all project production activities with farmer groups in targeted areas In response to market demand locally and in the region, and in collaboration with other TA, develop seasonal production programs which are: profitable to farmers in the short and long-run, non-destructive to the environment, and can be conducted by groups of farmers.
  Such plans will provide, among other essential activities to insure commercial quantities and quality horticultural production, a schedule for production, by farmer and by crop, number of hectares allocated by crop, estimate yields and harvest dates, input requirements and arrangements, farmer technical assistance and training requirements including pre-season farmer production training plans.

- Assist in identifying key production constraints to overall expansion of commercial production of fruits and vegetables including selection of crops and cultivars, planting schedules, population densities, fertilizer practices, pest control methods, irrigation management, and handling procedures. Develop, with other CAPM TA specialists and counterparts, a program to overcome these constraints and train producers in such practices.

- Work closely with the Marketing/Organizational Specialist, Farmer Organization/Ag Business Advisor, and other project TA to establish viable farmer organizations. Assist in training of farmer organizations to coordinate production and marketing activities.

- Oversee and participate in planning and conducting demonstration field programs, field days, workshops, and other training events to transfer production information to farmers. Coordinate with MOAC Research the planning and conducting of trials for production of new crops for market development.

- Coordinate development of appropriate material to use in extending production information to farmers and for use in training events. Compile all production recommendations made and problems encountered during project implementation for future use of public and private sector institutions.

- Frequently visit production sites to assist in the early identification of potential production problems and make recommendations as required to improve production efficiency.

- Supervise the Production Advisor, the Assistant Production Advisor and Field Agents Coordinate activities with all other field TA.

- Communicate and interact with public and private institutions and businesses to obtain updated information and materials to assist in supporting commercial production of horticultural crops. Collaborate with MOAC counterparts on project implementation, while providing them on-the-job training.

- Carry out all activities necessary for implementing the CAPM Management Information System. In this regard, assure that data collection and field reports are properly completed on time by field personnel and that the Data Management Specialist (DMS) receives this information in a timely manner. Assure that USAID receives a monthly summary of data gathered.

Marketing/Organizational Specialist (MOS)

Duration of Assignment: 20 months

Geographic Location: Malkerns Research Station, Malkerns Swaziland with frequent travel throughout the country and periodic travel within the region.

Responsibilities: This specialist will be responsible for all postharvest and marketing activities in general. S/he will identify markets for participating small farmers and will facilitate the marketing of such production through linkages of farmer groups with marketing entities and provide advice and assistance to all parties involved. While doing this, the specialist will make certain that the project serves in an advisory role, and does not undertake the actual marketing nor is perceived as the marketer by project farmers.

The MOS will work closely with the Farmer Organization/ Agribusiness Advisor (FOA) and Field Agribusiness Advisors (FAAs) to train farmer organization members in the preparation and sale of produce, in establishing necessary infrastructure, e.g. packing houses, and in organization operational systems necessary for the success of the targeted group.

The MOS should assure that by end-of-project the majority of produce grown by farmers will be sold through organized market channels. The specialist will also, through market development efforts during the project, have formulated a description of and systematic strategy for dealing with the most opportune markets in the region.

Specific Responsibilities:

- The MOS, assisted by the FOA, will help each targeted organization to develop business plans and strategies to develop the organizations' capability to manage horticultural packing houses and market produce.

- For each organization, the MOS, working with organization management and assisted by short term technical assistance, will develop, and train farmer organization personnel in their use: procedures manuals, operational systems, and support materials for all aspects of horticultural business management, operations and marketing.

- Identify markets, both domestic and regional, for small farmer produce From these determine the most profitable and sustainable markets for each season

- Develop seasonal marketing strategies for each organization consistent with assessed abilities of organizational management, market requirements, logistics and communications requirements.

- Develop linkages between farmer organizations and SFPM firms and other marketing entities in the region. Train farmer groups in produce marketing contracting with such entities.

- Collaborate with CAPM team members in scheduling production and marketing activities, including the development of a produce quality control program.

- Train farmers in post-harvest activities including grading, packing, storage and pricing.

- Develop a training program for small farmer organization managers and other agribusiness managers in skills required for successful participation in the marketing system.

- Identify needs for postharvest/marketing infrastructure and assist in development of plans and programs to meet these needs.

- Assume an advisory role with the activities of the SFPM firms and ancillary agribusinesses that are deemed to be important to the small farmer marketing system. Provide this advice in collaboration with the SBGT Agribusiness Advisor whenever possible, while at the same time assisting with the SBGT advisor's professional development to provide services to agribusinesses in the sector.

- Develop a program to provide market information to small farmer organizations and train them in it use and in market functions in general.

- Arrange for and conduct workshops and field days as well as observation tours throughout the region for small-scale farmers and produce marketing company personnel, relevant to their needs.

- Coordinate feasibility studies for crop diversification through new crops or marketing at different seasons.

- Carry out all activities necessary for implementing the CAPM Management Information System, as assigned by the COP.

- Supervise the local Farmer Organization/Ag Business Advisor (FOA), assisting this person in matters related to training farmer organization members and management in their duties and responsibilities.

LONG TERM LOCAL HIRE SPECIALISTS

Farmer Organization/Ag Business Advisor (FOA)

Duration of Assignment: 20 months

Geographic Location: Malkerns Research Station, Malkerns Swaziland with frequent travel throughout the country.

General Responsibilities: The FOA will coordinate project support of the development of targeted farmer organizations to prepare them to organize to assemble, pack, and market small farm horticultural production in a profitable and sustainable manner. The work will be carried out in the Northern Rural Development Area, at Vuvulane Irrigated Farms, and in the Siphofaneni/Sitobela area.

The FOA, under the immediate direction and assistance of the MOS, will initially meet with targeted farmers to assist them to determine group objectives with regard to the profitable

collection and marketing of their produce From this, the FOA will develop an action plan which will include, as indicated, legal registration of their organization, and organizational and technical training To the degree possible, GOS counterparts will be involved in this development.

Organization members, leaders, and management will be trained in general organizational procedures, management of financial and physical assets, conducting the daily business of the organization including operation of packing houses, procurement of services from the public and private sector, and in methods for dealing with marketing firms and other agribusiness entities with which the organization will do business. The FOA will be assisted by Field Agribusiness Advisors assigned to each organization.

The specialist will work closely with the horticultural team in the development of crop feasibility studies for new crops. S/he will also be responsible for coordinating activities with the other LTTA to ensure a coordination of activities related to production and marketing.

Specific Responsibilities:

- Meet with farmers in targeted areas to assist them in developing a vision for collectively programming and marketing their produce From this, develop action plans for each farmer organization which include project training and support activities in coordination with other CAPM Technical Advisors.

- Liaise with all parties concerned with targeted farmer organizations including: chiefs, regional development authorities, extension personnel, NAMBOARD, MOAC administrators and specialists, as well as agribusinesses associated with the project.

- As indicated, assist targeted farmer organizations in obtaining legal status and in revising and improving organizational charters and bylaws to facilitate the management of packing houses and depots to market horticultural produce.

- Advise organizations in the establishment of transparent accounting and resource management and control systems. Establish procedures for transparent checks and balances, and set up a system for periodic audits.

- Train management, staff and membership of the organizations and firms in organizational, financial and technical and other pertinent duties and responsibilities in coordination with other support services as provided through MOAC and other involved parties.

- Advise and direct the Field Agribusiness Advisors (FAAs) as they provide training and technical assistance to the leadership and management of targeted organizations.

- Carry out all activities necessary for implementing the CAPM Management Information System, as assigned by the COP.

- Assist in identifying constraints to the further development of the commercial horticulture industry in Swaziland with respect to small farmer organizations and formulate appropriate solutions to alleviate these constraints.

Production Advisor (PA)

Duration of Assignment: 19 months

Geographic Location: Malkerns Research Station, Malkerns Swaziland with frequent travel throughout the country.

General Responsibilities: The Production Advisor, under the supervision of the Horticultural Specialist, will coordinate activities of the CAPM Assistant Production Advisor and Field Agents and MOAC counterparts stationed at each of the targeted areas. S/he will be responsible for the overall daily implementation of production programs, and be responsible for overseeing, backstopping, and implementing on-site production activities to train small farm operator to meet market demand.

Specific Responsibilities:

- Implement an annual production program as outlined by the Horticultural Specialist and Marketing/Organizational Specialist. Prepare a monthly activity plan based on the production program which gives dates for activities such as seed-bed preparation, seeding, transplanting, slashing, and weeding From this plan, maintain a daily operation review record book

- Maintain a daily operation review record book that will be used as daily record of activities, recommendations, and problems, and as a guide when reviewing the success or

failure of the season Information to be kept will include participant information and records provided by field assistants and small-scale farmers.

- Maintain daily supervision and communication with Production Agents and the Horticultural Specialist to keep everyone abreast of changes or problems in the production system.

- Advise participating farmers on appropriate production practices as outlined by the Horticultural Specialist.

- Assist field agents in monitoring pests and advising farmers on pest control and diseases and other production problems that may arise.

- Carry out all activities necessary for implementing the CAPM Management Information System, as assigned by the COP.

- As necessary to carry out the above responsibilities, coordinate with other Contractor team members, the farmer organizations, MOAC personnel, and other private and public persons or entities.

Field Agribusiness Advisors (FAAs) - 3 positions

Duration of Assignment: 20 months each

Geographic Location: Northern Rural Development Area, at Vuvulane Irrigated Farms, and in the Siphofaneni/Sitobela area.

General Responsibilities: The FAAs will be supervised directly by the FOA and assigned one each to one of three targeted area to provide on-the-job training of farmer organizations to manage the business of assembling, packing and marketing horticultural produce. The FAAs will work closely with the MOS on all marketing matters, and coordinate with the project production team. The Agents will be counterparts to farmer organization leaders and managers, advising them, in cooperation with other project TA, on all post-harvest issues related to collectively marketing crops The agents will reside in the area of their assigned farmer organizations If adequate housing is not available in the area of their assignment, they must be quartered in the nearest available location.

Specific Responsibilities:

- Assist in all post-harvest activities related to marketing commercial farmer produce including collecting, cleaning, sorting, grading, and packing for the market.
- Assist the MOS and FOA to identify market opportunities.
- Assist farmers in implementing an annual marketing program, as outlined by the farmer groups, marketers, and project marketing and production specialists. Work with farmers in carrying out the actual sales and delivery of produce to marketers, keeping complete records of all transactions.
- With input of the MOS and HS, prepare a monthly activity plan based on the production/marketing program. This plan should include dates of planting, expected harvest times, expected quantities to be harvested, and other relevant and timely information.
- Keep a daily activity book containing information on participating farmers and records provided by field assistants and small-scale farmers relating to amounts and types of products sold, market percentage of various grades, etc.
- Assist the other CAPM team members in programs designed to develop an understanding of the regional marketing system among the managers and members of the farmer organizations.
- In cooperation with the MOS, FOA, HS and others, train packing house and other postharvest personnel in management and produce handling. Assist in design and costing of postharvest infrastructure as required.
- Work with production agents and other project TA in maintaining comprehensive records on individual operations such as sales volumes, quality levels, products sold, dollars per sale, and sales outlets. Assist farmer organization managers and the FOS to establish and implement a reliable and timely farmer payment system for produce sales.
- Carry out all activities necessary for implementing the CAPM Management Information System, as assigned by the COP.
- Assist in maintaining a tracking system for organization resources such as lug boxes.

Assistant Production Advisor (APA) and 3 Production Field Agents (FAs)

Duration of Assignment: 19 months each

Geographic Location: Malkerns Research Station, Northern Rural Development Area; Vuvulane Irrigated Farms; and in the Siphofaneni/Sitobela area

General Responsibilities: Supervised by the Production Advisor, the Assistant Production Advisor will assist in supervising the FAs who will be assigned in each targeted production area to provide field level direct technical assistance and training to participating farmer in all areas of horticultural production. To ensure that all details of the seasonal production programs are carried out, while coordinating with horticultural extension officers, they will visit each farm site not less than once a week to monitor production; advise farmers on appropriate production procedures; and resolve problems such as insect damage or poor irrigation practices. The agents will reside in the area of their assigned farmer organizations. If adequate housing is not available in the area of their assignment, they must be quartered in the nearest available location. In addition to the supervision role discussed above, the APA will provide extra field support as needed and will fill in for FAs who are absent because of leave or other administrative reasons.

Specific Responsibilities of APA and FAs:

- Work daily with farmers in the field in a systematic manner to increase their ability to produce programmed crops efficiently and profitability. Help set up programmed production and postharvest marketing activities for target markets. Assist and advise, with other project specialists, to implement the programmed production in each of the targeted areas.
- Help set up and monitor production trials, demonstrations, and field days. Assist with farmer training.
- Help identify constraints to production and participate in programs or activities to overcome these constraints.
- Carry out all activities necessary for implementing the CAPM Management Information System, as assigned by the COP.
- Coordinate all activities with other GOS/MOAC sponsored projects, while working closely with MOAC extension personnel.

Specific responsibilities of APA

o Assist PA in oversight and supervision of FAs. Backstop and fill in for FAs when FAs are absent from area of assignment. Assist FAs during heavy workload periods

Office Staff:

Administrative Officer (AO) (20 months)

While under the supervision of the COP, the AO will assure efficient operation of the project office and supervise the Secretary/Receptionist. One of his/her primary responsibilities will be to keep an accounting system acceptable to USAID of all contractor expenditures and assets. As delegated by the COP, s/he will liaise with USAID on routine project issues because of the heavy responsibility the COP will have with production and marketing activities. As such, an experienced person, capable of understanding policy and implementation issues and having substantive presentation skills will be required.

Data Management Specialist (DMS) (20 months)

The DMS will manage, under the direction of the COP, computerized MIS system using data provided by project TA through the COP. S/he will produce related reports such as semi annual project status reports, GOS contribution tracking reports, monthly summaries of production and sales data. As delegated by the COP, s/he will liaise with USAID on routine data management reports issues because of the heavy responsibility the COP will have with production and marketing activities.

Office Clerk (20 months)

Carry out office clerical duties as assigned by the COP.

Secretary/Receptionist (20 months)

Carry out office secretarial duties as assigned by the COP. Serve as receptionist for local office communications.

C. Short-Term Consultancies

The project provides for short term consultancies to assist the long term technical assistance team to resolve constraints or deal with specialized implementation concerns which arise during project implementation. The project budget includes funding for 8 person months of U.S. short term consultants and 7 person months

for local consultants. Following is an illustrative listing of some of the short-term consultancies which the project may require during the life-of-project.

1. Short-Term Intermittent Legal Assistance to Prepare Farmer Organization Documents

The consultant will provide legal assistance to CAPM-supported organizations for their organization. Provide legal assistance on producer-marketer relationships. This person will be recruited locally if a qualified candidate is available.

2. Post harvest Specialist

The consultant will design appropriate facilities and handling technology for produce marketed under the CAPM project. Conduct seminars in postharvest handling of fruits and vegetables.

3. Pest Management/IPM Specialist

The consultant will develop and implement a pest/pesticide management program for small farmers using applicable IPM techniques. Review available pesticides and prepare a report recommending their use.

4. Marketing Specialist

The consultant will help coordinate farmer seasonal produce sales on an "as needed" basis or a schedule of periodic visits as set down in the LOP work plan. It is desirable that the same consultant be brought in for repeat marketing consultancies. The person, on the initial visit, will conduct a market study giving a profile of the horticultural marketing system in the region. The profile would characterized all the steps in the system, identify marketing opportunities available to Swazi producers, and list and characterize key marketers and other participants in the system.

5. Baseline Specialist

The consultant will work with the CAPM team and USAID in refining the baseline values related to project outputs as defined in the CAPM Logframe.

ANNEX C: APPENDIX C.4

ACTION MEMORANDUM FOR THE COMPETITION ADVOCATE USAID SWAZILAND

SUBJECT: Non-competitive Award of U.S.$100,000 for a Cooperative Agreement to the Swazi Business Growth Trust (SBGT)

ISSUE:

Your approval is required to authorize a non-competitive award of a cooperative agreement to the Swazi Business Growth Trust (SBGT) to provide agribusiness advisory services to strengthen established small agribusinesses in Swaziland.

BACKGROUND:

The Swazi Business Growth Trust was established to stimulate the growth of small and medium sized businesses in Swaziland. Among other activities, the Trust provides business and technical advice to established small businesses, mainly in the Mbabane - Manzini corridor. In providing these services, the Trust has been most successful in a case where a focused sub-sectoral strategy was followed. In that situation, funds were set aside to establish a special unit within the Trust to fund a continuous source of TA to small Swazi construction contractors. The Trust wishes to expand this strategy to another key growth sub-sector, agribusiness, but does not have funds to do so. This sub-sector was identified as having strong growth potential in the project baseline study conducted by Michigan State. Experience to date with businesses related to horticultural production and marketing under the Commercial Agricultural Production and Marketing Project (CAPM) supports this conclusion. The strengthening of such agribusinesses through SBGT business advice would contribute to the achievement of the CAPM project purpose, which is to establish an environment that will stimulate increases in small-scale commercial agricultural production, other agribusinesses and domestic and export marketing activity.

At present, other than SBGT, Swaziland has no entity which is organized to manage the delivery of a package of business advisory and financial services to established businesses. A determination to this effect was previously approved by the Mission Competition Advocate on August 6, 1991 and the situation has remained the same. The Trust was, in fact, established by USAID specifically to provide, among other benefits, such services to the established business sector because there was no viable Swazi alternative.

This option will not only provide a vehicle for the provision of business advisory services to agribusinesses but has excellent potential of being able to provide benefits to the sub-sector beyond the life of the project Under the Swazi Business Development Project, the Trust is tasked with developing a sustainability strategy. As currently envisioned that sustainability will be based on earnings from the provision of credit, fees for service and fund raising The strategy is currently well under development and has the highest priority at SBGT. Based on these efforts, it is a reasonable expectation that SBGT will be positioned to extend accessible agribusiness advisory services beyond the LOP, thus providing a sustainable source of accessible and affordable services to agribusinesses. It is this that makes SBGT a unique source for the provision of the required services.

The alternative of providing business advisory services through directly contracting an agribusiness advisor to provide services during the life of the CAPM project would limit the benefit of accessible agribusiness services to the agribusiness community the services to the life of the project only.

Day-to-day project activities of SBGT are managed by an institutional contractor who is currently training and recruiting Swazi staff to manage SBGT affairs once the institutional contract terminates. Under another AID project, the Swazi Business Development Project, funds are allocated to support overall SBGT staff, operations and management until December 31, 1995 when the project ends. This date coincides with the terminal date of the extended CAPM project which is also December 31, 1995. Thus SBGT is assured of adequate financing to cover essential overall organizational management and operations during the time that AID funding is requested for the agribusiness advisory service.

Shortly after the establishment of SBGT, the contractor and SBGT local staff developed, and the USAID Swaziland Controller's office approved, financial, management and reporting procedures and controls sufficient for AID to provide substantial resources to SBGT. They have been audited once and no significant findings were reported. The track record of the Trust in developing and implementing these controls and procedures is sufficient to find that the SBGT is grant worthy.

JUSTIFICATION.

Since there is no other Swazi source who is organized to deliver a package of affordable business advisory services to established small and medium businesspersons, including agribusinesspersons, and which has the objective of continuing to provide such services beyond the life of the CAPM project, it is determined that the SBGT has exclusive and predominant capability to deliver these services in Swaziland, based on its specialized facilities, technical competence and organizational structure and plans to continue to provide agribusiness advisory services in the future. Consequently, as provided in Handbook 13, 2B3b, competition is not required for this grant award.

RECOMMENDATION:

That you approve this non-competitive award of the subject cooperative agreement to the Swazi Business Growth Trust.

Approved: Jack C. Myers Date: 17 Jan 1994

Disapproved:_____ Date:_____

Clearances:

EBaker, PGDO	DRAFT	Date 1/10/94
MAlexander, RLA	DRAFT	Date 1/10/94
CWoelher, CO	DRAFT	Date 1/11/94
WGraham, CONT	DRAFT	Date 1/11/94

ANNEX D

UPDATED SOCIAL SOUNDNESS ANALYSIS *

I. Revised Social Soundness Analysis

This analysis concentrates on the various types of farmers on irrigated lands as the client group for the revised CAPM project. Consequently, the structure of Swazi agriculture and the MOAC are not the major focus Rather, the current and potential participants are highlighted with reference to their farming and marketing practices, problems, and constraints. The marketing structures and facilities are also considered. Attention is paid to actual and potential difficulties of implementing the extended CAPM project. Additionally, particular consideration is given to gender issues.

II. Findings About CAPM Farmers And CAPM Operations

A. Analysis of Current CAPM Farmers by Gender and Type

1. Participation: As of the date of this analysis, the project has a total of 138 farmers (based on lists generated at the beginning of the winter production season, March 1993). (It should be noted that during the season, farmers may have been added or dropped.) For this analysis the data are divided into scheme, individual non-scheme Swazi Nation Land (SNL), and title deed land (TDL) farmers. 27.5% of current total CAPM participants are women. Women constitute 29 9% of scheme farmers in the north and 66.6% in the central scheme area, whereas the individual SNL and TDL category has only 10% women in central and 0% in the southeast areas (Previously, there were some women scheme farmers in the southeast, but the scheme was dropped from CAPM for this season.) Considering the data by scheme and non-scheme farmers, 33.9% of scheme farmers are women, but only 3.4% (1 TDL farmer) of non-scheme farmers is a woman.

CAPM farmers account for 109 of 193 farmers (56.5%) in the scheme areas where CAPM is working; 32.6% of them are women. Comparable figures for individual SNL and TDL farmers are not available. However, the Social Soundness Analysis for the last project paper amendment (PPA) gives a figure of 877 households with irrigation (with women constituting at least half, if not more of farm workers) and MOAC reports 350 TDL farms in use; hence, the 29 CAPM farmers who make up both individual SNL and TDL CAPM farmers are but a small fraction (2 3%).

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*This analysis is a summary of the 1993 CAPM Social Soundness Analysis prepared by the RONCO CAPM Assessment team. The RONCO Social Analysis may be found in the CAPM project official files and in the USAID/Swaziland library.

Women constitute an average of 32.6% of all scheme farmers with a high of 47 1% in Mavulandlela, one of the areas where the rapid rural appraisal was carried out (see below). Since CAPM will require greater volume of product, more scheme and non-scheme farmers will undoubtedly be brought into the project. Sensitivity to the issue of increasing the number of women in general (as well as in relation to their proportional numbers), and strategies for doing so should be addressed by the project. Additional investigations are necessary to determine the actual deterrents; the literature abounds with cultural constraints, yet women do constitute 32.6% of scheme participants. Also, actual deterrents need to be studied to ascertain if there are limitations for women to have further agricultural intensification in terms of obtaining credit, increasing hectarage, improving irrigation, and remedying labor shortages.

In order to participate in CAPM, farmers must have irrigation. Scheme farmers already have furrow irrigation (drip irrigation is currently being installed at Embekelweni scheme in central area using Government of Swaziland funds). However, non-scheme SNL and TDL farmers have used CAPM to assist them in obtaining loans to increase the amount of their land under irrigation or to upgrade their systems. Excluding the current Embekelweni scheme upgrade, 10 9% of the total farmers in the CAPM project have added to or upgraded their systems. Non-scheme SNL and TDL farmers have taken advantage of CAPM to do so in central (50%) and southeast (47.4%) areas.

2. **Labor hired:** CAPM data show that 23.2% of farmers hired labor, with the largest percentage being in the southeast (52.6%) and central areas among non-scheme SNL and TDL farmers. A total of 130 persons were hired by 32 CAPM farmers. Scheme farmers only hired 1 or 2 compared with individual SNL farmers who hired 2 to 5 and TDL farmers who hired 5 to 15 laborers.

3. **Credit facilitated by CAPM:** Farmers who obtained credit were almost exclusively in the southeast where 52.6% of the farmers obtained bank loans (this explains their irrigation additions and upgrades (individual SNL farmers mentioned this type of assistance from CAPM very positively during the rapid rural appraisal, while scheme farmers seemed less interested--see below).

4. **Land under CAPM production:** It should be noted, however, that farmers do not use all of their irrigated land for CAPM production either because they allow some to be in fallow, or because they are cultivating other non-CAPM crops. Scheme farmers in the north put 51% of their land in tomatoes while central area scheme farmers only put 24%. Some of the latter refused to plant

because they had not been paid for previous production. Individual SNL farmers put 44% of their land in CAPM crops, while TDL farmers, who have large holdings, put only 7%. Farmers in the north planted 77% to 78% of what CAPM programmed them to plant, with women planting more than men of their total hectarage (63% compared to 49%). At the scheme in central area, men planted 63%, but women only 27%, as they were unhappy about non-payment for previous crops. Individual scheme farmers planted 62% of what was programmed for them. Male TDL farmers planted 53% and the one woman planted 83%.

5. Income from CAPM crops: From the baseline yields of 12 MT for scheme farmers and 15 MT for non-scheme SNL and TDL farmers increase to 18 MT and 20 MT, respectively, as a result of CAPM. Incomes for male scheme farmers have not increased from the baseline, although the conditions of drought and hail for winter 1992 and summer 1992 undoubtedly contributed. The women's income have increased more than the men's. It remains to be seen if this gender difference is real or an artifact of incomplete data. Individual SNL farmers' incomes have increased from E3,030 to E4,848. The data for the one male TDL farmer are interesting, as it is the same farmer in the baseline (.25 ha and E1,136) and currently (2 ha and E12,120). His hectarage increased eight-fold, while his income increased by 10 and a half fold.

B. A Focused Rapid Rural Assessment of CAPM Farmers

A rapid rural assessment (RRA) of a sample of farmers participating in CAPM was carried out specifically to assess the impact of the CAPM project on the farmers. The RRA was a brief, but focused exercise to both learn about the farmers' methods and needs and to allow them to assess the impact of CAPM on their farming systems.

The data were collected from the three areas that CAPM is currently working in, and recognition was given to crops grown, and type of farmers based on kind of land holding. Irrigated scheme farmers in the north and central areas were grouped together, as were individual SNL farmers in central and southeast areas and TDL farmers in central and southeast areas.

1. The rapid rural appraisal sample:

(a) Group irrigation scheme farmers growing fresh market and Nema-1400 tomatoes, sweet corn, and green peppers were interviewed in three of 9 schemes--in the north at Mkhovu and Mavulandlela and in the central area at Embekelweni (n=12, 5 male and 7 female; this is a sample of 11%). Scheme farmers have limited amounts of irrigated land and little room for expansion or

rotation Diseases/insects on tomatoes are limiting factors in production as a consequence. These farmers have small hectarages, but are commercially oriented because of over 20 years of project enterprises and experiences--e g., through IFAD projects and Republic of China extension assistance. Sales from primarily tomatoes and other vegetables provide the major income source for the farmers in the north, while off-farm/non-farm income sources are larger in the central area.

(b) Individual farmers who have irrigated their Swazi Nation land (SNL) (n=5, all male; this is a sample of 26.3%) grow tomatoes (fresh market and Nema 1400), sweet corn, and green peppers as a result of CAPM. These are located in Malkerns in the central area and in Siphofaneni in the southeast area (two of several areas where CAPM is working). All CAPM farmers in this category are men.

(c) Individual farmers who own irrigated title deed land (TDL) (n=4, 3 male, 1 female; this is a sample of 50%), grow tomatoes (fresh market and Nema 1400), sweet corn, and green peppers. They are located in the Malkerns and Sidvokodvo in the central area and in Siphofaneni in the southeast area. All are men except for one woman in Sidvokodvo.

2. Findings

(a) Reasons for joining CAPM

All farmers joined the project because of marketing considerations primarily. For scheme farmers technical assistance was a second priority, while non-scheme SNL farmers were also enticed by their loans being facilitated.

(b) Participation in CAPM services (i.e., training, credit, technical assistance)

Virtually all scheme farmers have taken all the courses given in their area, while only a fraction list another project service (credit--two farmers). There were no gender differences. All farmers were invited to training events and SNL and TDL farmers have had some training, although less than scheme farmers, but they also mention the receipt of seedlings and credit as services received The woman TDL farmer is hoping that CAPM can facilitate a loan for her and she particularly appreciates the technical advice of the FA, although at times she does not follow CAPM's technical recommendations.

(c) Other services wanted from CAPM

Both scheme and non-scheme SNL farmers want support for their farmers' associations; these were their first and second reasons respectively The type of support they imagine relates to transportation to attend meetings, assistance with drafting the constitution, and facilitation of substantive matters such as marketing. SNL and TDL farmers' first response, however, was a request for more technical assistance (for diseases and pests, water management, production, and marketing).

(d) Changes in production as a result of CAPM

Scheme farmers mentioned more changes than non-scheme SNL farmers who have more changes than TDL farmers. Fifty percent or more of scheme farmers mention the programming of crops, changes in inputs, shift to new crops as the 1st, 2nd, and 3rd most important changes followed by changes in cultural practices (particularly plant spacing) and the receipt of higher yields. Non-scheme SNL farmers mention changes in grading practices, the shift to new crops, more inputs and cultivating larger areas in descending order. TDL farmers note only the shift to new crops and improved technical assistance.

(e) Changes in labor as a result of CAPM

Both the non-scheme SNL and TDL farmers have had to hire more labor, especially for harvesting and grading, as a result of CAPM, whereas the great majority of scheme farmers have had no increase (only two farmers increased their hired labor) and mostly use their own and some family labor. There is a particular system in Embekelweni of groups of four farmers planting and harvesting each person's field in turn.

Some farmers have definite preferences towards hiring men rather than women while for other farmers, it is the opposite in terms of permanent laborers. In general, most hire both sexes, but there is a tendency for women to be hired for harvesting. Scheme farmers tend to pay in kind (mostly produce not taken by marketers), while non-scheme SNL and TDL farmers mostly pay in cash.

(f) Programmed production

Scheme farmers appreciate the programmed production and see its results However, they do not think they can do programmed production on their own and have doubts as to whether or not a farmers' association or organization could coordinate this aspect. They see any management by peers as problematic.

(g) Market channels and strategies

Scheme farmers have difficulty distinguishing NAMBoard and CAPM marketing services, some farmers are likewise confused about CAPM firms and FAs as market channels. However, a single discussion with the farmer is not enough to elicit this information carefully enough. All farmers use a number of marketing channels (NAMBoard, CAPM and hawkers and vendors are used by all farmers). However, only scheme farmers also sell to Indian traders. Only some of the SNL, but all the TDL farmers have their own vans, while none of the scheme farmers do. A few scheme and TDL farmers also had contracts with supermarkets.

Farmers strategize to supply all sources with product. They balance off price, immediate versus delayed payments, and whether or not all or part of the product is taken. CAPM is presently the second choice with some scheme farmers, who prefer the Indian traders who take everything for a lower price, while other scheme farmers prefer hawkers who pay immediately and the farmer is able to set the price. In this case, the hawkers only take part of the product, and the farmer does not have to grade the product

(h) Advantages of CAPM

Scheme farmers perceived marketing access and assistance as the overwhelming advantage of CAPM with production support and programmed production being mentioned to a much lesser degree. Credit was relatively unimportant with some farmers noting that they were happy that the project did not require them to take inputs on credit, so there were no inputs to repay. These farmers have long term experience on schemes to produce vegetables and other crops, however, many cannot distinguish between CAPM, and previous programs services of IFAD and Chinese funded projects. A number of farmers mentioned that it was too soon to tell and that CAPM was still on its best behavior (as reflected in the quote from the woman tomato farmer).

Drought and other weather conditions, have undermined some of CAPM's efficacy. It should be noted that those farmers who do understand all the services available, seem to obtain more services and have better results. No gender differences were observed,

except that married women in the scheme in the central area are not interested in getting credit because their husbands' non-farm income is used to purchase inputs. This is not the case of scheme farmers in the north Some women there appreciate getting credit in their own names (since at first credit was only given to the husband).

By contrast, the SNL farmers view both marketing and technical assistance as being important. They mention that CAPM knows more marketing channels, including South Africa, which they do not have access to. The seedlings, training and encouragement from CAPM are highly valued. For some, the assistance of CAPM in getting credit loans is the major advantage. Two farmers mentioned that the time to receive bank loans was greatly decreased because of CAPM's assistance compared to their previous experience. An added benefit is in terms of a new visibility of these farmers; it was noted that the MOAC now knows about these farmers because of CAPM ("the Minister himself has walked on these lands").

TDL farmers also value the production assistance and assistance in obtaining seedlings given by CAPM, as they do not have extension agent advice. Two farmers have had loans facilitated by CAPM. For some, the vegetable crops are new and they are enjoying the regular field visits from CAPM's fields assistants. Still others are skeptical and say it is too early to tell if CAPM will produce the results they expect.

(i) Constraints and problems with CAPM

All farmers see both marketing and production problems that may not be solved by CAPM. In terms of market problems and constraints, scheme and non-scheme SNL farmers are concerned about delayed payments, grading, and not understanding marketing firms. Scheme farmers are worried about not being able to market all of their product and receiving low returns, while non-scheme SNL farmers note the lack of competition for the crops produced under CAPM and that it is too soon to tell if there will be problems. This latter statement is echoed by the TDL farmers, who are also worried about market glut, price fluctuations, and delayed payments.

Farmers perceive production problems as secondary, although all farmers worried about diseases and pests. Scheme farmers have less land to rotate crops and to put in fallow, and diseases on tomatoes are increasing. Scheme farmers are particularly concerned about the costs of inputs and seeds, their lack of knowledge, access to inputs and crop rotation. SNL farmers are concerned about spacing and yields, with one remarking that he does not like programmed

production as it is too restrictive The only problem mentioned by a TDL farmer has to do with hopes that CAPM will assist with a loan. Scheme farmers also mention transport and credit as constraints, and non-scheme SNL farmers mention credit and CAPM staff turn over as being problems.

(j) Constraints external to CAPM

Both scheme and SNL farmers cite unreliable markets and vendors as marketing constraints for their non-CAPM crops. Scheme farmers are also constrained by lack of farm machinery (they have to hire tractor services and share machinery such as the rotovator that breaks down) while SNL and TDL farmers are more concerned about water and irrigation systems, but have their own farm machinery. In fact, the irrigation system in the schemes is communally worked on, upgraded by CAPM and other projects, while SNL and TDL farmers, who have a great deal more land than scheme farmers are always strategizing financially as to how to bring more land under irrigation, or to upgrade from furrow to sprinkler or drip systems. Both scheme and SNL farmers see diseases and pest as constraints, while TDL view transport for their non-CAPM crops as a constraint.

(k) Farmers' associations

Scheme farmers are accustomed to farmer associations, although there have been problems with management and handling of funds. Previously, credit was given to one scheme association and defaults resulted due to poor production by some members. As a consequence, the association owned vehicle and tractor were taken to repay the loan.

Scheme farmers in the north are enthusiastic about the packing house and have great hopes that it will provide "complete" market facilities and additional marketing options. However, they have concerns about transport of product from the other schemes to Mkhovu where the packing house is located. They also think that there must be extensive training and support to the management system to sustain the packing house.

SNL farmers have less experience with associations and their organizations are more rudimentary and still developing. All remarked that few farmers attend meetings and that there is not much organization.

3. Summary

Scheme farmers see the advantages of CAPM in terms of helping them with marketing; production aspects are secondary, probably because they have received technical assistance from the previous projects and from government extension agents. All see problems with late payments and transport. There is the strong notion that all marketers should be supplied and multiple outlets may still be necessary for CAPM farmers, especially since they also market other crops as well.

Scheme farmers perceive themselves as doing commercial enterprises, but their production is circumscribed in terms of expansion by the size of the scheme (a few farmers did increase their land for CAPM crops by renting an additional plot from others). It is possible that continued cultivation without much rotation will cause declining yields. It should be determined as to whether or not more farmers could participate in producing CAPM crops and if there are additional crops to rotate with tomatoes (that are not in the same family group such as peppers).

Individual SNL and TDL farmers have a greater capacity than scheme farmers for increasing production by increasing their hectarage under irrigated cultivation. These farmers mostly are independent of each other, and not linked into any network or association. TDL farmers could be linked up into a farmers' association These farmers are attuned to the market, understand and feel market shifts and gluts, however, they do need technical production assistance They are able to strategize to obtain better prices and do not have to sell at the farm gate. CAPM has less effect on them in terms of production advice and crops, because they are already cultivating many crops and large areas.

IV. Recommendations For Enhancing Project Success

A. Training: Scheme farmers confuse the project services offered by CAPM, government extension, and previous and on-going IFAD and Chinese-funded projects. They are therefore likely to confuse information about the packing house and how it is linked to the farmers' organization and to marketing firms. Therefore, training sessions are needed that carefully explain the types of projects and services that exist Currently, the seven board members of the associations (representatives of the schemes in the north) have much greater knowledge of the types of project services than the other farmers. Training that explains the such notions as "value-added" through grading and packing, selling on consignment, and marketing fees needs to be developed. Also attention must be paid to having all farmers, not just the leaders and male farmers, attend the sessions.

Farmers also need training sessions on (1) crop rotation and (2) record keeping and farm finances The development of a simple system that farmers can use to keep track of inputs and outputs would be beneficial in general and in developing a commercial mentality

B. Farmers' Organizations and Packing houses: The farmer organization operation of packing houses need careful structuring and nurturing Detailed management training is required on how to organize and operate such an organization. Issues covered should include information on:

1. How to structure representation between the schemes in the north and between men and women on the board and in committees or governing bodies. Women should be represented, and unless there are strategies for including them, it is unlikely that many (or any) will be elected. (An organization in Embekelwni would undoubtedly contain women members as women members are the majority.)

2. How to operate a small business enterprise which would include keeping books and records of members' production and sales.

3. How to get value-added by correct grading, packing, and business practices

Several issues will need special attention. In the north with scheme farmers, transportation between Mkhovu (where the packing house is located) and other schemes in terms of meetings and product collections is likely to be a problem. To facilitate collections and payments, the possibility of having telephones should be explored. There is already one telephone at Mkhovu in the shed across from the packing house. The project or GOS should consider expending some funds for communication networks to facilitate marketing activities in CAPM areas. Since roads are often poor and individual farmers and schemes scattered from the packing house and markets. Therefore, collection and information for buyers must be facilitated by communication. By comparison, all large, commercial farmers have telephones that facilitate their contact with market agents, buyers, and input suppliers.

It should be determined as to how the Indian traders would use the packing house to source. (Individual SNL and TDL farmers noted that when these traders were asked to make a contract commitment, they refused and did not return to the area.) In the northern area, would the trader who operates there still hire a scheme farmer as a sourcing agent, as he does at present, or would he go directly to the packing house? Would the packing house obtain the commission? Would there be some resentment from the farmer presently receiving this commission?

In the central (Embekelweni) area, the feasibility of having an on-site packing house should be examined, however, the proximity to NAMBoard must be considered as well. A closed shed built by the IFAD project does exist there, but farmers note burglary problems.

Scheme farmers both in the north and central areas have become dependent on donor-financed assistance and their ability and confidence to form independent organizations with business functions will have to be developed. They mostly come together for irrigation maintenance or farm machinery rentals. Another severe problem concerns those who have been hired through the SCMP as secretaries at the individual packing sheds. Accusations of mis-handling funds have occurred, and careful attention needs to be paid to persons hired by the farmers' organizations in any capacity.

Individual SNL farmers in both the central and southeast areas need extensive assistance in forming their farmers' organization in terms of its constitution and by-laws, as well as the practical operation of turning an organization into a business. These farmers are scattered, and only a few have transport. Whereas they can take a bus or other transport to attend a meeting, it is inconvenient and time-consuming, and it one of the reasons why the limited type of association they presently envision is not yet underway Some attention needs to be given to ameliorating this constraint

Farmers in central area are closer to markets (NAMBoard/Nokwane, the Marketing Firm, and entities such as Entikini and Philani). It may be difficult for a farmers' organization to be developed with the individual SNL farmers in the central area who are few, scattered, and close to a variety of markets.

Here again, one way to address the distance and bad roads problem is to have a communication system that links the farmers with the FAs, markets, and with each other. The availability of telephones and or radio phones to do this is critical. The central collection zones (CCU sheds) could also be the locations for public telephones.

C. Marketing Issues: A MOAC report recommended that the Swazi produce industry would be enhanced if the Nokwane agents would pay cash, and be obliged to buy the local produce first and only supplement with produce from neighboring countries. The Timeliness of payments, under the control of the Firm, is essential, and will go a long way with the farmers.

D. Specific Women in Development Issues

1. Production

Women scheme farmers generally have less land than men, and in the north they plant more of their holdings. CAPM can assist women scheme farmers in particular to obtain credit, get the right kind of seeds and other inputs, and provide technical assistance about crop protection. Special efforts should be made to schedule the timing of training so as to facilitate women's attendance. Along those lines, wives of CAPM male farmers should also be encouraged to attend training, as they often manage plots in their husbands' absence. Any additional trials or demonstrations in farmers' fields or with farmer management should assure that there are significant numbers of women participants. To this end, the contractor will be required to disaggregate data on training activities and overall involvement of project participants by gender.

2. Participation and representation

Women scheme farmers are participating in CAPM, and they are active participants. However, women farmers may need some encouragement to increase the amount they plant, obtain the necessary credit to purchase inputs, attend training, and keep records Also, the inclusion of women farmers' schemes through the MOAC's Zenzele program (Home Economics Branch n.d. 1990) should be considered, especially if they are located in the areas where CAPM is working and close to other farmers. (There are some of these in the southeast area near individual SNL farmers.) Their hectarage may be smaller, but their participation in CAPM may be advantageous for the smallholder commercial sector.

Also, there undoubtedly are women farmers who manage or individually farm SNL and perhaps more than the one female participant who has a TDL farm. A strategy for including more of them is important and needs to be formulated and implemented.

What would a strategy that targets women farmers add to developing the small farmer commercial sector? The answers are multiple and include issues concerned with (a) distribution and equity, (b) production labor; and (c) welfare and nutrition.

First, it may be argued that it is easier to obtain product in greater volume from large farmers than from small farmers. Yet in order to develop the majority of the population, small farmers should not be bypassed, because it is more difficult

to work with them or because questions of scale might predetermine lesser yields It may be easier to deal with male farmers rather than with females, but again, much of the rural population would be discounted.

Second, it is necessary to add women farmers to commercial farming programs because women already are doing commercial production on schemes in their own right and as wives of scheme and non-scheme farmers, in general, there are more women doing agriculture than men. If women participants or wives of registrants are not fully trained and participating in production and marketing techniques, product production and quality are undermined (Armstrong and Russell 1985; Ginindza 1989; Sachs and Roach 1983, USAID 1991).

Third, from the point of view of the overall welfare of the country, a nutrition study carried out by the MOAC noted that children of SNL farmers had more stunting that those on individual tenure and that mother's education and income levels were correlated with children's nutrition (National Nutritional Council n.d). Mothers with higher incomes had fewer malnourished children. Participation in commercial vegetable production impacts positively on women's incomes.

From the point of view of the commercial sector, the development of women's production skills and entrepreneurship is critical in terms of keeping production coming from the smallholder irrigated scheme sector. Women's conscientious work in farming has also been capitalized upon in terms of seed and seedling selection and production, packing and grading, and record keeping.

Finally, as noted above, there should be some attention to women's participation in the farmers' organizations both as board members and as general members. Currently, each of the seven schemes in the north is represented by a man, and the total structure is thus far all male. Strategies for inviting women to participate should be devised by CAPM.

ANNEX E

ENVIRONMENTAL CONSIDERATIONS

INITIAL ENVIRONMENTAL EXAMINATION
or
CATEGORICAL EXCLUSION

PROJECT COUNTRY: Swaziland

PROJECT TITLE AND NO.: COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING (CAPM) PROJECT (645-0229)

FUNDING: FY(s)_____ US$_____

IEE PREPARED BY: Steve Goertz, USAID/Swaziland

ENVIRONMENTAL ACTION RECOMMENDED:

Positive Determination	_____
Negative Determination	X
Categorical Exclusion	X
Deferral	_____

SUMMARY OF FINDINGS:

USAID/Swaziland plans to extend the CAPM project from the present PACD of February 1994 until December 1995. Mission requests that the same environmental determination made regarding the IEE for the earlier 1991 CAPM project amendment, be extended to the present project amendment, because the project will continue the same activities described in the 1991 amendment.

CONCURRENCE:

Bureau Environmental Officer:
John J. Gaudet, AFR/ARTS/FARA

APPROVED:_____
DISAPPROVED:_____
DATE:_____

CLEARANCE

GC/AFR _____ DATE._____

I SUMMARY

USAID/Swaziland plans to extend the CAPM project from the present PACD of February 1994 until December 1995. Mission requests that the same environmental determination made regarding the IEE for the earlier 1991 CAPM project amendment, be extended to the present project amendment, because the project will continue the same activities described in the 1991 amendment.

II. Background:

The CAPM project was designed to "establish an environment that will stimulate increases in small scale commercial agricultural production, other agribusinesses, and domestic and export marketing". The first phase of the project, initiated in mid-1989, worked directly within the Ministry of Agriculture and Cooperatives (MOAC), and focused on analysis of constraints and developmental options. In late 1991, the CAPM project was amended and changed its focus to working directly with private sector farmers and marketing firms. The objective was, and will continue to be, to capitalize on small farmer production and marketing potential in the region. Farmers have been given assistance by the project in producing high value horticultural crops (tomatoes, green peppers, green beans and sweet corn) and assistance in marketing their produce through sustainable market linkages.

The mission intends to extend CAPM for an additional 22 months, from February 1994 (the current PACD) until December 1995. This additional time is required to achieve project objectives because of lost time due to the severe drought in 1992-93, and the general assessment that significant progress is being made, particularly with the capacity of farmers to grow substantial quantities of quality produce.

USAID recently completed an assessment of CAPM which produced recommended modifications to implementing the project. From this, an amended project description is now being produced and will soon be finalized. Although the basic concept of the project remains intact, strategies for assisting small farmers, the primary beneficiaries, have been modified The project will, while continuing to provide production TA, focus on developing at least three farmer organizations which would be organized for the purpose of collectively marketing members produce to local firms or directly to regional wholesale markets.

In developing these organizations, the project will use limited USG resources for establishing 2-3 simple produce packhorses or collection depots by renovating existing Government of Swaziland (GOS) infrastructure, and installing sorting tables and/or other appropriate equipment. A prototype of such a packing house has already been established in one production area for sorting and grading tomatoes by renovating a GOS structure not currently in use. In the operation of this facility, and others which the project will develop, the project will ensure that the renovation of the structures, disposal of waste water and culled produce, etc. Will be done in an environmentally sound manner. No asbestos nor formaldehyde nor other environmentally controlled substances will be used in the building renovations. In the extended project, no additional irrigation scheme improvements will be undertaken, as were done in the current project phase using approximately dollars 60,000 of Section 416 funds. No changes in project pesticide recommendations are envisioned in the project extension that would differ from those approved for the project in 1991.

III. Recommendation:

In the original IEE, training and technical assistance components were given a **Categorical Exclusion** per Reg 16 Section 216.2 (C) (2) (i); commodity purchases for technical assistance support were granted a **Negative Determination**; and, field trials were granted a **Negative Determination** due to their small scale, low dollar value, TA supervision, and non-involvement with pesticide procurement or irrigation construction.

USAID/Swaziland recommends the same determination for the extended CAPM project.

ANNEX F

SUMMARY OF INTERIM PROJECT ASSESSMENT
(June 1993)

With particular emphasis on output achievement, the following is a summary of the Interim Project Assessment report completed in June 1993 (RONCO, Inc).

The shift in emphasis in the redirected CAPM project to put the main focus on private sector development was well advised. Most aspects of CAPM are on track, while at the same time, some aspects of the project have not worked as planned. As one farmer suggested, "CAPM is opening the eyes of the people; it is demonstrating that crops other than maize are possible for small farmers, and potentially profitable."

A. Accomplishments To-Date

Below is a discussion of Project Output Targets based on the June 1993 assessment. For a more current status of Project Outputs, see Annex G which gives Project Outputs through September 1993.

1. Progress Toward Achieving Output Targets

Output 1. Viable opportunities identified for expanded or new private sector activities that stimulate increased commercial agricultural production.

The project has encouraged and helped foster the development of some new agribusiness ventures, and identified and involved some existing ones, that complement and help achieve the objectives of the project. The project has provided intensive assistance to Swazi marketing firms. With CAPM guidance and assistance, two nurseries have been started which provide seedlings to CAPM farmers and others. CAPM has arranged for a small trucking company to assist with transporting produce; the company is considering expanding its fleet, largely as a result of the project. A number of local farm input supply companies have a keen interest in CAPM and are working to help the project succeed.

Output 2. At least four companies will use technical guidance in response to new opportunities, facilitating production and marketing of small farm produce.

CAPM had identified and worked with five produce trading and marketing firms throughout much of 1992 and early 1993. Three of these operated on the NAMBoard trading floor, while the other two were smaller, more specialized firms serving niche markets. Three of these firms are no longer in business because of externalities

outside of the project's control. The largest of the two produce trading firms currently assisted by CAPM, is growing in management capability and appears to have the potential of making a sustained but limited contribution to the goal and purpose of CAPM. This firm, as well as a smaller one continues to use CAPM technical guidance in responding to marketing opportunities.

However neither firm is likely to contribute significantly to the concept of vertical integration with small Swazi farms for the following reasons: the firms are oriented to imports from the Republic of South Africa (RSA); and, even if they were committed to sourcing from small Swazi farms, financial analysis indicates that small farm production is currently not sufficient to sustain such firms

Output 3. Production programs implemented: 65 farmers by the first year, 100 farmers by the second year and 135 farmers by the end of the project.

Production programs have been implemented with a focus on four winter season crops with promising production and market potential: fresh market tomatoes, green peppers, sweet corn, and Nema 1400 (processing) tomatoes. At the start of the 1993 winter season, 138 farmers were participating, of whom 28 percent were women.

Output 4. Domestic commercial sales of fresh produce by small-scale farmers assisted by CAPM increased to 1,500 MT by the first year, 2,300 MT by the second year, and 3,000 MT by the end of the project, an increase from pre-project redirection of 225 MT.

A substantial increase in production and sales of the target crops has taken place, in spite of the major drought and some hail and frost damage that affected production during the first year of Phase II of CAPM. However, as production targets set in the 1991 project redirection were unrealistically high, these marketing targets cannot be met.

Output 5. Regional export sales of fresh produce grown by small-scale farmers increased to 900 MT by the end of the first year, 2,500 MT by the second year and 3,000 MT by the end of the project, an increase from pre-project redirection estimate of 225 MT.

Small farmers have shown that with technical guidance and marketing assistance, they can produce quality vegetables for regional export sales, and regional export sales have indeed increased, although by a smaller margin than was anticipated. (Again, these targets need to be scaled back.)

Output 6 20 experimental shipments of specialty crops to overseas markets totaling approximately 20 MT originating from the target group of farmers by the end of the project, up from none currently.

A number of experimental shipments have been sent to Europe. However, since the project was redesigned it has been concluded that the regional markets offer the best opportunity for Swaziland's small scale farmers, at least in the near term.

Output 7. 16 personnel (general managers, operations managers, technical advisors, and production facilitators) trained in company management, marketing, production, farm management, postharvest technology and field operations.

Training programs, both formal and on-the-job technical assistance, have been implemented and these targets have been exceeded. This should not be construed to imply that the training has reached a level at this juncture that will assure sustainability.

Output 8. 135 farmers and 15 extension workers and field assistants trained in horticulture and specialty crop production and postharvest training with a emphasis on export quality, quantity and dependability standards.

More than the indicated number of farmers and extension workers have received training -- both formal and informal -- of the types noted Farmers have adopted new techniques, such as trellising and irrigation, and yields per hectare are increasing. This should not be construed to imply that the training has reached a level at this juncture that will assure sustainability.

Output 9. 38 domestic and regional horticultural production and marketing trials completed by the end of the project.

As it is stated, this output will likely have been achieved by the current project completion date.

Output 10 All participating marketing firms, at least four, have long range business plans (growing out of and relating to the commercialization of CAPM trials and pilot programs), record keeping abilities, and training in management of vertically integrated marketing firms.

Draft business plans have been developed for four marketing firms (although, as noted above, three of those are no longer in business).

2. Economic and Financial Aspects

Due recognition is given to the fact that the redirected project has experienced only one winter season, which was severely limited by drought, and one summer season and is just into the second winter season Even so, in the words of one farmer, "CAPM is opening the eyes of the people, it is demonstrating that crops other than maize are possible for small farmers, and potentially profitable."

Some turnover has so far been experienced, as might be expected, in the number of farmers participating in the project, but total numbers are growing which suggests that small farmers perceive a financial advantage to the production and marketing services offered by CAPM.

As indicated earlier, the largest CAPM supported firm is providing a much needed service for Swazi small farmers who produce crops required in its trading and marketing operations, including exports to RSA and Mozambique. This firm also has a slowly but steadily growing business in supplying local supermarkets with fresh produce. For this winter season, the firm is operating a new tomato packing shed owned by a group of farmers in the northern area of the country. Thus, together with the contribution being made by other participating agribusinesses, as noted earlier, the combined impact of CAPM assisted enterprises is having a quite positive impact on the incomes of small farmers, the firms themselves, and on the Swazi economy.

3. Social and Gender Aspects

Most participating farmers have been drawn from irrigated schemes, individuals on Swazi Nation Land (SNL), and Title Deed Land (TDL) owners. Each group has had some distinctive characteristics and constraints. Farmers on irrigated schemes, including the 32 percent who are women, have small amounts of land, no transportation or communication systems, and little additional land available on which to increase production. In the area where CAPM is currently working, 58 percent of scheme farmers participate in the project. Individual SNL and TDL farmers have large holdings, and the latter often are fully commercialized with farm machinery and transport and communication systems. Although the number of CAPM participants in these categories are few, they provide volume and stability to the project. Technical assistance has been concentrated on narrowing the focus to specific crops and solving the technical production problems of all the participating farmers.

Currently, 28 percent of the 138 participating CAPM farmers are women, virtually all being members of schemes, none of the SNL and only 3 percent of the TDL farmers are women All farmers perceived the advantage of CAPM as being assistance with marketing, technical assistance with production and the concept of programmed production are greatly appreciated by all farmers. Individual SNL farmers have increased irrigation and access to loans due to CAPM. Both they and TDL farmers have increased their hired labor to assist with harvesting and grading whereas scheme farmers have relied more on family labor for these activities.

CAPM farmers use a number of channels to sell both CAPM and non-CAPM crops, and as yet are more attuned to a trading rather than to a marketing philosophy. Some scheme and non-scheme SNL farmers still sell some produce informally to hawkers and traders as well as to CAPM-directed markets. Only the TDL farmers use more formal market channels that go beyond the farm gate, such as contracts, in addition to these informal ones.

4. The CAPM Monitoring System

A monitoring and evaluation system has been set up in terms of formats to collect data on farmers (disaggregated by gender) and firms. The data are being collected and some data have been summarized and analyzed. A data system has been set up to monitor the programmed production which has proved useful to the field assistants and farmers. On the marketing side, there is a new system to keep track of farmers' sales to CAPM markets which will assist in sorting out payments to farmers, on the one hand, and in collecting data on product sales, on the other. While an adequate system has been established, collection of data on a regular basis has been problematic, and data analysis is frequently delayed. Some output production data reported for PIRs have been based on projected and budgeted figures, rather than actual observations.

B. Some Implementation Issues

Some aspects of the project have not worked as well as planned. Some of the main implementation issues revolve around a key EOPS in the redirected project:

> "Four or more market led, self-sustaining vertically integrated Swazi companies marketing horticultural and specialty crops produced by small scale growers, providing technical assistance for production and postharvest activities in response to market signals, and accessing domestic, regional and other markets."

Following is a summary of implementation issues that will be taken into account in making adjustments for any project extension.

1. The Number of Marketing Firms Is Short of The Number Projected

Whereas firms had been identified during the redesign stage that appeared to meet the criteria as potential marketing firms, and four such firms became CAPM collaborators, only one (plus a small, highly specialized firm) remains in business. Experience indicates that four or more firms was too many and that a suitable adjustment needs to be made

2. The Firms are Trade Oriented

A high percentage of the business of all the firms has been based on imported produce from the Republic of South Africa (RSA); the firms have had a strong trade rather than a marketing orientation.

3. The Firms Are Not Fully Vertically Integrated

As already indicated, the largest CAPM supported firm is making a substantial contribution to the CAPM project. At the same time this firm as well as other firms have been less than enthusiastic about taking on the role of programming production and providing technical assistance to small farmers in vegetable production and postharvest techniques Thus, the concept of vertical integration, while a valid concept, has not yet been fully realized.

4. Technical Assistance Needs to be More Market Development Oriented

The expatriate technical assistance team has been concerned with assisting production and postharvest, which are important, while giving little attention to <u>market development</u> and helping develop the firms into <u>marketing</u> entities.

5. Assumptions Regarding Production and Prices Need to be Adjusted

A factor that has caused some shortfalls in meeting output targets is that the assumptions made by the implementing contractor regarding yields, production, prices, and net incomes, on which the feasibility of the redirected project was based, have turned out to have been overly optimistic. For instance, three crops per year were assumed on the same cultivated land; experience indicates that

the average under favorable conditions is no more than two crops per year Assumed yields per hectare were higher than has turned out to be the case for some crops. Yield estimates were too frequently based on research trials and projected yield levels from more developed agricultural systems, rather than from locally based, extensive on-farm field data. Assumed prices for some produce, e.g winter season sweet peppers for the local market, were three to five times as high as realized prices.

D. Lessons Learned

A lot has been learned that will be useful in modifying the effort in order to achieve the objectives of the project:

- A number of small farmers can, indeed, produce market-quality vegetables, given some guidance and assistance.
- It is difficult and time-consuming to develop traders into marketers, and not all efforts will succeed.
- The produce trading firms that have become CAPM marketing firms hesitate to make a strong commitment to work with small farmers; it is easier to source from RSA; to make the project sustainable, a supplemental effort may be needed.
- For any marketing firm, a major cost and constraint will be the collection or assembly of produce from rural collection points. Marketers are attracted to Swazi produce if it is of good quality, is of sufficient volume, and is reliable.
- The participation of women is not due to a strategy; the project relies on the existing client groups of women farmers who are found only in the irrigation schemes. Additional strategies to involve women should be sought in any further extension of the project
- It is easier to monitor production than to evaluate project outputs.

ANNEX G

COUNTRY AND PROJECT STATUTORY CHECKLIST

5C(2) - ASSISTANCE CHECKLIST

A CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. **Host Country Development Efforts** (FAA Sec. 601(a)): Information and conclusions on whether assistance 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	(a) Yes - Within region trade in horticultural products will be increased; (b) agribusiness development fostered; (c) farmer groups supported; (d) N/A, (e) Yes; (d) N/A
2. **U.S. Private Trade and Investment** (FAA Sec. 601(b)): Information and conclusions on how assistance 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).	Some long term and short term technical assistance and equipment will be procured from the U.S., thus involving U.S private participation.
3. **Congressional Notification**	
a. **General requirement** (FY 1993 Appropriations Act Sec. 522; FAA Sec. 634A): If money is to be 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 (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?	Yes
b. **Notice of new account obligation** (FY 1993 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted	

with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures? N/A

c **Cash transfers and nonproject sector assistance** (FY 1993 Appropriations Act Sec. 571(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted? N/A

4. **Engineering and Financial Plans** (FAA Sec. 611(a)): 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?

5. **Legislative Action** (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of $500,000, 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? Yes

6. **Water Resources** (FAA Sec. 611(b); FY 1993 Appropriations Act 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

7. **Cash Transfer and Sector Assistance** (FY 1993 Appropriations Act Sec. 571(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds N/A

(unless such requirements are waived by Congressional notice for nonproject sector assistance)?

8. **Capital Assistance** (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

9. **Multiple Country Objectives** (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. N/A

10. **U.S. Private Trade** (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). See A1 above.

11. **Local Currencies**

a. **Recipient Contributions** (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. See A2 above.

b. **U.S.-Owned Currency** (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?

c **Separate Account** (FY 1993 Appropriations Act Sec 571) If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

(1) Has A.I D (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

12. **Trade Restrictions**

a. **Surplus Commodities** (FY 1993 Appropriations Act Sec. 520(a)): 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

At least 25% of the project will be covered by the GOS for such inputs as personnel costs, training, and infrastructure; and by the host country private sector for production and marketing inputs and investment.

No

N/A

producers of the same, similar or competing commodity?

b. **Textiles (Lautenberg Amendment)** (FY 1993 Appropriations Act Sec 520(c)): 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?

The project will help develop local capability to export relatively small amounts of horticultural products within the region.

To the best knowledge of the Mission the U.S. does not export such commodities into the region.

No

13. **Tropical Forests** (FY 1991 Appropriations Act Sec. 533(c)(3)(as referenced in section 532(d) of the FY 1993 Appropriations Act) Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

14. **PVO Assistance**

a. **Auditing and registration** (FY 1993 Appropriations Act Sec. 536): 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 ?

No

b. **Funding sources** (FY 1993 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development

Yes

organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

15 **Project Agreement Documentation** (State Authorization Sec. 139 (as interpreted by conference report)). Has confirmation of the date of signing of the project agreement, including the am778ount 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). N/A

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage? N/A Yes

17. **Women in Development** (FY 1993 appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

18. **Regional and Multilateral**

Assistance (FAA Sec 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs	Women are already participating as beneficiaries in the project. During the extension, the contractors will be directed to develop a strategy to increase the participation of women.
19. **Abortions** (FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 524).	No
a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?	No
b. Will any funds be used to lobby for abortion?	No
20. **Cooperatives** (FAA Sec. 111). Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?	
21. **U.S.-Owned Foreign Currencies**	
a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1993 Appropriations Act Secs. 507, 509): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.	Yes, cooperatives or other similar types of small farmer organizations will be supported.
b. **Release of currencies** (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?	N/A
22 **Procurement**	
a. **Small business** (FAA Sec 602(a)): Are there arrangements to permit U.S. small business to participate equitably	

in the furnishing of commodities and services financed?	No
b. **U.S. procurement** (FAA Sec. 604(a) as amended by section 597 of the FY 1993 Appropriations Act). Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section?	All U.S procurement will be reviewed as initiated to identify and permit U.S. small business participation. Project evaluations will be reserved for Gray Amendment firms.
c. **Marine insurance** (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?	Yes
d. **Non-U.S. agricultural procurement** (FAA Sec. 604(e)): 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.)	Yes
e Construction or engineering services (FAA Sec. 604(g)). 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 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.)	N/A No
f. **Cargo preference shipping** (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
g. **Technical assistance** (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?	Technical Assistance will be from US private enterprise sources.
h. **U.S. air carriers** (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
i. **Termination for convenience of U.S. Government** (FY 1993 Appropriations Act 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 contract for procurement will contain such a clause.
j. **Consulting services** (FY 1993 Appropriations Act Sec. 523): 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
k. **Metric conversion** (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system	Yes

of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. **Competitive Selection Procedures** (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? — Yes

23. Construction

a. **Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used? — N/A

b. **Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? — N/A

c **Large projects, Congressional approval** (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 — N/A

Congressional Presentation), or does assistance have the express approval of Congress? N/A

24. **U.S. Audit Rights** (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? Yes

25. **Communist Assistance** (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?

26. **Narcotics** Yes

a. **Cash reimbursements** (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? Yes

b. **Assistance to narcotics traffickers** (FAA Sec 487) Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? Yes

27. **Expropriation and Land Reform** (FAA Sec. 620(g))· Will assistance preclude use of financing 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

28. **Police and Prisons** (FAA Sec. 660) Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?	Yes
29. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities?	Yes
30. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U S., unless a waiver is obtained?	Yes
31. **Military Personnel** (FY 1993 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?	Yes
32. **Payment of U.N. Assessments** (FY 1993 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U N. assessments, arrearages or dues?	Yes
33. **Multilateral Organization Lending** (FY 1993 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)?	Yes
34. **Export of Nuclear Resources** (FY 1993 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology?	Yes
35. **Repression of Population** (FY 1993 Appropriations Act Sec. 511): Will assistance preclude use of financing 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	No

Declaration of Human Rights?

36. **Publicity or Propaganda** (FY 1993 Appropriations Act Sec 516) Will assistance 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

37. **Marine Insurance** (FY 1993 Appropriations Act Sec. 560): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? — No

38. **Exchange for Prohibited Act** (FY 1993 Appropriations Act Sec. 565): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law? — No

39. **Commitment of Funds** (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? — No

40. **Impact on U.S. Jobs** (FY 1993 Appropriations Act, Sec. 599) — No

(a) Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S in a manner that would likely reduce the number of U.S. employees of that business? — No

(b) Will assistance be provided

for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U S.?

No

(c) Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country?

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. **Agricultural Exports (Bumpers Amendment)** (FY 1993 Appropriations Act Sec. 520(b), as interpreted by conference report for original enactment): 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: (1) 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 (2) in support of research that is intended primarily to benefit U.S. producers?

No

Yes

2. **Tied Aid Credits** (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

3. **Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as

Swaziland is primarily an agrarian based country The project will develop the capability for small farmers to produce and market horticultural crops in order to increase their incomes and to serve as models for others in the

relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?	rural areas
4. **Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity 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 civic education and training in skills required for effective participation in governmental and political processes essential to self-government.	Yes (a) The project targets small scale farmers to use resources they have available to increase their incomes through commercial farming, (b) N/A, (c) N/A, (d) high percentage of participating farmers are women, (e) N/A
5. **Economic Development** (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?	
6. **Special Development Emphases** (FAA Secs. 102(b), 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 insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) 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.	Yes Yes
7. **Recipient Country Contribution** (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)?

8. **Benefit to Poor Majority** (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? — No — No

9. **Abortions** (FAA Sec. 104(f); FY 1993 Appropriations Act, Title II, under heading "Population, DA," and Sec. 534): — No

a. 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

b 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

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? — No

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? — N/A

e. In awarding grants for natural family planning, will any applicant be — Yes

discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

Mission encourages that at least 10 % of project funds be contracted to disadvantaged enterprises

f. 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?

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

N/A

10. **Contract Awards** (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

11. **Disadvantaged Enterprises** (FY 1993 Appropriations Act Sec. 563): 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 40 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)?

N/A

12. **Biological Diversity** (FAA Sec. 119(g): 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

N/A

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?

13. **Tropical Forests** (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

a. **A.I.D. Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D Regulation 16?

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible· (1) stress the importance of conserving and sustainably managing forest resources; (2) 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, (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain

No

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; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?	N/A
c. **Forest degradation:** Will assistance be used for: (1) 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, (2) 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 negative environmental determination has been obtained.
(3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands, (5) the colonization of forest lands, or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands,	N/A
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	N/A

sustainable development?

d **Sustainable forestry:** If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A

e. **Environmental impact statements:** Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

14. **Energy** (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases? N/A

N/A

15 **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management. N/A

N/A

16 **Deobligation/Reobligation**(FY 1993 Appropriations Act Sec. 515)· If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general

purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

See B6 above.

17. **Loans**

a. **Repayment capacity** (FAA Sec. 122(b)). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

b. **Long-range plans** (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?

c. **Interest rate** (FAA Sec 122(b)): If development loan is 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?

d. **Exports to United States** (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?

Yes

18 **Development Objectives** (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will· (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate

N/A

U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions, (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

Project supports production of perishable horticultural crops by small farmers Assistance given includes appropriate post-harvest handling and marketing locally to provide a reliable source of domestic produce.

19. **Agriculture, Rural Development and Nutrition, and Agricultural Research** (FAA Secs. 103 and 103A):

N/A

a. **Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

Project will provide for training of farmers organization leaders to better manage their organization in support of rural development.

b **Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs, and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

c. **Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national

food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.	Data will be collected to the extent necessary for evaluation of the project
20. **Population and Health** (FAA Secs 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach	N/A Only to the extent necessary to evaluate the project.
21. **Education and Human Resources Development** (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.	N/A N/A Production and marketing systems for small commercial farmers being developed.
22. **Energy, Private Voluntary Organizations, and Selected Development Activities** (FAA Sec. 106)· If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:	N/A
a. concerned with data collection and analysis, the training of skilled	

personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment; N/A

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques,

d reconstruction after natural or manmade disaster and programs of disaster preparedness,

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U S assistance;

f for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

23. **Capital Projects** (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level?

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1 **Economic and Political Stability** (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?

2. **Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?

3. **Commodity Grants/Separate Accounts** (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? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).)

4. **Generation and Use of Local Currencies** (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1993, this provision is superseded by the separate account requirements of FY 1993 Appropriations Act Sec. 571(a), see Sec. 571(a)(5).)

5. **Cash Transfer Requirements** (FY 1993 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 571(b)). If assistance is in the form of a cash transfer·

a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds?

b **Local currencies:** Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special

Yes. Project will support income generating capacity of small rural farm households.

account, and has A I D entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A I D. and that government to monitor and account for deposits and disbursements? — See D(1) above

c. **U.S. Government use of local currencies:** Will all such local currencies also be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, or to carry out development assistance (including DFA) or ESF purposes? — Yes

d. **Congressional notice:** Has Congress received prior notification providing in detail how the funds will be used, including the U.S interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance? — Yes

6. **Capital Projects** (Jobs Through Exports Act of 1992, Sec 306, FY 1993 Appropriations Act, Sec. 595) If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act.) — N/A — Yes

STATUTORY CHECKLIST SUPPLEMENTS FOR AFRICA FY 1993

A. APPLICABLE TO DEVELOPMENT FUND FOR AFRICA ASSISTANCE ONLY

1. (FAA Sec. 496). If assistance

will come from the Sub-Saharan Africa DA account (the DFA), is it--

(1) 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;

(2) to be used to promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector;

(3) to be provided in a manner that takes into account, during the planning process, the local-level perspectives of the rural and urban poor, including women, through close consultation with 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,

(4) to be implemented in a manner that requires local people, including women, to be closely consulted and involved, if the assistance has a local focus,

(5) being used primarily to promote reform of critical sectoral economic policies or to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services education, and income generating opportunities; and

(6) to be provided in a manner that, if policy reforms are to be effected, contains provisions to protect vulnerable groups and the environment from possible negative consequences of the reforms?

2. (FY 1993 Appropriations Act): Have measures been taken to assure that DFA funds will not be used for tied-aid credits.

Source Selection Information
See FAR 3 104

COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT REVISED LOGICAL FRAMEWORK MATRIX			
NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL To increase the agricultural sector's contribution to the national economy of Swaziland	1 Increase in exports of horticultural crops from Swaziland 2 Decrease in imports of horticultural crops to Swaziland	1 Farmer Organizations sales records GOS/NAMBoard statistics reports 2 GOS/NAMBoard statistics reports import permits	1 Farmer Organizations will increase production and marketing of horticultural crops in reliable quantities and quality to establish and maintain both domestic and regional market linkages and that this will increase the agricultural sector's contribution to the national economy of Swaziland 2 Increase Farmer Organizations production and marketing of horticultural crops will stimulate the growth of businesses which supply the horticultural sector which will contribute to the national economy of Swaziland
PURPOSE	END OF PROJECT STATUS (EOPS)	MEANS OF VERIFICATION	ASSUMPTIONS
To establish an environment that will stimulate increases in small scale agribusinesses and domestic and export marketing	1 At least three farmer organizations effectively managing production grading packing and marketing horticultural crops 2 Annual net income per hectare of participating farmers increased from about E4 500 to E8 000 through increased yields and improved returns from marketing two crops per year 3 230 farmers on 220 hectares are capable of producing quality horticultural crops to meet market demands 4 In 1995 the total value of CAPM farmer produce exported to regional markets reaches E1 300 000 through domestic markets about E252 600	Farmer Organization records on site verification Contractor reports project evaluation	Analysis in the first phase of the project did not identify significant policy constraints to the desired enabling environment To stimulate the environment the GOS made a policy decision to support a private sector led project strategy to develop the small farm horticultural industry for remainder of project A demonstration of achievements as stated in the EOPS is now the most effective means to verify that policy decision Farmers will expand production and marketing of commercial crops MOAC extension and research officers will include CAPM supported farmer organization activities in their work plans Farmers are socially and economically prepared to participate in organized commercial production and marketing activities Farmer groups can be trained and organized to manage commercial production and marketing functions they will be able to assemble sufficient quantities of quality produce to attract marketing entities There are local public and private institutions that are capable of and committed to supporting the commercial small farmer sub sector e g MOAC SBGT and SFPM the project can assist them to carry out their CAPM related institutional/organizational objectives

Source Selection Information
See FAR 3 104

COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT
REVISED LOGICAL FRAMEWORK MATRIX

OUTPUTS	MEANS OF VERIFICATION	ASSUMPTIONS
1 230 farmers educated in function of farmer organizations and in role of individual members 2 5 10 leaders in each project assisted farmer organization selected and trained in organization and business management produce assembling packing and marketing skills 3 Three farmer organization operated packing businesses with capability to assemble and prepare small farm horticultural produce for domestic and regional markets 4 Trained farmer organizations labor force with skills to pack horticultural produce for domestic and regional markets 5 Trained managers at three farmer organization pack houses 6 230 farmers trained in production of commercial quality and quantity of horticultural crops 7 Secure system(s) for collecting produce payments from marketers and distributing profits to farmers 8 Reliable system(s) for producers to source inputs for production of commercial horticultural crops 9 Reliable system(s) for transport of produce from field to packing houses and packing houses to market 10 Reliable system(s) for farmer organizations to source materials and supplies for packing produce 11 Secure system(s) for managing farmer organization supplies and materials physical assets and financial affairs 12 System(s) for packing house managers to acquire timely market information for produce demand and prices	Farmer organization records Contractor reports site visits project evaluation and audit	Within the time frame of the project farmer organization members and managers can be organized and trained to participate in and manage the production packing and marketing of commercial quality and quantities of produce Assuming reasonable profits farmers and farmer organizations will invest their time and resources in producing packing and marketing of horticultural crops if reliable markets are identified Horticultural crops produced and packed will be of sufficient quality and quantity to attract reliable buyers to packing houses Supporting linkages between farmer organizations and public and private service and input providers developed during the project will be mutually beneficial to all parties and will result in the maintenance of such linkages after the project Increased production and sales of horticultural crops will provide incentives to providers of production and packing inputs and transport to increase the availability of their products and services to participating farmers and farmer organizations

Source Selection Information
See FAR 3 104

COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT
REVISED LOGICAL FRAMEWORK MATRIX

INPUTS FOR PROJECT AMENDMENT II		MEANS OF VERIFICATION	ASSUMPTIONS
AID INPUTS	($000)	AID financial reports and records contractor reports	Farmers will invest their time and resources in horticultural production packing and marketing activities
Long term technical assistance	1603		
Short term technical assistance	555		GOS extension research and cooperative personnel will commit a portion of their work schedule to participate in CAPM sponsored activities
Training	258		
Commodities	135		
SBGT Agribusiness Services	100		
USAID PSC Project Manager	249		
Monitoring/Evaluation/Audit	100		
Sub total	3000		
GOS INPUTS			
	307		
Personnel	45		
Project Support	44		
Infrastructure			
Sub total	396		
SWAZI PRIVATE SECTOR INPUTS			
Production inputs	509		
Company Facilities	16		
Farm Labor and Investments	623		
Sub total	1148		

SWAZILAND GOVERNMENT

MINISTRY OF ECONOMIC PLANNING AND DEVELOPMENT

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5th Floor
Mbabane
Swaziland

Ref: ECO/8/4/4 1st February, 1994

The Director,
USAID.,
P.O. Box 750,
MBABANE

Dear Madam,

RE. EXTENSION OF THE COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT (CAPM) 645-0229

With regard to the above mentioned project a meeting was held on 26th January 1994 between Ministries of Economic Planning and Development and Agriculture and Cooperatives (MOAC). AID and CAPM technical staff.

You will be aware that the Planning and Budget Committee Working Group had raised some concerns about the extension. The response from Ministry of Agriculture and Cooperatives was considered generally acceptable but at the meeting Ministry of Economic Planning and Development reiterated the concern on sustainability of the activities after the project ends.

The meeting agreed that the following measures should be incorporated into the twenty-two (22) months project extension as a means to ensure sustainability:

(i) The CAPM project should be fully integrated into the capital projects monitoring system of Ministry of Agriculture and Cooperatives.

(ii) Ministry of Economic Planning and Development should be a member of the CAPM Working Group.

(iii) Ministry of Economic Planning and Development should also get the periodic tracking data on production and marketing.

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(iv) After the first twelve months of the project extension there should be a mid-term review of the project. the review would assist in assessing farmers capabilities in sustaining the activities after the life of the project. The review would also assist in ensuring that the proposed involvement of the Israeli and Peace Corps input is placed in the right activities.

It was fealt that these actions could be implemented through administrative action rather than requiring amendment of the extension document.

Assuming that this is acceptable to you, Ministry of Economic Planning and Development on behalf of Government is requesting an extension of the project by twenty-two (22) months.

Yours sincerely,

S. MABUZA
ACTING PRINCIPAL SECRETARY

cc. P.S. Ministry of Agriculture and Cooperatives

SM/DSR