

REPUBLIC OF YEMEN

WHOLESALE FRUIT AND VEGETABLE
MARKET IN AL-HUSAINIAH

EVALUATION REPORT

(Mid Term Review)

UNITED NATIONS CAPITAL DEVELOPMENT FUND
YEM/91/C02

Sector: Agriculture, Forestry & Fisheries - 0400

Sub-sector: Agricultural Marketing - 0414

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The names of people we met during our mission are listed in Appendix 2. If we forgot some names, we apologize and we assume responsibility for any such errors or omissions.

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PROJECT SUMMARY SHEET

Country: REPUBLIC OF YEMEN

Full Project Number: UNTS/YEM/003 (YEM/91/C02)

Project Title: Wholesale Fruit and Vegetable Market in Al-Husainiah
United Nations Capital Development Fund

Sector: Agriculture, Forestry & Fisheries – 0400

Sub-sector: Agricultural Marketing - 0414

Government
Executing Agency: Ministry of Agriculture and Irrigation
Through the General Directorate of
Agricultural Marketing; and the
Tihama Development Authority

UN cooperating
Agency: Food and Agriculture Organization (FAO)

Project
Approval Date: January 1994

Project
Amendment signed: June 1995

Original
Completion Date: September 1999

Revised
Completion Date: February 15, 2001

Evaluation Date: November/December 2000

Expected
Opening Date: March 2001

Financing
(as of June '95):

Total Project Cost:	US\$	1,930,847
UNCDF:	US\$	1,353,997
ROY:	US\$	74,000
RNE (Dutch):	US\$	502,850

Actual UNCDF
disbursement at evaluation: US\$ 681,932
(Estimate at the end of September 2000)

ACRONYMS AND ABBREVIATIONS

AKW	Architectural and Engineering Consultant
CPO	Chief Project Officer
CTA	Chief Technical Advisor
EU	European Union
FAO	Food & Agriculture Organization
FAOR	FAO Regional Near East Office (Cairo)
GDAM	General Directorate of Agricultural Marketing
GDP	Gross Domestic Product
GSO	Government Support Officers
Ha	Hectare
Kharif	Wet season, from June to September
HMCOOP	Al-Hussainiah Marketing COOperative society
MAI	Ministry of Agriculture and Irrigation
MCHUP	Ministry of Construction Housing and Urban Planning
MIS	Market Information System
OM	Operation & Maintenance
PPM	Project Planning Mission (1991)
ROY	Republic Of Yemen
PSB	Program Support Budget
RR	Resident Representative
SCPO	Senior Chief Project Officer
Sheik	Tribal chief
Souq	Traditional retail market
RNE	Royal Netherlands Embassy
TA	Technical Advisor
TDA	Tihama Development Authority
TOR	Terms Of Reference
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UNTS	United Nations Technical Support
Wakil	Commission Agent for Producers
Wadi	Cultivated Land seasonally flooded
WTO	World Trade Organization

EXECUTIVE SUMMARY

1. INTRODUCTION

The purpose of the term review/project evaluation was: to assess the progress made towards achieving the project; to review the progress of the project in attaining its objectives and expected outputs; to review efficiency and effectiveness issues; and to assess the project results with regard to sustainability and replicability. In compliance with UNCDF Gender Mainstreaming responsibilities, the Mission examined this issue and proposed realistic recommendations for the completion of the project.

The first objective of this project was to have a positive impact on the present marketing system inefficiency and to solve the present problems of traffic congestion in Al-Husainiah.

The second objective of the project was to create an improved facility, for the handling, grading, packing and marketing fruits and vegetables in the Tihama Valley through the development of a new wholesale market at Al-Hussainiah.

2. ACHIEVEMENTS TO-DATE

2.1 Completion of civil works

The market construction was finally completed by the end of February 2000 and the market is now ready to be handed over to the ROY. The new market offers: a) covered areas of more than 3000 m2 for the sale of produces; b) truck access for loading and unloading; and, c) drainage of the parking area.

However, access road to the main highway is not paved and is in need of maintenance and repair works. Internal roads and landscaping are not completed yet and parking areas need to be leveled off with gravel, stone or asphalt.

2.2 Equipment for operating the market

The procurement of grading and packing equipment as well as quality control equipment and public health facilities has been cancelled due to a budget shortage in 1997, less than a year prior to construction.

2.3 Market management system

The rules and regulations for operating the market were prepared by the CTA in November 1999 and were distributed to all concerned parties. These rules and regulations were also submitted to the Legal Adviser of the MAI to ensure that they conform to the general civil law of Yemen and to the Tihama Authority by-laws.

The proposed Market Board and Management Structure for Al-Hussainiah wholesale market were first submitted by the CTA to the Minister of MAI in December 1999. Formal letters have been sent in March 2000, to the concerned organizations, to nominate their representatives on the Market Board (# 7).

MAI has approved the hiring, on a seasonal basis, of the following Government Support Officers, namely: a market manager, a quality control officer, a health officer, a financial manager, an accountant, an extension officer and a market

information officer, as well as junior supporting staff. A national expert has been nominated to design an appropriate accounting and financial system for the market and he is still doing it.

Three Baseline surveys were conducted. Both, the first Market Traffic Survey (# 2) and the Farm-Level Survey (# 6) were conducted concurrently, to coincide with the peak marketing period, January 21 to February 25, 2000. The second Market Traffic Survey (# 8) was conducted during a slow period of operations, August 20 to 29, 2000.

A fourth Market Structure Survey was conducted during September-October 2000. It covered about 100 agents and traders in eight different markets in Yemen. The results were being analyzed during the evaluation period.

2.4 Operations commenced at the new market

It is unlikely that the market would open prior to the peak of the marketing season, January and February 2001. One of the main reasons for this situation is that an additional budget from MAI has not yet been approved to connect the market to the main power and communication lines.

As a result of the delay in budget approval, facilities such as water and additional sanitary facilities, restaurants, solid disposal material were not acquired. Moreover, pavement of parking areas and internal roads have not been completed at the time of the Evaluation Mission. It should also be noted that the MAI has not yet made any decision on the question of levies to be collected from the users.

2.5 Operation of the grading and packing unit

Since the procurement of grading and packing equipment, quality control, public health and weighing machines has been cancelled, it is unlikely that this expected output will be achieved, unless MAI finds other donors or decides to allocate an additional budget for that purpose.

2.6 Training of market management staff

Five employees from GDAM who were assigned to this project, along with two cooperative members and two wakils from Al-Husainiah received training abroad (Alexandria and Cairo). On-the-job training on the other hand, will start when the market is handed over to GDAM.

During the evaluation mission, the representative from RNE expressed his dissatisfaction with the training aspects. We have observed that there was no training program available or was there any criteria established to select proper candidates.

3. MAIN FINDINGS OF THE MISSION

3.1 Technical Aspects:

- The Mission found: that the design of the market building was inadequate for its purpose; unnecessary office spaces on the second floor; expensive construction structure; improper cleaning and maintenance facilities; and, insufficient sanitary facilities.

- ♦ No set of inspection guidelines for marketing fruits and vegetables has ever been established or even provided by FAO.
- ♦ The rules and regulations for the operation of the market are very lengthy and impractical.
- ♦ Additional investments (grading, packing and cooling equipment) are required in order to make this wholesale market operational.

3.2 Social Aspects:

- ♦ The immediate beneficiaries (farmers, agents and traders) have not been involved to any extent in the conception or in the implementation of this new market facility. Moreover, there are no plans or indications for their eventual participation in the operation of the market facility.
- ♦ Gender mainstreaming has not been integrated in the project components or activities. The gender specialist found that women were not involved in the marketing of produces. Moreover, there was no indication that women would be involved in the market operation.

3.3 Economic Aspects:

- ♦ The project is not providing a new set of inspection guidelines for marketing fruits and vegetables that would promote better quality produces and better prices. One must remember that there will not be any grading and packing equipment.
- ♦ Some savings might result from this new market since it will be easier to trade larger volumes of produce in a short period of time. This is due to the fact that more space is made available; therefore more traders will be attracted. Furthermore, the opening of the market will allow free flow of traffic on the highway and will attract many farmers and wakils who were avoiding Al-Husainiah due to traffic congestion.
- ♦ However, farmers and wakils will have to pay for space rentals (unknown at evaluation) to cover operation and maintenance of the new premises.

3.4 Replicability Aspects:

- ♦ The concept of the project is replicable since its objective is to improve the marketing of fruits and vegetables in Yemen. However, the deficiencies in project implementation have rendered this particular project difficult to replicate, unless the lacking services, facilities and equipment are restored to the project.
- ♦ Without primary grading and packing equipment, this project does not introduce any improvement to the traditional way of marketing horticultural produces.

4. CONCLUSION

- ♦ This project has not been conceived and built in an efficient manner. Many improvements remain to be made such as access to water at each stall and the construction of additional sanitary facilities. Also, there is an urgent need for grading, packing and cooling equipment.

- ♦ The Mission concludes that the project lacked a comprehensive work plan and that the progress reporting was not done frequently during the implementation stage. The results tend to indicate that, project implementation by all parties concerned was unsatisfactory.
- ♦ It is difficult at this stage to quantify the benefits of the new wholesale market to its users. However, when this new market will be opened, the reduction in traffic congestion on the main highway will contribute to attract more farmers, wakils and traders.

Hopefully, one of the expected benefits will derive from the greater movement of produce in a shorter period of time will result in reducing the volume of perishable fruits and vegetables wasted at the present.

5. RECOMMENDATIONS

- ♦ MAI should settle the dispute between the contractor and the consultant (AKW), in order to open the market as soon as possible;
- ♦ MAI should undertake the repair of the main access road from the highway to the new market and connect the power and communication lines.
- ♦ MAI should complete the construction of parking areas in order to allow unloading and loading of trucks on either side of the hangars.
- ♦ MAI should complete the project with the additional sanitary facilities, including water distribution to each stall for cleaning purposes.
- ♦ The market specialist should visit the project in the near future to specify grading and packing equipment that should be acquired. To that effect, UNCDF should reconsider reallocating the equipment procurement budget as indicated in the project document.
- ♦ FAO should continue to provide the technical assistance as specified in the project document with available funds from the Government of Netherlands.
- ♦ ROY should transfer the ownership of the new wholesale market to MAI, so that the latter can decide on the best way to manage the facility. In addition an agreement with the Export Center in Hodeidah should be reached as soon as possible.
- ♦ The appointed Market Board should consider employing women for duties related to grading and packing fruits and vegetables.

PROJECT OBJECTIVES, INPUTS AND OUTPUTS

1. OBJECTIVES

1.1 Development Objective

The overall development objective of the project is to assist Yemeni producers by encouraging improvements in the marketing conditions for perishable and semi-perishable fruits and vegetables. This was to be achieved by reducing post-harvest losses and by providing a more efficient and cost-effective marketing information system.

1.2 Immediate Objectives

The first immediate objective is to have an impact on the present marketing system inefficiency, on the post-harvest handling of produce and to solve the present problems of traffic congestion in Al-Husainiah. The new market offers covered or shaded areas for sale of produce, short-term storage facilities, hard surfaces for loading and unloading, and washing facilities and drainage of the parking area.

The second immediate objective of the project is to create an improved facility, in the handling, grading, packing and marketing of fruits and vegetables in Tihama area through the development of a new wholesale market at Al-Hussainiah, to replace the existing roadside assembly market. «The success of Al-Husainiah Wholesale Market will be taken as a model to be emulated in other areas of fruits and vegetables production in the country» (# 2).

2. PLANNED OUTPUTS AND ACTIVITIES

Output 1: Completion of civil works

Civil works have been completed for the construction of a new market on an eight-hectare site at Al-Husainiah. This includes around 3,000 m² of covered sales space, a grading and packing unit, management offices, as well as on-site parking for around 116 vehicles, an off-site road connection with an improved junction to the main Hodeidah-Taiz road.

Activities:

- ♦ Site clearance and cut/fill earthworks done to create a suitable site for the market.
- ♦ Allowance for the temporary drainage, perimeter fencing and shade landscaping.
- ♦ A surface water drainage system, a water supply bore hole, storage tank and distribution system, septic tank sewerage, and electrical service network including transformer, side street lighting system and telephone connections to be implemented.
- ♦ Road works to connect the site to the main Hodeidah-Taiz road, and an internal road system provided with parking facilities and a peak period over-spill parking area.
- ♦ Construction of two general fruit and vegetable sales areas, two multi-purpose sheds for rental to private brokers, re-packers and traders for

storage and office purposes, linked to parking sheds which could be rented on a daily basis.

- ♦ Other facilities such as offices accommodating the management, environmental health, extension and MIS functions of the market and basic support facilities (public toilets, site cleaning facilities, gate houses and site security).
- ♦ Washing, grading and packing facilities to comprise washing tanks and two simple sheds similar to those of the main market buildings.

Output 2: Equipment for operating the market

Equipment procured for operating the market, including grading and packing equipment, solid waste management equipment, weighing machines and quality control/public health equipment.

Activities:

- ♦ Procurement of weighing machines, quality control/public health equipment, public address system, maintenance tools and furniture fittings, and basic office equipment including fax and computer for MIS and a photocopier.
- ♦ A 4-WD vehicle to be used for the project, two platforms trolleys and two motorcycles.
- ♦ Equipment for solid waste management includes four handcarts and two skips.
- ♦ Procurement of packing materials, a dryer, and grading equipment.

Output 3: Market management system

An efficient cost-effective market management system established for the marketing of local produce and the export of selected crops under the overall supervision of the Market Board.

Activities:

- ♦ The technical assistance team to be recruited by FAO in collaboration with UNCDF, including the setting up of the grading and packing unit. The main activities of this component will be undertaken by a Market Management Specialist who will be assisted by an accountant specialized in local market.
- ♦ A locally appointed socio-economist will undertake throughput surveys of the existing market to provide baseline data for the monitoring of the project.
- ♦ Technical assistance in grading and packing will involve a specialist in export marketing to establish the requirements for constructing the unit and a grading/packing specialist to install the equipment and make it operational.

Output 4: Operations commenced at the new market

Operations commenced at the new Husainiah market on a commercial basis to achieve an initial throughput volume of around 46,000 to 49,000 tons of produce and collecting annual revenues in the order of US\$ 30,000.

Output 5: Operation of the grading and packing unit

Operations commenced at the market grading and packing unit to achieve an initial throughput volume of around 1,000 tons of fruit and vegetable and collecting annual revenues in the order of US\$ 8,000.

Output 6: Training of market management staff

On-the job practical training of market management staff, including those involved with the grading and packing unit, all relevant office staff of the GDAM and the district level TDA, in order to be capable of running the Al-Hussainiah market. The training should comprise training in market management techniques, budgeting and cost control, data collection within the Market Information System (MIS) and the operation of grading and packing equipment.

3. INPUTS OF THE PROJECT**3.1 UNCDF' engagement**

UNCDF is the major fund donor in this project (# 15) and has been engaged in:

- ♦ The project formulation, monitoring it and assuring review missions.
- ♦ Providing services of an international Market Management Specialist and short term inputs of export marketing and grading/packing specialists.
- ♦ Overview recruitment and appointment of local experts in market accounts and socio-economic aspects of market surveys.
- ♦ Overview design and preparation of contract documents and site supervision by local architectural and engineer consultant.
- ♦ Letting civil works contracts for the construction of infrastructure & building at Al-Hussainiah site.
- ♦ Delegate to concerned parties, procurement and installation of project equipment to be used in the operations and maintenance of the markets, vehicles, solid waste disposal, and grading and packing equipment.
- ♦ Provision of miscellaneous support services, contingency and overhead costs.

3.2 Government of Yemen' engagement

- ♦ Show evidence that allocations have been provided in the Annual Budget for all recurrent expenditures during the project life for the marketing and grading/packing unit, including operation costs, maintenance and staff salaries/wages.
- ♦ Demonstrate that the land for the construction of the market has been transferred to the custodianship of the GDAM in the MAI.
- ♦ Confirm that provisions have been made for temporary office space near Al-Hussainiah, for the use of the technical assistance team and market staff, so that an effective market management system can be started at the site as soon as possible.
- ♦ Provide the necessary facilities and adequate arrangements for solid waste disposal including assignment of specific dumping grounds; provide internal roads, paved parking areas and the over-spill parking area.

- ♦ Approval of government support officers (health officer, quality control officer, financial manager, and accountant, market extension officer, police unit) to assist the market management.
- ♦ Build raised curbs in the main highway to create lay-by lanes in the main roads to ensure smooth entry to the market and prevent congestion.
- ♦ Assist in the establishment of the necessary supporting infrastructure including restaurants, grocery shops, storage sheds etc. to be built and owned by the private sector.
- ♦ Ensure connections of the market with main electricity and telephone lines.
- ♦ Ensure that all imported project equipment/material will be cleared promptly at the point of entry into the country and waive all import duties/taxes for UNCDF financed equipment and materials.
- ♦ MAI through the GDAM is responsible for marketing policy and the operation of market facilities.
- ♦ The Ministry of Construction, Housing and Urban Planning is responsible for the health and sanitation aspects of the market.

3.3 FAO' responsibility

- ♦ Under contract with UNCDF, FAO was initially responsible for the procurement of the Wholesale Market Design and Supervision of engineering services.
- ♦ FAO has been clearly appointed by UNCDF as the implementing UN agency for Technical Assistance. FAO accepted to collaborate with UNCDF to identify and recruit the following technical assistance personnel:
 - ♦ CTA/Market Management Expert
 - ♦ National consultants – Socio-economist and Market Accounts Specialist
 - ♦ Export Marketing Specialist
 - ♦ Grading/Packing Specialist

PROJECT RESULTS

1. DIFFICULTIES EXPERIENCED DURING IMPLEMENTATION

- Since the construction design and tendering were not properly supervised, UNCDF transferred the execution of the construction component from FAO to MAI in 1997 (# 13). The downgrading of design and re-tendering of the construction works delayed the project for some 6 months.
- Changes made by the Consultant (AKM) regarding the final drawings of the market structure, have created delays in the start of the construction works on the site. This is due to the slow feedback from the Consultant on progress of works as well as his non-availability.
- There is a total lack of report about discussions between parties (Consultant, Contractor, and MAI) on proposed changes to the drawings. There were some confusion of the roles of FAO and MAI for construction design and tendering procedures. TDA representatives have indicated to the Mission that FAO experts did not take their opinions about making the project meaningful.
- Delays by the Contractor (Al-Towaity Corporation) to complete the construction works were frequent. UNCDF has not reported to the Mission any specific details about meetings held and agreements to justify these delays. We were told that reports were in Arabic language only.
- According to the construction contract signed between the contractor and MAI in February 1998, the market construction was to be completed by September 1999. A new dead line was proposed for completion of the works, the 15th of November 1999, but it was unrealistic.
- Changes in specifications of the borehole and methods used for drilling have been experienced. No further details have been provided in terms of additional cost incurred.
- FAO recruited the project CTA in September 1999. A revision of the project budget has since then been made reflecting the delays in the implementation of the project and the shortage of funds.
- Great delays have affected the technical assistance component from FAO, in terms of fielding the necessary technical team (CTA, surveyors, etc.), according to the approved objectives. The CTA had to deal with the non-availability, for a 9-month period, of a provided car and for a few months of an inadequate office provided by MAI in Sana'a.
- Delay in authorized budget revisions by MAI (Operation and Maintenance) and by UNCDF investment budget cut for grading and packing equipment were discriminial.
- Some delays have been noted in the formation of the Market Board. The latter is imperative while the market was under construction, in order for it to be functional once the market place is operative.
- The project design was silent on the need for gender mainstreaming. This is not in compliance with further UNCDF Gender Mainstreaming responsibilities (2/1998) drawn from UNDP guidelines, which require that gender equality considerations be incorporated in all program activities.

2. ACHIEVEMENTS BY OUTPUT

2.1 Completion of civil works

- The civil works for construction of a new market on an eight (8) hectare lot were completed by the end of February 2000 (#7). This includes two hangars, one with 11 stalls and the second one with 13 stalls, an office space and sanitary facilities. The covered sale space exceeds slightly the original projected area of more than 3,000 m² (24 stalls of 130 m² each).
- This market place is now ready to be handed over to the ROY. However, access road to the main highway is not completed, it is not paved and needs maintenance and repairs. No maintenance budget has been approved with MAI although this matter was discussed during the evaluation Mission.
- The parking area offers more than the original 116 parking spaces (24 stalls with 4 parking spaces each plus 20 parking spaces near the office). Parking area and access road need to be leveled off with gravel stone or asphalt, if proper funding around US\$ 150,000 is made available (#13).
- MAI has prepared the necessary documents to make the required connections of the market with the main lines (electricity and telephone) since the contractor has completed the internal connections, but the financing is not yet been secured. Again, MAI has not taken any specific action or made any allowance for solid waste disposal equipment and extra sanitary facilities.
- An expensive perimeter fencing, with entry and exit gates, has been built to surround the 8 ha lot. Half of this lot has no justification since it was extended when the Sheikh took part of the front lot to build his own ice factory. A large part of this 8 ha lot was provided in exchange.
- As observed by the Mission, internal roads and landscaping were not completed. The exit road needs changes to allow for large trucks and trailers to leave the first hangar. The consultant engineer for market construction has been asked to design a traffic plan for the market and determine the kind and number of traffic signs required. A meeting was organized on the project site during the Mission to settle this matter.
- Washing, grading and packing equipment have been omitted for lack of funds, although some space has been left vacant in between the ice factory and the second hangar, which has been located too far behind.
- MAI representatives have informed the Mission that they were in the process of securing the necessary funds to honor commitments with regard to (1) the pavement of the market's internal roads and parking lots, (2) the construction of additional toilet facilities for commercial agents (wakils) and other market participants.

2.2 Equipment for operating the market

- The grading and packing equipment, quality control and public health have been cancelled due to budget shortages in 1997, a year prior to the construction (#13).
- Equipment for solid waste management (4 handcarts and 2 skips) has not been acquired by the project (#3).
- A list of furniture and equipment for the CTA's office was submitted in December 1999 to UNDP Procurement Department. Tenders were sent out and some of the equipment has been purchased.

- ♦ As for the furniture and equipment for the other offices, a request was made by the MAI for US\$ 5000 to be included in the budget revision by UNCDF, which has been accepted.

2.3 Market management system

- ♦ In meetings held in November 1998, MAI pointed out that the non-availability of local experienced manpower on management of modern wholesale markets necessitated the presence of outside assistance during the preparatory stage for the operation of the market. Again for the first year of its operation, assistance will be needed to help in designing effective management and operation methods (# 3).
- ♦ The rules and regulations for operating the market have been prepared by the CTA in November 1999 and distributed to all concerned parties. They have also been submitted to the Legal Adviser of the MAI to ensure that they conform to the general civil law of Yemen and to the Tihama Development Authority by-laws (#7).
- ♦ The proposed Market Board and Management Structure for Al-Hussainiah wholesale market were first submitted by the CTA to the Minister of MAI in December 1999 (# 16). Formal letters have been sent to the concerned organizations to nominate their representative (5) at the Market Board.
- ♦ It has been reported to the Mission that the Market Board will include five representatives. One representative from the Tihama Agricultural Co-operative, one from the Agricultural Co-operative Union, one from the Ministry of Agriculture and Irrigation, one from the Ministry of Supply and Trade, and one from the Fund for the Support of Agricultural Production and Fisheries. The appointed Market Manager should be acting as secretary of the Board.
- ♦ The Market Board was supposed to hold, in the near future, preliminary meetings to decide on a number of issues pertinent to operating the market e.g. allocating spaces in the market to traders, rentals and fees for spaces and services, rules and regulations, etc.
- ♦ MAI has approved the hiring of the Government Support Officers: five from GDAM (a market manager, a quality control officer, an health officer, a financial manager, an accountant); two from cooperative members (an extension officer and a market information officer).
- ♦ A national expert has been recruited to design an appropriate accounting and financial system for the market. He installed it on the market's computer at the MAI head office in Sana'a and has trained clerical staffs (2).
- ♦ Three Baseline surveys have been conducted (# 2, 6 and # 8). Both the first Market Traffic Survey and the Farm-Level Survey were conducted concurrently, to coincide with the peak marketing periods. The first Market Traffic Survey, from January 21 to February 25, 2000, while the second one was conducted in the slack period of operation, August 20 to 29, 2000. Analyses of surveys and data collection have been completed and reports have been published.
- ♦ A fourth survey, a Market Structure Survey, was conducted during September-October 2000. It covered about 100 agents and traders in eight different markets in Yemen. The results were being analyzed during the Mission. From this survey, proper rules and regulations could be revised. Adequate management structure should be proposed. Again, it should be possible to decide about the levies or rental charges to collect from market users. No summary results have been provided to the mission.

- ♦ The commission agents (wakils) met during the mission, have indicated that most of them are selling both fruits and vegetables. Then, the present plan to assign one sale hanger for fruits only, and the other one for vegetables, is not practical and should be revised.
- ♦ The CTA has postponed his permanent duty station to Al-Husainiah until January 2001. Then, he will be in a better position to make direct contacts with farmers, wakils and traders, in order to support the market board in applying the rules and regulations.

2.4 Operations commenced at the new market

- ♦ The market should be opened now since the most important marketing season is underway. However, it is unlikely that the market will be opened prior to the peak of the season, January and February 2001 (#2).
- ♦ An additional budget from MAI has not yet been approved to connect the market to the main lines (electricity and telephones) and additional sanitary facilities are needed.
- ♦ It was observed that no specific plans were made to start building other related infrastructures such as grocery shops, storage sheds for crates, restaurants, and post office (# 3). Again, levies have not been decided and solid disposal material has not been acquired. In addition, parking spaces have not been paved and internal roads are yet to be redesigned.

2.5 Operation of the grading and packing unit

- ♦ Since the grading and packing equipment, quality control, public health and weighing machines have been cancelled, it is unlikely that this expected output will be achieved, unless MAI finds other donors or allows an additional budget. Again, MAI requested from UNCDF the use of a left over budget from construction to reconsider original decision to buy grading and packing unit.

2.6 Training of market management staff

- ♦ Five employees from GDAM who were assigned to this project, together with two cooperative members (see 3.2.3) and two wakils from Al-Husainiah have been sent for training abroad (Alexandria and Cairo). On-the-job training will start when the market is handed over to GDAM. The mission has met none of these employees since they were away during the evaluation period. No comment could be expressed about their qualifications.
- ♦ During the evaluation mission, the representative from RNE expressed his dissatisfaction with the training aspects. We have observed that there was no training program available and neither any criterion to select the proper candidates.
- ♦ Results from the Market Structure Survey conducted by the CTA in October 2000 could have been useful to decide about a proper training program and how to set an efficient Market Board.
- ♦ It is worth mentioning that none of the five GDAM employees and nor the CTA were on duty at the project site in Al-Husainiah prior to the evaluation. Therefore, they could not have paid much attention to the activities at the actual roadside market.

FINDINGS OF THE EVALUATION

1. EFFECTIVENESS ISSUES

- The Mission found that the design of the market was inadequate, and that the supervision by the consultant engineer (AKW) was lacking. The Mission believes that the use of a lighter structure and the abandonment of the second floor offices for wakils and traders could have been appropriate for the purpose of the project. Savings from doing so could have been used for the purchase of grading and packing equipment. This observation has been made following the visit to the wholesale market and export center in Hodeidah.
- UNCDF has accepted the contractor with the lowest bid, although program officers were told by MAI that the contractor was not reliable. An official letter was sent from New York to contract the lowest contractor and have him adequately supervised by a national engineer.
- MAI has shown poor management capacity (1) to redirect the original project design, (2) to solve the construction problems, (3) to complete the infrastructure and the funding for pavement of internal roads and parking areas. These needed investments have not yet been approved, which may further delay the opening of the market. FAO experts at the implementation stage did not adequately support MAI. UNCDF has not monitored adequately this project by (as an example) hiring an independent expert.
- MIS (another FAO project) working under GDAM should have been extended to Al-Husainiah market right from the beginning in 1997 (# 12). Since, it is the same administration, priority should have been given to collect data on the actual roadside market and to facilitate communication with future beneficiaries (farmers, wakils, and traders) of the new wholesale market.
- There is no formal or informal agreement with future beneficiaries about setting and applying the rules and regulations to manage the market efficiently. Again, none of them have been appointed to the Market Board.
- The approval of the Market Board and the Management structure, for instance, took more than three months. There has been no official set of criteria to decide about appointee people, specially the market board chairman, who is the son of the Sheikh. The later is acting as the president of the HMCOOP. There is a total lack of transparency in the conduct of this decision. It is a similar situation when the Sheik took part of the lot he had already sold to ROY and uses it to build his own ice factory.

2. EFFICIENCY ISSUES

- The planned allocation of one hangar for fruits and one for vegetables is a good indication of poor knowledge of actual marketing practices at the design stage of this project. Maintaining this approach would create major problems and inefficient operations when the market will eventually open.
- Poor efficiency should be expected from this new wholesale market in Al-Husainiah because it will remain for the time being, a traditional market not equipped to select and preserve better quality produces. There is no immediate incentive to get better prices and improve beneficiaries' income.

- ♦ The CTA came in duty (September 1999) about a year too late. The CTA should have been located in Al-Husainiah to acquire a better understanding of actual marketing practices. One of the main problems that faced implementing the technical assistance have been the delay in responding to the submissions made by the CTA to the Ministry's higher authorities. For more than seven months he quarreled to get the car bought for his duty and to visit the project site. Furthermore, the CTA had no communication facility to get in touch with future beneficiaries.
- ♦ Again, it is necessary to remind that no response has yet been received concerning a request made to the electricity and telephone authorities, submitted in late January 2000.
- ♦ According to TDA officials, AKW consultant has been slow in getting construction plans and has provided inadequate supervision on project site.
- ♦ It should be pointed out that complete pavement of parking areas would increase surface water run-off, if done without appropriate land correction. It has been observed that improper surface drainage has already created some erosion of the access road to the market.
- ♦ The issue of solid waste disposal has not yet been resolved and implies a major pollution problem in the neighboring of the actual roadside market. This problem might be extended to the new facilities. Lack of sanitary facilities will also be a major problem at the wholesale market.
- ♦ Operation budget has not been approved by MAI. This budget would serve to cover 5 employee salaries, maintenance work and repairs to the market.
- ♦ It was mentioned during the Mission that a budget was to be approved by MAI to connect the new market to the main lines (electricity and telephone). However, nothing has been done and the opening of the market has been postponed for more than a year (February 2000).

3. SUSTAINABILITY

In order for this project to be sustainable, it must be technically feasible; socially beneficial; and economically viable. The net value of the project benefits is greater than the total costs of an adequate maintenance and improvements system over future years to contribute effectively and efficiently to enhance agricultural marketing in Al-Husainiah.

3.1 Technically feasible

- ♦ Improper design to begin with (5 star project in the mind of the original FAO expert), unnecessary office spaces on second floor, expensive construction structure, and incomplete building in terms of proper cleaning and sanitary facilities.
- ♦ No set of inspection criteria with standards and norms for marketing fruits and vegetables exist either at the wholesale or at the retail market levels. These inspection criteria should be provided by the CTA according to FAO project document on traditional market.
- ♦ The original proposed (CTA) and approved (MAI) set of rules and regulations are not practical, too long and too imprecise. Regulation empowering authorities to reject an undisciplined agent or trader, or again, reject a new undesired applicant are not addressed. It was reported to the Mission that these rules and

regulations have since then been revised and simplified, and finally put in a legal form in Arabic language only.

- ♦ The daily operations should be managed by a private enterprise seeking profits. Additional investments (grading, packing and cooling equipment) could be made by the Sheik if a private enterprise is appointed to manage the market and when a net return is expected. The ice factory could play a significant role for cooling fruits and vegetables after grading.
- ♦ The Sheik mentioned to the Mission that unless a private enterprise is appointed to manage the market as it is done in Sana'a and Taiz, he will not encourage agents and traders to move to the new market. Further more, the Sheik would consider investing in washing, grading and packaging equipment if a private enterprise is in charge.
- ♦ It is important to conduct the in-service training as scheduled and ensure the services of international and national consultants in marketing extension and packaging operations. The international consultant in marketing has already been selected and is scheduled to start his assignment at the beginning of next year.
- ♦ The wholesale market sustainability could be increased if proper linkage is established with the cooperative, presently managing 10 cool storage units in Hodeidah. Pre-cooling in Al-Husainiah is a must for the export markets.
- ♦ Since the Government of Yemen has not yet clearly indicated to the Mission who will own the market and what would be the mode of operation, then the Mission cannot predict when the market will be technically functional and could be officially opened.

3.2 Socially beneficial:

- ♦ According to the recent Farm-Level Baseline Survey, about 31% of Wadi Zabid farmers and only 14% of Wadi Rema farmers are registered members of the local agricultural cooperative. It appears that immediate beneficiaries do not seem to have been involved at any extent, in the conception, the implementation and the operation of this new market facility. However, the few wakils met at the roadside market have indicated a strong interest to see the market open in the near future so that they could do business in a more efficient manner and not be preoccupied by the road congestion.
- ♦ Several studies and analyses have shown that Yemen has a comparative advantage in the production and export of fruits and vegetables. Increased export earnings from fruits and vegetables would increase farmer's incomes and reduce dependency on oil exports.
- ♦ As mentioned earlier in this report, the project design has been silent on the need for gender mainstreaming. The gender specialist met several women involved in extension work in the project area. She noticed that there were many women working as agronomist or civil engineers in MAI and at TDA offices.
- ♦ However, it has been reported that women are not involved at any point in the marketing of produce and they do not feel at ease going at the souq. Cultural practices in Yemeni social behavior are beyond the scope of this project or at least were not considered when the project was approved or again amended (# 9 and # 15).

3.3 Economic viability:

- In order to be economically viable, the project must be profitable and have a positive impact on the beneficiaries. Two questions arise about profitability. First, is the project going to facilitate price increases on this traditional market? According to previous studies, retailers and traders do not pay in reference to better or worst quality produces. Unfortunately, the project is not providing a new set of standards and norms that would promote better quality (value-added) produces and better prices.
- It must be remembered that as a result of the project amendment, there will not be any grading and packing equipment. Otherwise, it would have been easier to sell best quality produces for export and consequently get better prices even for produces retailed locally.
- Secondly, will there be some savings due to this new market? This is possible since it will be easier to trade larger volumes of produce in a lesser amount of time. Again, a minimal 30% growth is expected according to farm level survey conducted by the CTA (# 6). This would result from the fact that, in the future, market operations will not be slowed down by traffic congestion as it was observed by the mission. This percentage reflects only volume of fruits and vegetables that is estimated at the present time as being sent to other markets such as Taiz or Hodeidah.
- Thirdly, the wholesale market operates mostly during 3 to 4 months (November to February) and again, about one month in August. How could one justify such an investment and make it profitable for a short period of the year? There is no grading equipment that could help improve quality of produces and obtain better prices through exports.
- There will be additional costs for rentals to cover operation and maintenance of the new premises. Rental charges to be collected from people (farmers, wakils, and traders) making use of the wholesale market were not known and consequently, not mentioned to the Mission. The net benefits resulting from this new market have not been reassessed since they were calculated in the project agreement (# 15).
- The net gain from farmers are not assessed although two studies (# 6 and # 8) have indicated that a better access to the market due to reduction in traffic congestion would result in a reduction of post harvest losses. Increase in production could be done if more inputs such as fertilizer and pesticides could be made available at the market place.

3.4 Replicability

- The project concept is replicable since its objective is to improve the marketing of fruits and vegetables in Yemen. However, the deficiencies of conception and implementation have rendered this particular project difficult to replicate, unless the lacking services (restaurants), additional sanitary facilities, and equipment are restored.
- Without primary grading and packing equipment, this project does not introduce any form of improvement in the traditional way of marketing horticultural produces.
- It is expected that this traditional assembly market will gradually evolve through a more modern way of marketing fruits and vegetables. This evolution is linked to the fact that export markets required upgrading of products. Again, large

food stores will eventually order better quality produces through quality control and standard norms for packaging fruits and vegetables.

- ♦ There is a total lack of transparency with risk of personal conflict of interest as observed with the Sheikh (ice factory and son's appointment as market manager) which make the management of this project less replicable.
- ♦ It is unfortunate that the packing unit was excluded from the project due to cost factors. Quality improvement particularly washing, sorting and grading fruits and vegetables were among the project justification for Al-Husainiah Market. The Mission has observed, while meeting with a private entrepreneur in Al-Awia located on the main road to Hodeidah, that this washing and grading operation is fundamental for export. Without primary grading and packing equipment, this project does not introduce any form of improvement in the traditional way of marketing horticultural produces.
- ♦ No indication has been provided to the Mission that the market board could play a major role to manage the daily operations in a smooth fashion since no trader and commission agent are sitting on the Market Board. Those who planned and designed this project should have looked to other public markets and replicate what seemed to be the most adequate.

3.5 Impact

The new market facilities have been estimated to create an impact in a number of different ways (# 9, Part Two).

Among those:

- ♦ Crop losses were to be reduced through quicker and better handling in the new wholesale market.
- ♦ Timesaving was assumed for market users as a result of more space being made available and due to a reduction in highway traffic congestion.
- ♦ It was expected that better prices would be paid to producers, thereby stimulating increases in production of fruits and vegetables.
- ♦ Finally, it was assumed that there were to be some reduction in market operating costs for municipalities and management.

3.5.1 Economic Indicators:

- ♦ The initial results of the economic analysis (September 1995) indicated that an internal rate of return (IRR) of 44.8% could be expected given the basic assumptions of the Project Agreement (# 15). If capital, replacement, and operating costs were to be increased by 10 %, the IRR would be reduced to 38% and, if former costs were increased by 20%, the IRR would be lowered to 25.7%.
- ♦ The Mission cannot review the initial cost-benefit analysis used to justify this project since no data have been collected at the actual Al-Husainiah roadside market to support initial assumptions.
- ♦ Reporting and compiling data should be implemented in order to compare prices of fruits and vegetables at Al-Husainiah market to other nearby markets, such as Taiz and Hodeidah. This has been done, since 1997, for six other markets in Yemen through a related FAO project (MIS).

- ♦ The gains to farmers, as a result of a reduction in post harvest losses due to the development of the new wholesale market, have to be estimated whenever the market opens.
- ♦ Improvement in quality of produces due to better grading and packing facilities was one of the main impact features of this project. Since this output has been cancelled, no impact should be expected.
- ♦ According to a FAO report (# 12), due to improper conservation facilities at home, better quality produces are not bringing much better prices. It was assumed that only export markets could generate higher prices than those paid at the local markets. Again, this will not be possible unless the grading and packing equipment is reinstated in the project.
- ♦ In terms of additional cost to beneficiaries, neither MAI representatives nor the CTA have been able to inform the Mission about rental fees that will be asked to users (farmers, wakils, and traders).

3.5.2 Physical Indicators:

- ♦ Several physical indicators allow to evaluate the impact of the project such as (1) truck arrivals; (2) tonnage of specific commodities; (3) number of permanent wakils and traders; (4) stalls being occupied; etc. It should be noted that data have not been collected for a full marketing season and it will be difficult to compare when the new market will open.
- ♦ The Farm Level Survey has estimated that an initial increase of 30% could be expected in the marketing of produces at Al-Husainiah market since producers and commercial agents are avoiding it at the present due to traffic congestion.
- ♦ The movement of produces could be further increased since more space will be available.

3.5.3 Social Indicators:

- ♦ The social impact has not been addressed or even assessed in the project document. However, the Mission felt that women should play some role in this project specifically if grading and packing equipment is reinstated. Furthermore, the gender specialist found that there were several female engineers in the MAI and none has been involved in the project formulation, design and eventually its operation.
- ♦ Also, it has been noted that due to cultural and religious practices, and men misbelieve of women entering market place is inappropriate, women are kept apart from market operation. Women do not have the right of decision-making and are not given the facilities to conduct any marketing operation. Social impact will be difficult to evaluate in short term according to foreign indicators.

CONCLUSION

The Mission concludes:

- ♦ This project has not been conceived and built in an efficient manner. Many improvements remain to be done such as (1) water access to each stall; (2) additional sanitary facilities; (3) urgent need to reconsider the purchase of grading, packing and cooling equipment.
- ♦ UNCDF decided as a result of budget shortages due to additional construction costs that the former equipment would not be bought. This prevents the project from achieving one of its immediate objectives.
- ♦ There was a total lack of a comprehensive work plan at the implementation stage, including improper monitoring and infrequent progress reports. The results tend to indicate that all parties involved have conducted this project in an inefficient manner.
- ♦ For instance, there was no written agreement concerning the sale of Sheik's land and its use to ROY.
- ♦ The approval of the Market Board and the Management structure took more than three months. There has been no official set of criteria to decide about appointee people, specially the market board chairman (Sheik's son).
- ♦ No indication has been provided to the Mission that the Market Board could play a major role to manage the daily operations in a smooth fashion since no representative from traders and commission agents is sitting on the Market Board.
- ♦ Poor efficiency should be expected from this new wholesale market in Al-Husainiah because it will remain for the time being, a traditional market not equipped to select and preserve better quality produces. There is no immediate incentive to get better prices and improve beneficiaries' incomes.
- ♦ It is difficult at this stage to determine if the new wholesale market will be beneficial to the immediate beneficiaries. This is due to insufficient data being collected at the implementation stage. At least, when this new Al-Husainiah market will be opened, the main highway will be safer for the local community and more business should be expected as a result.
- ♦ This project in its actual format is not replicable and should not «be taken as a model to be emulated in other areas of fruits and vegetables production in the country».
- ♦ Hopefully, there should be greater movements of produce in a shorter period of time, which would end up in reducing the volume of perishable fruits and vegetables wasted.

RECOMMENDATIONS

The mission recommends that,

- ♦ ROY should:
 - ♦ Transfer the ownership of the new wholesale market to MAI, so that the later could decide on the best way to manage the facilities, including a potential agreement with the Export Center in Hodeidah;
 - ♦ Insist that the appointee market board members could consider employing women for duties involved with grading and packing fruits and vegetables.
- MAI should:
 - ♦ Settle the dispute between the contractor and the consultant so that the project be opened as soon as possible;
 - ♦ Undertake the repair of the main access road from highway to the new market, and similarly have the power and the communication lines be connected;
 - ♦ Complete the parking areas in order to allow trucks unloading and loading on either sides of the hangars under proper conditions;
 - ♦ Complete the project with the additional sanitary facilities required and add water distribution to each stall for cleaning purpose; and,
 - ♦ Reach an agreement with the Agricultural Cooperative Union and the Export Center in Hodeidah, so that the latter could make an optimal use of their 10 cooling rooms (500 tons).
- UNCDF should:
 - ♦ Reconsider putting in the proper funding as indicated in the project document.
- FAO should:
 - ♦ Continue to provide the technical assistance as requested by the project and make use of available funds sponsored by the Government of Netherlands;
 - ♦ Hire a market specialist to visit the project in the near future;
 - ♦ Support MAI and the market board to ensure that the market be managed as a private enterprise.

APPENDIX 1

EVALUATION MISSION ITINERARY & ACTIVITIES

EVALUATION MISSION ITINERARY & ACTIVITIES

<u>Date</u>	<u>Mission</u>	<u>Itinerary and Activities</u>
Nov. 6	Montreal:	Request for Visa to Yemen, passport photos & prepaid courier;
Nov. 9	Montreal:	Conference with Mr. E. Y. W. Guo & Ms. A. Medani, UNCDF NY;
Nov. 10	Montreal:	Reading Project Documents & Terms of References;
Nov. 11-12	Travel:	Montreal-Frankfurt-Sana'a;
Nov. 13	UNCDF Office:	Meeting with Ms. R. Khalil; and Mr. Babiker Idris;
Nov. 14	UNCDF Office:	Meeting with Ms. R. Khalil; Mr. B. Idris; Mr. A. Al-Maktari; Mr. A. M. Atroos; Ms. F. A. S. Saleh; and Ms. R. H. Al-Aghbari;
Nov. 15	MAI Office:	Meeting with Ms. R. Khalil; Mr. B. Idris; Mr. A. Al-Maktari; Ms. R. H. Al-Aghbari; Mr. A. Al-Arashi; Mr. E. A. Abu Monassar;
MIS Office:	Meeting with Mr. Abdallah M. Atroos and his staff;	
	RNE Office:	Meeting with Ms. R. Khalil and Mr. Dirk Van Eyk;
Nov. 16	FAO Office:	Meeting with Ms. R. Khalil; Mr. B. Idris; Ms. R. H. Al-Aghbari; Mr. Ibrahim Abdulla Thabet; Mr. Mohamed Houmymid;
	UNCDF Office:	Meeting with Mr Al-Towaity; A. K.. Mohsen; A. Al-Maktari; Ms. R. Khalil; and Mr. B. Idris; Ms. R. H. Al-Aghbari;
Nov. 17	UNCDF Office:	Reading documents and meeting with Mr. Babiker Idris;
Nov. 18	UNCDF Office:	Reading documents and Team meeting;
Nov. 19	Travel:	Sana'a to Hodeidah and to Al-Hussainiah, on site project visit With Mr. Abdul Karim Mohsen; Mr. A. Al-Maktari; Mr. B. Idris;
	Al-Hussainiah:	Meeting with Mr. Mohamed Ayash and Mr. Hassan Hiba Tera;
	Lawia/Hodeidah:	Meeting with Mr. M. Masoudi (20 km north of Al-Husainiah);
Nov. 20	Hodeidah:	Meeting with Mr. Ahmed Shikh, Cooperative Export Center;
	TDA office:	Meeting with Mr. Abdul-Wali Haidey, Mr. Abdul-Bagi Haddad; Ms. R. H. Al-Aghbari and Extension staff in Al-Husainiah area;
Nov. 21	Hodeidah:	Team meeting with Ms. R. Khalil and Ms. R. H. Al-Aghbari;
	Travel:	Hodeidah to Sana'a;
	UNCDF Office:	Report writing;
Nov. 22	UNCDF Office:	Team Meeting and Aide-Memoir preparation;
Nov. 23	UNCDF Office:	Aide-Memoir presentation;
	Sana'a:	Team meeting with the Sheikh, Mr. Shueeb Al-Fashing;
Nov. 24	Travel:	Sana'a-Frankfurt-Toronto-Montreal;
Nov. 29-30	Montreal:	Debriefing preparation
Dec. 01	Travel:	Montreal-New York & return;
	UNCDF H.Q.:	Debriefing
Dec. 6-7-8	Preliminary report review	
Dec. 13-14-15	Preliminary report review	
Dec. 21	Preliminary report presentation to UNCDF	
March 2001	Final report presentation	

APPENDIX 2

PEOPLE MET

PEOPLE MET

Mr. Abdalla Al-Garmoz, Manager of Al-Husainiah market

Mr. Abdallah M. Atroos, Director of MIS / MAI

Mr. Abdul A. Al-Arashi, Assistant Deputy Minister for Agricultural Affairs / MAI

Mr. Abdul Karim Mohsen, Architect & Engineering Consultant

Mr. Abdul-Bagi Haddad, Director of Agriculture Extension (TDA)

Mr. Abdul-Wali Haidey, Director of TDA, Southern Branch

Mr. Ahmed Shikh, Manager Cooperative Export Center in Hodeidah

Mr. Ali Mohamed Ahmmed Al-Maktari, Gen. Director of GDAM / MAI

Mr. Al-Towaity, National Contracting & Engineering Corporation

Mr. Babiker Idris, Ph. D., FAO CTA

Mr. Dirk Van Eyk, Commercial Attaché, Royal Netherlands Embassy (RNE)

Mr. E. Ali A. Abu Monassar, Promotion & International Cooperation, MAI

Mr. Hassan Hiba Tera, wakil in Al-Husainiah

Mr. Ibrahim Abdulla Thabet, National Professional Officer, FAO

Mr. Mohamed Ayyash, wakil in Al-Husainiah

Mr. Mohamed Houmymid, Community Participation Expert, FAO

Mr. Mohamed Al-Masoudi, trader/exporter in Al-Awia

Mr. Shueeb Al-Fashing, Sheik and President of Al-Husainiah marketing Coop.

Ms. Faizah Abdo Saeed Saleh, Women Development Expert & Consultant

Ms. Rana Khalil, Program Assistant Officer, UNCDF

APPENDIX 3

LIST OF DOCUMENTS AND REFERENCES

LIST OF DOCUMENTS AND REFERENCES (#)

1. Aide-Memoire (Mission Report), Country Monitoring Visit of UNCDF to Yemen, February 7-15, 1999, by Ms. Amal Medani.
2. Al-Hussainiah Wholesale Market for Fruits and Vegetables, (First) Market Traffic Survey, Report prepared by Mr. A. M. Al-Maktari, MAI, and supervised by Mr. B. I. Babiker, CTA FAO, April 2000.
3. Al-Hussainiah Wholesale Market for Fruits and Vegetables, Bach to Office Report on Duty Travel to Sana'a Yemen, November 15-23, 1998, by Mr. Abdalla Zohair, FAO/RNE.
4. Al-Hussainiah Wholesale Market for Fruits and Vegetables, Bach to Office Report on Duty Travel to Sana'a Yemen, November 19 – December 3, 1999, by Mr. Abdalla Zohair, FAO/RNE.
5. Al-Hussainiah Wholesale Market for Fruits and Vegetables, Bach to Office Report, Visit of Mr. A. Kacou, Deputy Executive and Ms. Amal Medani, Country Manager in Yemen, UNCDF, 9-14 April 2000.
6. Al-Hussainiah Wholesale Market for Fruits and Vegetables, Farm-Level Baseline Survey, Report prepared by Mr. A. M. Al-Maktari, MAI, and supervised by Mr. B. I. Babiker, CTA FAO, April 2000.
7. Al-Hussainiah Wholesale Market for Fruits and Vegetables, Progress Report for the Period January 2000 – June 2000, Prepared by Mr. B. I. Babiker, CTA FAO, June 2000.
8. Al-Hussainiah Wholesale Market for Fruits and Vegetables, (Second) Market Traffic Survey, Report prepared by Mr. A. M. Al-Maktari, MAI, and supervised by Mr. B. I. Babiker, CTA FAO, October 2000.
9. Amendment to the Project Agreement, The Government of Yemen and UNCDF, June 6, 1995.
10. Assistance in Agricultural Marketing, Terminal Statement prepared for ROY, Yemen, Technical Cooperation Program FAO, Rome 1997.
11. Bach to Office Report, Visit of Husainiah Market project site by Ms. Rana Khalil, UNCDF Program Assistant, and other parties involved, 14-15 February 2000.
12. Final Report of the Market Information Computerization Consultant, Agricultural Market Information Development, Mr. Bridget Poon, FAO – MAI, December 1996.
13. Handover Notes, Wholesale Market Al Husainiah, Points of discussions with AKW and Ali Maktari, by Ms. Paivi Nikander, UNCDF Program Officer, June 2000.
14. Inception Report, Prepared by Mr. B. I. Babiker, CTA FAO, October 1999.
15. Project Agreement between the Government of ROY and UNCDF, Assistance to a Project, Wholesale Fruit and Vegetable Market in Al-Hussainiah, January 29, 1994.
16. Rules and Regulations of Al-Husainiah Vegetables and Fruits Assembly Market, Document Prepared by Mr. B. I. Babiker, CTA FAO, Unspecified (early 2000).
17. The Movement of Prices & Quantities of Important Fruits & Vegetables in the Main Markets of Provinces of Yemen, Annual Report No 3 in 1999, MAI, GDAM, Studies & Information Dep. February 2000.

APPENDIX 4

TERMS OF REFERENCES

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1.0 PROJECT BACKGROUND

Al-Husainiah is the project area covering mainly the farming plains of Wadi Zabid and Wadi Rima. The actual roadside market is located about 100 km south of Hodeidah. Al-Husainiah is a strategic location in the centre of Tihama valley where about 75% of vegetables and fruits are produced in Yemen (# 6). Some 8,500 (farm) families were estimated as potential beneficiaries of the project.

During the 1990's, more than 70% of Yemen agricultural exports, mainly fruits and vegetables, were absorbed by the Gulf markets, especially Saudi Arabia, being the main destination. Commercial ties and the ease and the lower transport cost dictate this orientation across these borders (# 9).

There are two co-operatives in the Tihama production area. The only active one in Tuhayta, west of Zabid, was established in 1982 with the intention of working in the fields of agricultural marketing. Later, that co-operative established a market in Al-Husainiah but could not compete with the local traders and commission agents (wakils).

The horticultural sub-sector in Yemen has been plagued by a number of constraints over the years. Among these constraints, it is worth mentioning the lack of reliable production and marketing price information for farmers and traders; the inadequate marketing facilities in the areas of high production potential such as Al-Husainiah; and, the time lost due to traffic congestion surrounding traditional roadside assembly market.

Some recent FAO studies have indicated that retail trade in Yemen was done on a very small scale and there was little or no demand for «value-added» product by way of grading or packing. Price differentials for different quality classes are an ephemeral feature in Yemeni fruit and vegetable markets. Only exports of higher quality products in large volumes could affect prices, but grading and proper packaging are required.

At the request of the government of the Republic of Yemen (ROY), the United Nations Capital Development Fund (UNCDF) fielded a Project Planning Mission in 1991. As a result, an agreement was reached in January 1994 for funding a new wholesale market at Al- Hussainiah for a total project cost of US\$ 1,786,982.

The Government of Netherlands (RNE) agreed to provide technical assistance in the order of US\$ 445,000 and ROY was to provide a contribution of US\$ 74,000 within the total project cost. The project would be executed by the General Directorate of Agricultural Marketing (GDAM) of the Ministry of Agriculture and Irrigation (MAI) and, implemented by Tihama Development Authority (TDA) for the construction works.

Technical assistance in the formulation of marketing policies and the creation of appropriate institutional arrangements were to be provided to the GDAM by FAO. A parallel FAO/UNDP project was to provide support to GDAM in designing and implementing a fully functioning market information service to six governorates of the former Government of Yemen.

Various events, such as the military conflict of 1994 and the change in institutional framework have significantly affected the implementation schedule. The project was amended in June 1995 and contributions from UNCDF and RNE were raised respectively at US\$ 1,353,997 and US\$ 502,850.

2.0 INITIAL FORESEEN RISKS

The following are some of the factors mentioned in the project document that were expected to affect the achievement of the project's outputs, and that are still pending:

- The regulations for the setting of level of fees and the appointment of qualified staff.
- Agreement has not yet been reached on the method of management of the market.
- The Market Management Board is established but not functional.
- Further base-line surveys of turnover of the existing market are not undertaken.

- The mission of the Export Marketing Specialist from the technical assistance component is delayed, resulting in inadequate data being available for the design of the grading and packing component of the project.
- The appointment of the Market Manager and the market operations staff is done but no selection criteria have been provided to UNCDF and RNE for training purpose.
- The operation working capital, staff salaries and recurrent maintenance budget are not available.
- Suitable training courses, for the market staff, are not available.
- A market information system is not established.
- There are three main constraints identified in the project document that needed to be overcome in the agricultural marketing:
- The marketing institutions are relatively undeveloped.
- There is a lack of reliable production, consumption and market price information available to farmers and traders.
- There are inadequate marketing facilities in Al-Husainiah area.

The project addresses these constraints by providing improved physical facilities and technical assistance for the market management at Al-Husainiah. The market information system for fruits and vegetables was to be established by FAO in close collaboration with the local staff. An opportunity will be provided in the form of value added produce through improved handling and supplying employment opportunities.

3.0 ENVIRONMENTAL ASPECTS

According to the project document, it was expected that by removing traffic from the main Hodeidah-Taiz road, this would reduce the traffic congestion and contribute to the reduction of accidents. The possible negative environmental impacts however are as follows:

- The sewage disposal facilities and borehole water supply are poorly located with a potential impact on the existing water available.
- Potential flooding in the area due to increased surface water run-off from a completely paved site, if a comprehensive drainage system and an improved outlet are not implemented. The mission noted some erosion of access road due to improper roadside protection.
- Increased traffic congestion if the main road junction and off-site paved access road are not implemented. A segregated access to the market site is essential so that incoming vehicle can slow down and be checked-in at the entry gate without causing backing-up onto the main road.
- Poorly implemented solid waste management measures, resulting in a potential pest infestation.
- Insufficient sanitary facilities for both hangars and office accommodation.

4.0 THE EVALUATION MISSION

4.1 PURPOSE OF THE EVALUATION

The objective of the foreseen mid term project evaluation was to assess the progress made in achieving the project objectives and outputs, based on the key performance indicators together with concrete and realistic recommendations for the future implementation of the project.

Specifically, the evaluation team was to:

- Assess the project results achieved as compared with the revised workplan;
- Assess the project results with regard to replicability and sustainability;
- Identify the obstacles that are hindering the implementation or operations of the project and provide
- recommendations for addressing these obstacles;

- Review the institutional arrangements with view to identifying alternative institutional arrangements that could improve project performance and impact;
- Assess the results achieved in preparation for a tripartite review meeting; and,
- Provide recommendations for the sustainability of the project in terms of financial, institutional and business sustainability.

In addition, the mid term evaluation should also:

- Review the project design and implementation for compliance with UNCDF Gender Mainstreaming responsibilities drawn from the UNDP Gender Mainstreaming guidelines, and provide recommendations for incorporating relevant gender mainstreaming activities.

4.2 METHODOLOGY OF THE EVALUATION

The evaluation mission was to be carried out as follows in order to achieve the evaluation objectives within the selected and reduced time frame:

- The evaluation mission was to be briefed on the project at UNCDF Office in Sana'a.
- The mission undertook a thorough desk review of all project documentation and reports available, in order to familiarize themselves with the latest project activities and results;
- The mission maintained close relations with the UNDP representing UNCDF in the country, which facilitated the work of the mission and guided it in its official contacts with the Government and other necessary counterparts such as RNE;
- The mission reviewed all project documentation at the office, undertake field trips and site visits, sample surveys and interviews with the relevant Government authorities and agencies (MAI, TDA, FAO) as well as the beneficiaries/users. The data gathered were analyzed to support the evaluation report;
- The evaluation had to follow the structure of project objectives and, more specifically, project outputs. The process of physical construction work was to be analyzed as well as the procedure of Technical Assistance and management services. The process of establishment and enforcement of rules and regulations in all relevant fields were also analyzed;
- The Government and parties concerned in this project have made available all documentation relevant to the project, and have facilitate access to the project site;
- The mission informed the Government authorities in a timely manner of the need for data or visits, which it deems important or indispensable to properly evaluate the project;
- The mission communicated its main findings and recommendations with the UNDP, MAI, FAO and RNE the project donor.

4.3 ORGANIZATION, COMPOSITION AND DURATION OF THE MISSION

The evaluation mission was composed of a Market Specialist acting as the Team Leader and a Socio-economist / Gender Specialist. Both have considerable experience and knowledge of marketing schemes in developing countries such as Yemen. The Team-Leader/Market Specialist was primarily responsible for items 2.2 above. Also, he was responsible for coordinating and managing the contribution of the evaluation team members.

MAI and FAO have each appointed experienced representatives familiar with marketing schemes in Yemen, whom have worked with both mission members to facilitate the evaluation tasks of the mission.

APPENDIX 5

UNCDF EVALUATION RESULTS

UNCDF EVALUATION RESULTS

I. Basic Project Data

Country:	REPUBLIC OF YEMEN
Full Project Number:	UNTS/YEM/003 (YEM/91/C02)
Project Title:	Wholesale Fruit and Vegetable Market in Al-Husainiah United Nations Capital Development Fund
Sector:	Agriculture, Forestry & Fisheries – 0400
Sub-sector:	Agricultural Marketing - 0414
Government Executing Agency:	Ministry of Agriculture and Irrigation Through the General Directorate of Agricultural Marketing; and the Tihama Development Authority
UN cooperating Agency:	Food and Agriculture Organization (FAO)
Project Approval Date:	January 1994
Project Amendment signed:	June 1995
Original Completion Date:	September 1999
Revised Completion Date:	February 15, 2001
Evaluation Date:	November/December 2000
Expected Opening Date:	March 2001
Financing (as of June '95):	Total Project Cost: US\$ 1,930,847 UNCDF: US\$ 1,353,997 ROY: US\$ 74,000 RNE (Dutch): US\$ 502,850
Actual UNCDF Disbursements at evaluation: (Estimate at the end of September 2000)	US\$ 681,932

UNCDF EVALUATION RESULTS

II. Background

The horticultural sub-sector in Yemen has been plagued by a number of constraints over the years. Among these constraints, it is worth mentioning the lack of reliable production and marketing price information for farmers and traders; the inadequate marketing facilities in the areas of high production potential such as Al-Husainiah; and, the time lost due to traffic congestion surrounding traditional roadside assembly market.

Some recent FAO studies have indicated that retail trade in Yemen was done on a very small scale and there was little or no demand for «value-added» product by way of grading or packing. Price differentials for different quality classes are an ephemeral feature in Yemeni fruit and vegetable markets. Only exports of higher quality products could affect prices, but grading and proper packaging are required.

Again, several studies and analyzes, have shown that Yemen has a comparative advantage in the production and export of fruits and vegetables. Increased export earnings from fruits and vegetables would increase farmer's incomes and reduce dependency on oil exports.

III. The Project

A. Development Objective

The overall development objective of the project is to assist Yemeni producers in the encouragement of improvement of marketing conditions for perishable and semi-perishable fruits and vegetables. This was to be achieved by reducing post-harvest losses and by providing a more efficient and cost-effective marketing information system (MIS).

B. Immediate Objectives

The first immediate objective was to have an impact on the present marketing system inefficiency, on the post-harvest handling of produce and to solve the present problems of traffic congestion in Al-Husainiah. The new market offers covered areas for sale of produce, short-term storage facilities, hard surfaces for loading and unloading, and washing facilities and drainage of the parking area.

The second immediate objective of the project was to create an improved facility, in the handling, grading, packing and marketing of fruits and vegetables in Tihama area through the development of a new wholesale market at Al-Hussainiah, to replace the existing roadside assembly market.

C. Expected outputs

Output 1: Completion of civil works for construction of a new market on an eight (8) hectare site al Al-Husainiah. This includes more than 3,000 m² of covered sales space, a grading and packing unit, management offices, as well as on-site parking for more than 116 vehicles and an off-site road connection and improved junction to the main Hodeidah-Taiz road.

Output 2: Equipment procured for operating the market, including grading and packing equipment, solid waste management equipment, weighing machines and quality control/public health equipment.

Output 3: An efficient cost-effective market management system established for the marketing of local produce and the export of selected crops under the overall supervision of the Market Board.

Output 4: Operations commenced at the new Husainiah market to achieve an initial volume of around 46,000 to 49,000 tons of produce and collecting annual revenues in the order of around US\$ 30,000.

Output 5: Operations commenced at the market grading and packing unit to achieve an initial volume of around 1,000 tons of fruit and vegetable and collecting annual revenues of around US\$ 8,000.

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Output 6: On-the job practical training of market management staff, including those involved with the grading and packing unit, all relevant head office staff of the GDAM in the MAI and the district level TDA marketing extension staff, a well-trained team capable of running the Al-Hussainiah market.

IV. Findings of the Evaluation

A. Project Design

Due to the fact that the construction design and tendering were not properly supervised, UNCDF transferred the execution of the construction component from FAO to MAI in 1997. The downgrading of design and re-tendering of the construction works delayed the project for some 6 months.

B. Completion of civil works

The market construction was finally completed by the end of February 2000 and is now ready to be handed over to the ROY. Access road to main highway is not complete, not paved and need maintenance and repairs. Parking areas need to be leveled off with gravel stone or asphalt, if proper funding is made available.

MAI has prepared the necessary documents to make the required connections of the market with the main lines (electricity and telephone) since the contractor has completed the internal connections, but the financing is not yet secure. MAI has no specific actions or allowances made for solid waste disposal

C. Equipment for operating the market

The grading and packing equipment, quality control, public health and weighing machines have been cancelled for budget shortage in 1997 within a year after project implementation.

D. Market management system

The rules and regulations for operating the market have been prepared by the CTA in November 1999 and distributed to all concerned parties. They have also been submitted to the Legal Adviser of the MAI to ensure that they conform to the general civil law of Yemen and to the by-laws in Tihama area.

The proposed Market Board and Management Structure for Al-Hussainiah wholesale market was first submitted by the CTA to the Minister of MAI in December 1999. Formal letters have been sent to the concerned organizations to nominate their representatives at the Market Board.

MAI has approved the hiring of the Government Support Officers (a market manager, quality control officer, health officer, financial manager and accountant, an extension officer and market information officer) and junior supporting staff. A national expert has been chosen to design an appropriate accounting and financial system for the market. He installed it on the market's computer and trained the market's clerical staff on using it.

Three Baseline surveys have been conducted. Both the first Market Traffic Survey and the Farm-Level Survey were conducted concurrently, to coincide with the peak marketing period, January and February 2000, while the second Market Traffic Survey was conducted in the slack period of operation, August 2000. Analyses of surveys have been completed and reports have been published.

A fourth survey, a Market Structure Survey, was conducted during September-October 2000. It covered about 100 agents and traders in eight different markets. The results are being analyzed.

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E. Operations commenced at the new market

The market should be opened at the present since the important marketing season is underway. However, it is unlikely that the market has been opened prior to the peak of the current season.

F. Operation of the grading and packing unit

Since the grading and packing equipment, quality control, public health and weighing machines have been cancelled, it is unlikely that this expected output be achieved, unless MAI find other donors.

G. Training of market management staff

Five employees from GDAM who were assigned to this project, together with two cooperative members and two wakils from Al-Husainiah have been sent for training abroad (Alexandria and Cairo). On-the-job training will start when the market is handed over to the ROY.

H. Effectiveness issues

The market construction shows an improper design according to local engineers (TDA) and a lack of supervision from the consultant engineer. It is obvious that a lighter structure, the abandonment of the second floor offices for wakils and traders could have been done and this money could have been used for buying grading and packing equipment.

MAI has shown poor management capacity to redirect the original project design and later to solve the construction problems, to complete the infrastructure, and for funding those: pavement of internal roads and parking lots. There is no formal or informal agreement with future beneficiaries about setting and applying the rules and regulations to manage the market efficiently.

There has been no official set of criteria to decide about appointee people on the market board, specially the market board chairman, who is the son of the Sheikh, acting as the president of the HMCOOP. There is a total lack of transparency in the conduct of this decision.

I. Efficiency issues

Poor efficiency should be expected from this new wholesale market in Al-Husainiah because it will remain for the time being, a traditional market not equipped to select and preserve better quality produce. There is no immediate incentive to get better prices and improve beneficiaries' incomes.

Again, it is necessary to remind that no response has yet been received concerning the request, made to the electricity and telephone authorities, submitted in late January 2000.

J. Sustainability

In order to be technically sustainable, a set of inspection guideline with standard and norms for marketing fruits and vegetables should be prepared, and additional investments (grading, packing and cooling equipment) should be made. The wholesale market sustainability will be increased if proper linkage is established with the export center in Hodeidah, which operates ten cool storage units.

No agreement with future beneficiaries (producers, wakils, and traders) has been made to make this project socially sustainable. The gender specialist who has met several women in the project area found that women are not involved at any point in the marketing of produce in traditional market.

To be economically sustainable, the project has to be managed as private enterprise seeking profits. Unfortunately, the project is not providing a new set of standards and norms that would promote better quality (value-added) produces and better prices.

UNCDF EVALUATION RESULTS

K. Replicability

This project is not replicable since it has been over designed, it is incomplete as originally planned (lack of grading and weight equipment) and management appointments show a lack of transparency.

L. Impact

The increase in the production of fruits and vegetables in the Tihama area and the reduction of the traders bypassing the Al-Husainiah market should be considered as positive impact indicators. Furthermore, improvement in quality of produce, reduction in post-harvest losses and the increase in use of the appropriate packing facilities, if made available, are among the essential impact indicators.

V. Recommendations

The mission recommends that:

- ROY should transfer the ownership of the new wholesale market to MAI, so that the latter could decide on the best way to manage the facilities, including a potential agreement with the Export Center in Hodeidah. ROY should insist that the appointee market board members could consider employing women for duties involved with grading and packing fruits and vegetables, if any.
- MAI should settle the dispute between the contractor and the consultant so that the project be opened as soon as possible. MAI should undertake the repair of the main access road from highway to the new market, and similarly have the power and the communication lines be connected as they should have been for the past 10 months.
- MAI should complete the parking areas in order to allow trucks unloading and loading on either side of the hangars, under proper conditions. Also, MAI should complete the project with the additional sanitary facilities required and add water distribution to each stall for cleaning purpose; and,
- UNCDF should reconsider putting in the proper funding to acquire the grading and packing equipment as proposed in the project document.
- FAO should hire the market specialist to visit the project in the near future so as to indicate proper grading and packing equipment to be acquired; and, support MAI and the market board to assure that the market be managed as a private enterprise.

VI. Lessons learned

- The project should have been designed according to local engineers' specifications (TDA) and take account of comments from Yemeni traders, travelling to other markets.
- The immediate beneficiaries should have been involved at the implementation stage and in the setting up of the rules and regulations to make this market better manageable.
- FAO should have extended his MIS project to include Al-Husainiah so that data could have been collected prior to the project implementation and be able to further evaluate the project impact in the area.

VII. Evaluation Team

The evaluation was carried out by:

- Mr. Antoine Locas, MBA, a Market Economist acting as Team Leader
- And, Ms. Raga'a H. Al-Aghbari, a Gender specialist.