

PROJECT APPRAISAL REPORT (PAR)

Reference Center
Room 1656 ES

PAGE 1

52

1. PROJECT NO. 620-11-140-082	2. PAR FOR PERIOD: 2/69-7/71 TO	3. COUNTRY Nigeria	4. PAR SERIAL NO. 1971-6
----------------------------------	------------------------------------	-----------------------	-----------------------------

5. PROJECT TITLE
Agricultural Credit

6. PROJECT DURATION: Began FY <u>61</u> Ends FY <u>72</u>	7. DATE LATEST PROP <u>2-20-69</u> ✓	8. DATE LATEST RPT <u>11-20-69</u> ✓	9. DATE PRIOR PAR <u>2-6-69</u> ✓
---	---	---	--------------------------------------

10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ <u>933,000</u>	b. Current FY Estimated Budget: \$ <u>150,000</u>	c. Estimated Budget to completion After Current FY: \$
------------------	---	---	--

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME Farmers Home Administration - USDA	b. CONTRACT, PASA OR VOL. AG. NO. AFR(AJ) 03-65
--	---

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
X		X	1. Provide an organization and management specialist to improve internal operations particularly accounting, budgeting, data handling and general work flow.	1 - 1 - 72
		X	2. Arrange source of Credit expansion, preferably from Central Bank.	1 - 1 - 72
X		X	3. More effective coordination among credit, rice/maize and planning projects in the Western State.	12 - 1 - 71
<p>NOTE: Since the end of the period covered by this PAR, there have been a number of favorable developments in the position of the Western State Agricultural and Industrial Credit Corporation. In particular, project field leadership has been much strengthened and it appears that the Corporation's financial position is on its way to improvement. These developments will be the subject of a separate staff memorandum.</p> <p>Concurrences: AGR: _____ PRM/OS: _____ PRM/EVAL: _____</p>				

D. RE PLANNING REQUIRES	REVISED OR NEW:	<input type="checkbox"/> PROP	<input type="checkbox"/> PIP	<input checked="" type="checkbox"/> PRO AG	<input type="checkbox"/> PIO/T	<input type="checkbox"/> PIO/C	<input type="checkbox"/> PIO/P	E. DATE OF MISSION REVIEW <u>10-18-71</u>
-------------------------	-----------------	-------------------------------	------------------------------	--	--------------------------------	--------------------------------	--------------------------------	--

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Herbert C. Kriesel	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE William Ford
--	---

AID 1020-25 (10-70) PAGE 2 PAR	PROJECT NO. 620-11-140-082	PAR FOR PERIOD: TO 2/69-7/71	COUNTRY NIGERIA	PAR SERIAL NO. 1971-6
-----------------------------------	-------------------------------	---------------------------------	--------------------	--------------------------

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)					
	UNSATISFACTORY		SATISFACTORY			OUTSTANDING		LOW		MEDIUM		HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5	
1. USDA Farmers' Home Administration		X											X
2.													
3.													

Comment on key factors determining rating: Although relationships to host nationals have been extremely harmonious, effectiveness of advisors has been hampered by (1) incorrect input i.e. lack of appreciation for importance of training and of internal operations at headquarters level and (2) lack of firm, dynamic leadership by chief of party which contributed to low acceptance of innovations at headquarters and, due to lack of coordination, below potential contribution by relatively highly competent field advisors. (USAID must share responsibility for the providing organization and management expertise among first technicians posted, as programmed in PROP).

4. PARTICIPANT TRAINING			X									X	
-------------------------	--	--	---	--	--	--	--	--	--	--	--	---	--

Comment on key factors determining rating: All staff selected so far have been below optimum potential as the Corporation has not employed university graduates. Participant training trip by General Manager has shown little benefit to agricultural credit project since he devotes only a minor part of his time to the agricultural credit phase of the multi purpose corporation.

5. COMMODITIES				X						X			
----------------	--	--	--	---	--	--	--	--	--	---	--	--	--

Comment on key factors determining rating: Commodities have been of a supportive nature rather than integral to the project. They have been of minor volume during period covered by this PAR. Some of these are presently overdue - otherwise performance has been as planned.

6. COOPERATING COUNTRY	a. PERSONNEL			X									X
	b. OTHER		X										X

Comment on key factors determining rating: a) All personnel are very congenial to work with but the eagerness to improve performance is more pronounced at the middle and lower levels than in upper decision-making posts. The continued reluctance to employ university graduates places a low ceiling on enhancement of personnel quality. Other personnel factors which have restricted effectiveness of advisory efforts: limited accessibility of general manager for advisory assistance by the chief of party; insufficient information available to the advisors: some reluctance to accept procedural innovations and to delegate loan making decisions to field staff. b) The low rating for this reflects the apparent lack of commitment of top GON officials of Western State to the development of an agricultural credit agency. This is manifested particularly in their failure to provide loanable fund which, now can be borrowed from a commercial or the Central Bank. To a degree this reluctance mirrors: (1) disillusionment with the history of very low repayment by farmers and (2) lack of appreciation for investment opportunities in agriculture.

7. OTHER DONORS													
-----------------	--	--	--	--	--	--	--	--	--	--	--	--	--

AID 1020-25(10-70) PAGE 3 PAR	PROJECT NO. 620-11-140-082	PAR FOR PERIOD: 2/69 - 7/71	COUNTRY Nigeria	PAR SERIAL NO. 1971-6
----------------------------------	-------------------------------	--------------------------------	--------------------	--------------------------

II. 7. Continued: Comment on key factors determining rating of Other Donors

None

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY 1971		FY 72	FY 73	
			TO DATE	TO END			
Funds loaned (\$1,000)	PLANNED	564		442	617	700	700
	ACTUAL PERFORM- ANCE	564	(143)				
	REPLANNED				175	300	175
University Trained staff recruited	PLANNED	2	"addi- tional"	Additional	ones	to be employed	
	ACTUAL PERFORM- ANCE	0	0				
	REPLANNED			0	0	2	
Field staff trained at agricul- tural training school (Akure) but courses included only one 2-hour lecture on credit in 2-year period.	PLANNED	38		21	20	20	20
	ACTUAL PERFORM- ANCE	38	21				
	REPLANNED			21	20	20	20
Increased proportion of loans repaid on schedule (%) (Data unreliable)	PLANNED	50-60	60-65	65-70	70-80	70-80	70-80
	ACTUAL PERFORM- ANCE	(64)	(64)				
	REPLANNED			65-70	70-80	70-80	
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
1. Strong case made to appro- priate officials for adequate administrative and loan funds.	1) Administrative and loan funds still not separated. 2) All presentations to Government have been requests for grants rather than loans which could be on-lent. 3) Presentations have not included firm estimates of returns to farmers investments or potential contribution to GDP.						
2. Separate accounts developed for administration and for loans.	COMMENT: Not accomplished. Moreover, the resources available for <u>agricultural credit do not appear to be</u> <u>clearly segregated from the Industrial Investment</u> <u>component.</u>						
3. Employees trained thru in-service programs.	COMMENT: The few employees fortunate enough to work shoulder to shoulder with advisors received useful guidance. However, limited numbers of "training" sessions focused mainly on current administrative problems with the long-term training content arranged on ad hoc basis.						

AID 1020-25(10-70) PAGE 3 PAR	PROJECT NO. 620-11-140-082	PAR FOR PERIOD: 2/69 - 7/71	COUNTRY Nigeria	PAR SERIAL NO.
----------------------------------	-------------------------------	--------------------------------	--------------------	----------------

II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY ^N 71		FY <u>72</u>	FY <u>73</u>	
			TO DATE	TO END			
Loans extended to cooperatives and/or groups. (£1000)	PLANNED	177		50	100	-	-
	ACTUAL PERFORM- ANCE	177	1/125				
	REPLANNED						
1/ Loan application and proce- ssing procedures devised in FY 71; loans totaling £125,000 (involving 1200 farmers) approved but lack of funds prevented disbursement.	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
1. Reduction in time from applica- tion to decision/disbursement		Data on elapsed time not available					
a) new farm/home plan developed and implemented		a) accomplished in FY 71.					
2. b) Loan processing forms simplified and procedures shortened.	COMMENT:						
c) Delegation loan decision making to field staff.		b) Developed by advisors in FY 71 but no action taken by GON staff.					
		c) Graduated basis developed by advisors in FY 71 but not implemented.					
3. a) Devise loan procedure for drying, storing and proces- sing facilities.	COMMENT:						
		a) Developed and implemented for one storage loan with a cooperative society.					

AID 1020-25 (10-70)	PROJECT NO.	PAR FOR PERIOD:	CCOUNTRY	PAR SERIAL NO.
PAGE 4 PAR	620-11-140-002	2/69 - 7/71	Nigeria	1971-6

IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? YES NO

1. Establish an agricultural credit institution capable of effectively planning and administering a program of supervised agricultural credit.
2. Demonstrate to officials of the Federal Government and other states the merits of the supervised credit approach and the procedure for installing this service.

B. 1. Conditions which will exist when above purpose is achieved.

- a) Operating and loan funds adequate at all times.
- b) Ability to maintain sufficient trained and qualified staff at all levels.
- c) Capacity for making and implementing administrative decisions and for incorporating innovations.
- d) Loan applications increasing.
- e) Volume of lending and number of farmers served increasing.
- f) At least 85 percent of loans repaid on schedule.
- g) At least 90% of loans used for agreed purposes.
- h) Administrative costs declining relative to loan/collection volume.
- i) Prospects that above targeted levels will prevail at least 2 years beyond USAID phase-out.
- 2.a) Official visits and/or requests for information from other states and/or credit institutions.
- b) Media give favorable coverage to ^{WSAIC} L.

2. Evidence to date of progress toward these conditions.

- 1.a) Operating and loan funds still not segregated. Loan funds chronically short, virtually non-existent since April 1, 1971.
- b) Adequate training has not commenced; no university graduates hired. However, no loss of personnel to other agencies.
- c) No solid evidence of progress. On contrary, reluctance to face important issues and decisions slow.
- d) Data unavailable.
- e) With expansion of loans through cooperatives, number of farmer borrowers increasing substantially.
- f) Level recently given as 65% but unclear as to time period and interest payments intermingled.
- g) Data unavailable.
- h) Administrative costs not available.
- i) At present tempo most targets not reachable by June 30, 1972.
- 2.a) None so far. (b) All media coverage unfavorable. Corporation often mentioned as being investigated by a special expatriate commission. Virtually no rice/maize project participants aware of Credit Corporation.

V. PROGRAMMING GOAL

A. Statement of Programming Goal

Increased production, especially of export, import substituting and superior food crops. Increased employment and incomes of rural people.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Yes. The Western State farmers have a variety of profitable investment opportunities in improved technologies and improved inputs, particularly with regard to cocoa. Long term cocoa market prospects are good. However, they need supplementary capital. An effective lending and collecting agency would meet this critical need. Moreover, this agency would be a proto-type for credit structures in the eleven other states.