A.I.D. EVALUATION SUMMARY - PART I PD-ABJ-967

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT DOT MATRIX TYPE

IDENTIFICATION DATA

A. Reporting A.I.D. Unit:
Mission or AID/W Office USAID/Swaziland
(ES# •)

B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan?
Yes ☐ Slipped ☐ Ad Hoc ☒
Evaluation Plan Submission Date: FY • Q •

C. Evaluation Timing
Interim ☒ Final ☐
Ex Post ☐ Other ☐

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date fo the evaluation report.)

Project No.	Project / Program	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
645-0229	Commercial Agricultural Production and Marketing (CAPM)	1989	12/95	$10,833	$9,332

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director — Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1. Project modification - Prepare PPA II describing changes in project strategy to achieve goals and objectives.	E.Baker, PGDO; S.Goertz, Proj Mnger	1/94
2. Amend project - Modify scope of work; increase funding and PACD.	" "	2/94

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APPROVALS

F. Date of Mission Or AID/W Office Review Of Evaluation: (Month) June (Day) 15 (Year) 1993

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
Name (Typed)	Ed Baker, PGDO	Government agreed with	Valencia Msibi, PROG	Jack Royer, A/Dir
Signature		project modifications by		
Date	6/28/94	signing amendad grant agreement 2/23/94.	6/30/94	6/30/94

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ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The project aims to help small-scale Swazi farmers produce and market high value horticultural crops. The project is being implemented by Chemonics International in targeted areas on both Swazi Nation and Title Deed irrigated land. This interim assessment (5/93-6/93) was conducted by a three person RONCO Consulting Corporation team with USAID/Swaziland. The purpose of this evaluation was to assess progress and project strategy, and make recommendations on (1) whether the project should be extended, and (2) if so, recommend modifications to project strategy. The team based its report on a review of project documents, site visits, a focused Rapid Rural Assessment of project farmers, and interviews with project participants and personnel. The major findings and conclusions are:

o The 1991 redirection of the project from a sector study focus to directly assist small farmers produce and market horticultural crops was correct.
o The current strategy to create a vertically integrated production and marketing system to link small, potentially commercial farmers with favorable markets did not work as planned because (1) project-assisted private firms were not committed to change from trading South African produce to marketing Swazi-grown produce, and (2) severe weather problems reduced anticipated small-farmer production.
o A factor which caused a shortfall in meeting output targets was overly optimistic assumptions made by the implementing contractor regarding yields, production, prices, and net incomes.
o A strong base of small-farmers is being developed who appear to have the capability and commitment to produce quality commercial horticultural crops in sufficient volumes to attract marketers; and, there are no major constraints to production.
o There is a sizeable demand for Swazi produce locally and regionally; and, there are lucrative seasonal market niches.

The evaluators noted the following lessons learned:
o A number of small farmers can, indeed, produce market-quality vegetables, given guidance and assistance.
o It is difficult and time-consuming to develop traders into marketers, and not all efforts will succeed.
o 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 South Africa; to make the project sustainable, a supplemental effort may be needed.
o For any marketing firm, a major constraint will be the collection or assembly of produce from rural collection points.
o Current participation of women (28%) is not due to a specific strategy; strategies to involve women should be sought for a project extension.

The evaluators recommended that the current PACD be extended for a minimum of 18 months to assure a high probability of success, and gave three strategic options in order of preference: (1) set up a new marketing firm dedicated to small farmers, (2) form farmer' production and marketing organizations, or (3) maintain the status quo. The second option was chosen by USAID.

COSTS

I. Evaluation Costs

1. Evaluation Team Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. $)	Source of Funds
Dr. Leon Hesser, Ag.Economist Dr. Anita Spring, Soc.Analyst Mr. Bob Maloney, Marketing Spec.	RONCO	95	$109,564	PD & S

2. Mission/Office Professional Staff Person-Days (Estimate)	3. Borrower/Grantee Professional Staff Person-Days (Estimate)
20	

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

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J. Summary of Evaluation Findings - Conclusions and Recommendations (Try not to exceed the three (3) pages provided

Address the following Items:

- Purpose of evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions
- Principal recommendations
- Lessons learned

Mission or Office	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
Mbabane	June 1994	Interim Assessment: CAPM Project

Summary of Evaluation Findings

The interim project assessment was conducted May - June 1993 by a three person RONCO Consulting Corporation team contracted by USAID/Swaziland. The team was composed of a Marketing Specialist/Team Leader, Agricultural Economist, and a Social Analyst who prepared their report after reviewing project documents, conducting sits visits, and interviewing project participants and personnel. The purpose was to assess progress and project strategy, and make recommendations on (1) whether the project should be extended, and (2) if so, recommend modifications to project strategy.

The Commercial Agriculture Production and Marketing (CAPM) Project was designed to establish an environment that would stimulate increases in small scale commercial agricultural production, other agribusinesses, and domestic and export marketing. Phase I, initiated in mid-1989, emphasized analysis of constraints, program options, opportunities, and policies. The considerable data and analyses generated in the first two years by the implementing contractor, plus an interim assessment by REDSO/ESA, indicated that the primary focus of continuing project implementation should be oriented more toward direct interventions in private sector development - providing technical assistance in field production and marketing of small farm produce, fresh vegetables. A Project Paper Amendment (PPA) in September 1991 authorized this redirection.

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 form the basis for a comparative advantage in selected horticulture crops. The redesigned CAPM was aimed at mitigating constraints to capitalize on that potential.

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. Key to the system were to be approximately four Swazi produce marketing firms 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 meet production needs and commercial standards. Once the core groups were trained, it was assumed that the marketing firms could maintain production with these groups with a small field staff and that, through time, additional farmers would be attracted into the system because of the favorable income potential.

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 consequently now on track. 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."

At the same time, some aspects of the project have not worked as planned. Whereas four firms had been identified during the redesign stage that appeared to meet the criteria as potential marketing firms, and three such firms became CAPM collaborators, only one (plus a small, highly specialized firm) remains in business, and that one hesitates to commit resources to provide technical guidance to farmers. A high percentage of the business of all the firms has been based on imported produce from the Republic of South Africa: the firms had a strong trade rather than a marketing orientation. The expatriate technical assistance team was occupied with assisting production and postharvest, which are important, and trying to keep the firms afloat, while falling short in developing the firms into marketing entities.

Another factor that caused shortfalls in meeting output targets was 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, 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 were higher than has turned out to be the case for some crops. For instance, the technical analysis carried out for the PPA projected yields for summer and winter tomatoes at 20 and 30 tons per hectare, respectively, and for summer and winter process tomatoes at 45 and 60 tons, while project staff now expect al

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tomato production to average 20 tons per hectare. Assumed prices for some produce, winter season sweet peppers for the local market, for example, were three to five times as high as realized prices.

Net profits for participating small farmers were projected to be E12,788 during the first year (1992) and to achieve an average of E13,932 by the fourth year. Largely due to the overly optimistic assumptions that had been made regarding yields, production, and prices, the realized net profits, while difficult to determine precisely, are less than half of the projected amounts.

Farmers as a client group have been drawn from irrigated schemes, individual 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 geographic 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 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, as well as technical assistance with programmed production. 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 are more attuned to a trading rather than to a marketing philosophy. Scheme and non-scheme SNL farmers sell 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.

A monitoring and evaluation system has been set up to collect data on farmers (disaggregated by gender) and firms. However, the data are still being collected and analyzed and there is relatively little data that have been summarized and analyzed (other than figures for the PIR). 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 should assist in sorting out payments to farmers, on the one hand, and in collecting data on product sales, on the other.

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.

- 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 appears that the remaining CAPM-assisted firm, is growing steadily in management capability and has the potential of making a sustained contribution to the goal and purpose of CAPM. It remains to be seen, even if the firm continues to grow financially and managerially, whether it will assume in any substantial way the technical assistance function for small farmers that was anticipated in the PPA. Some other mechanism may need to be developed to carry out that function if the project is extended.

Four options regarding the future of the CAPM project were considered by the assessment team:

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1. Allow the Project to Terminate as Presently Scheduled

With this option, the lessons learned could be elaborated so that they could be taken into account in future activities, either in Swaziland or in similar situations in other countries. While much has been learned during implementation of the redirected CAPM, the fact that marketing firms have not become fully vertically integrated, that is, they have not provided the technical assistance to small farmers that was envisioned, indicates that the degree of sustainability and growth that was projected will not likely happen. This option was rejected by the assessment team in favor of an option described below which would build on what has been learned and which, with modest additional resources could achieve the sustainability and growth needed for a good payoff for the additional investment.

2. Extend the Project, but Maintain the Status Quo

With this option, CAPM would continue to work with the one remaining marketing firm, would seek other similar firms to work with, and would concentrate on getting them to commit to the vertical integration concept and provide the necessary technical assistance to small farmers. The assessment team rejected this option because: (a) experience so far indicates that these "trading" firms, which depend largely on imported produce, are more comfortable remaining as trading firms than in working with Swaziland's small farmers to the mutual advantage of the firms and the farmers.

3. Form Farmers' Production and Marketing Organizations

This option would entail helping form organizations of small farmers who grow horticultural crops and helping them develop into fully vertically integrated entities that would be capable of producing quality vegetables; programming the production to assure a steady supply for the market; collect, sort, and pack the produce; and market the produce to the advantage of the organization's members. This model is used successfully in some countries - usually in more developed countries. This option was rejected by the assessment team because it would require an intense level of intervention for each of a number of organizations, for four to five years, to make them sustainable.

4. Set Up a New Marketing Firm Dedicated to Small Farmers

This option would entail establishing a new marketing firm, with assistance from the Swazi Business Growth Trust, that would have a relationship with small farmers, through nascent farmer organizations, and for which the firm and the farmers would have a mutuality of interest. It would be in the firm's interest to be in the camp of the farmers, and in the farmers' interest to be in the camp of the firm. This option would close the loop in the vertically integrated system and, therefore, bring CAPM closer to the original design concept. CAPM would continue to work with and provide modest support to CAPM-related agribusiness firms. CAPM would also continue to encourage the present project-assisted marketing firm to work more with small farmers. The assessment team recommended this option which, with an extension of the project through the winter season of 1996, at a somewhat reduced level of effort, would assure sustainability and growth. One variation of this option would be to try to persuade the remaining firm to add a Marketing Division to that company that would be dedicated to working with small farmers in much the same manner as the new marketing firm.

Comments (June 1994)

Ideas from RONCO's redesign paper were subsequently used by USAID to prepare Project Paper Amendment II. However, RONCO's recommended option that the project develop a new marketing firm, from the ground up, was not used because of time constraints related to an overall phase down of Mission activities. Further analysis and design work completed by the Mission, in collaboration with all participants, indicated that with the remaining implementation time available, a greater focus on supporting farmer organizations, rather than one vertically integrated marketing firm, would provide a greater chance of success. The project was amended on February 23, 1994, with the PACD extended through December 1995 and the implementing contractor's contract extended through November 1995.

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