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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

CAPITAL ASSISTANCE PAPER

5-22-73

Proposal and Recommendations  
For the Review of the  
Development Loan Committee

NIGERIA - PORT HARCOURT GOVERNMENT COMPREHENSIVE  
SECONDARY SCHOOL AMENDMENT

620-H-007A

620-H-018

AID-DLC/P-1086

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

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AID-DLC/P-1086

May 22, 1973

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Nigeria - Port Harcourt Government Comprehensive  
Secondary School Amendment

Attached for your review are the recommendations for authorization of an amendment to increase the above captioned loan to the Federal Republic of Nigeria by an amount not to exceed \$700,000 to provide additional funds to assist in financing the foreign exchange costs and a portion of the local currency costs for the expansion of the Port Harcourt Government Comprehensive Secondary School, including construction of new facilities, purchase of equipment and the provision of construction supervisory services.

Please advise us as early as possible but in no event later than close of business on Friday, June 1, 1973, if you have a basic policy issue arising out of this proposal.

Development Loan Committee  
Office of Development  
Program Review

Attachments:

Summary and Recommendations:

Annexes I - VIII

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SUMMARY AND RECOMMENDATIONS

1. Applicant: Federal Military Government of Nigeria
2. Amount of Loan: Seven Hundred Thousand U.S. Dollars (\$700,000).
3. Terms of Loan:

Concessionary: a. Maturity: 40 years  
b. Interest: 2% first 10 years  
3% thereafter

4. Total Cost of Project:

Original A. I. D. Loan	\$1,800,000
Original FMG Contribution	<u>440,000</u>
	\$2,240,000

Proposed A. I. D. Loan Amendment	700,000
FMG Contribution	<u>1,000,000</u>
Total Revised Project Cost	\$3,940,000

5. Project Description: The project consists of the expansion of the existing Government Comprehensive Secondary School (GCSS) at Port Harcourt from its originally designed capacity of 300 students to a capacity of 1,080 students. This includes construction and equipping of new classrooms, administration building, an auditorium/gymnasium building and student and staff housing. Also included is the cost of construction supervision.
6. Purpose of the Amendment: The loan amendment provides the funds required to cover the additional foreign exchange requirements and a portion of the additional local costs needed to complete the education facilities.
7. Project Background: On April 14, 1964, A.I.D. authorized a loan of \$1.8 million for the expansion of the existing Government Comprehensive Secondary School at Port Harcourt (GCSS). The Loan Agreement was signed on December 29, 1964. In January 1965, a contract for the preparation of final design and cost estimates was signed between the then Government of the Eastern Region of Nigeria and a U.S. consulting firm. However, primarily because of numerous subsequent design revisions, the final design was not completed until late 1966. Before the scheduled bid opening, the former Eastern Region was reorganized into three states (East Central, South Eastern and Rivers states) and shortly thereafter civil war broke out in Nigeria. As a result of these events, activities under this project were suspended until the war ended in January 1970. At that time the Rivers State Government (RSG) with FMG support requested that A.I.D. reactivate the project on the basis of the pre-war design criteria.

Based on the Mission's study of the education requirements of the Rivers State, with which it was assisted by two outside experts, a Project Reactivation Agreement which included a reduced project scope was signed by A.I.D. and the FMG in mid-1971. However, revised cost estimates completed in mid-1972 revealed unexpectedly large cost escalations, resulting in a project cost substantially in excess of available funds. Consequently, the facilities to be financed from loan funds were reduced to include only those required for education and administration. Under this arrangement, the FMG will be responsible for constructing staff and student housing facilities.

This decision resulted in a reduction of the cost of the A.I.D. financed portion of the project to within \$700,000 of available funds. This loan amendment is, therefore, designed to assist the FMG in financing the additional costs required to construct the education and administrative facilities.

8. Issues: None.
9. Export-Import Bank Clearance: The proposed amendment was cleared on April 23, 1973.
10. Country Team View: The project's rapid completion is strongly supported by the country team as part of the current development strategy.
11. Statutory Criteria: See Annex I.
12. Recommendations: Authorization of an amendment to the present loan for an amount not to exceed seven hundred thousand dollars to finance the additional foreign exchange and a portion of the additional local costs in accordance with the draft authorization attached as Annex VIII.

CAPITAL ASSISTANCE COMMITTEE:

A.I.D./W:

Loan Officer	R. Shoemaker
Technical Advisor	E. Martin
Engineer	B. Smith
Counsel	R. Johnson
Desk Officer	J. Wilson

REDSO/WA - USAID/Lagos:

Loan Officer	A.V. Patrick
Engineer	A.L. Pitcher
Program Officer	E.J. Nadeau
Counsel	J.R. Clyne/J.W. Roxborough

## I. BACKGROUND

### A. The Borrower

The Borrower will be the Federal Military Government of Nigeria (FMG). The funds for the project will be made available to the Rivers State Government (RSG), which through its Ministry of Works and Transport (MOWT) will be directly responsible for the construction of the project.

The RSG's Ministry of Education (MOE) administers and operates the existing school and will continue to do so after its expansion.

### B. Project History

In 1961 the then-Government of Eastern Nigeria (GOEN), aware of an acute shortage of middle-level manpower, especially in the technical area, requested and was provided A.I.D. assistance in developing a Government Secondary Technical School at Port Harcourt. Under a September 1961 A.I.D. contract with the University of California at Los Angeles (UCLA), grant funds were provided for a team of five specialists to work with the GOEN Ministry of Education (MOE) in setting up the school. These funds also provided for the procurement of equipment and teaching aids, and for participant training. The school opened in January 1962 with an enrollment of 120 students (capacity of 300) and a strict technical orientation in its curriculum.

During the following 18 months, the MOE, in collaboration with USAID and the UCLA consultants, made an intensive study of whether multiple purpose schools might offer good academic as well as technical education. Also studied was the question of whether larger secondary schools serving a broader geographic area could provide quality education at a lower per capita cost.

The result of this collaborative effort was the development of educational specifications for converting the strictly technical school to a comprehensive school with a technical emphasis, and the decision to expand the student enrollment capacity from a maximum of 300 to 1,440 by 1968. The physical expansion was to permit the establishment of a regional comprehensive secondary school which would serve the entire Eastern Region with an innovative curriculum, preparing its graduates for absorption into the regional job market or for higher academic training if desired. In support of the decision to develop a comprehensive secondary school, A.I.D. provided grant financing in April 1963 for a feasibility study by the U.S. A & E consulting firm of Dalton, Dalton, Little and Associates (DDL)<sup>1/</sup> to determine the estimated cost of developing a comprehensive secondary school in Port Harcourt. This study was completed in August 1963.

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<sup>1/</sup> "Feasibility Report, Outline Specifications and Cost Data for the Port Harcourt Comprehensive Secondary School - 1963"- Prepared by Dalton, Dalton, Little Associates, Arch.-Engineers.

Based on the results of this study, the GOEN formally applied in January 1964 for an A.I.D. development loan of \$1.8 million to assist in financing the construction of, and the procurement of related equipment for, the proposed expansion. A loan for that amount was authorized in April 1964 and the Loan Agreement was signed in December of that year. In January 1965, the GOEN contracted with DDI, for the preparation of the final design and detailed cost estimates. Due primarily to numerous design changes requested by the GOEN, these were not completed until late 1966, at which time it was discovered that because of increased labor and material costs, the estimated cost of the proposed expansion had increased by approximately \$600,000 over the preliminary 1963 estimates. In this context, the GOEN formally requested that A.I.D. amend the Loan Agreement to provide the required additional funding.

However, since the invitations for Bids (IFB) were scheduled to be issued shortly, it was agreed that the decisions regarding additional funding would be made after the opening of bids (which was set for June 29, 1967) in order to obtain a more accurate estimate of the required additional funds. Then, on June 23, the GOEN postponed bid openings indefinitely due to the unstable political situation. Following the outbreak of war on June 29, the project was suspended by A.I.D.

Just previous to the outbreak of the war, the Eastern Region had been divided into three separate states - South East, East Central and Rivers - with Port Harcourt being included within the boundaries of the latter. With the termination of hostilities in January 1970, the Rivers State Government requested, and A.I.D. provided, assistance to rehabilitate war-damaged facilities at the Government Comprehensive Secondary School (CCSS) and to restore and improve its administrative and manual arts organization.

The RSG also requested that A.I.D. reactivate the original loan for the project. In its reply, the Mission pointed out that it would first be necessary to determine the feasibility of pursuing the original project. Based on a thorough Mission evaluation, with which two outside experts assisted, of both the political and developmental implications of reactivating the project, it was decided to agree to the R.S.G. request.

In this context, A.I.D. subsequently held discussions with RSG/FMG officials with respect to reactivating the project on a somewhat reduced scale to reflect the fact that (1) the school would serve the needs of the Rivers State as opposed to those of the larger Eastern Area; (2) labor, material and equipment costs had increased substantially since the original 1963 cost estimate on which the loan amount was based; and (3) additional funds would not likely become available. The RSG/FMG accepted A.I.D.'s rationale for reducing the project scope and a formal reactivation agreement was signed in July 1971.

In November 1971, the RSG entered into a contract with Dalton, Dalton, Little, and Newport (DDLN, formerly DDL) for the completion of the final design, detailed cost estimates and tendering documents, and for construction supervision. This contract succeeds the original GEON/DDL contract dated January 25, 1965. Detailed cost estimates were presented in June 1972. These estimates included the costs required to construct the buildings included in the July 1971 reactivation agreement. This estimated cost of \$3.3 million was still substantially (35%) in excess of the then available funds. (See Annex VI for details of these estimates.)

Numerous meetings were subsequently held between the RSG and USAID officials in an effort to reduce the cost of the project to conform more closely with currently available A.I.D./RSG funding. In this context, it was decided to delay for approximately 18 months the start of construction on staff and student housing. Under this arrangement, the RSG will make provision in the forthcoming development plan for the construction of these facilities. Thus, A.I.D. will assist in financing only the required education and administrative facilities. The estimated additional funds required for these facilities is \$700,000. The loan amendment will provide these additional funds.

Additional background information is contained in Capital Assistance Paper A.I.D.-AFR/P-25, dated April 7, 1964.

C. Project's Relation to A.I.D. Development Strategy

The expansion of the Port Harcourt Government Comprehensive Secondary School is entirely consistent with the Mission's development strategy under which emphasis is placed on the agriculture and to a lesser extent, education sectors. It is generally acknowledged that the training of middle level manpower is one of the most important contributions we can make to economic development in Nigeria. To help the Nigerians provide this training which will enable them to make more effective use of their own considerable resources, the U.S. and other donors, particularly the IBRD, have focused attention on providing additional and/or improved educational and training facilities.

In this context, the project complements the IBRD's \$17.3 million second education project in Nigeria for which an agreement was signed in 1972 and which is designed to (i) rehabilitate a number of war-damaged schools, (ii) strengthen science teaching and facilitate the conversion of key secondary schools to comprehensive schools, and (iii) consolidate and expand the schools into economically viable units.

The original A.I.D. loan in support of GCSS as a test case in comprehensive education in Nigeria was signed in 1964 under the A.I.D. commitment made in 1961 to provide \$ 80 million in support of Nigeria's Six Year Development Plan. This amendment will facilitate the completion of a commitment made to the FMG prior to the civil war and is, therefore, consistent with our strategy of carrying out an orderly transition to new areas.

## 11. REQUIREMENT ANALYSIS

### A. Manpower Requirements and Curriculum Reform

"The Second Development Plan (1970-1974)" is the primary and most recent source of manpower information for Nigeria as a whole. A major target of the plan was to increase the annual rate of growth of GDP from the pre-war level of 4.7 percent to 7.1 percent during the plan period. (In fact, currently available statistics indicate the actual growth rate for 1970-71 was 9.6% while the growth rate for 1971-72 is estimated to have reached 12%.) According to the Plan, total "gainful" employment in Nigeria is expected to increase by 3.3% p.a. during the Plan period, or by nearly half of the targeted rate of growth of GDP. About 50 percent of the projected new jobs identified are in manufacturing and crafts, one-third in agriculture, and the rest in services, construction, transportation and mining. The Plan and other sources project severe middle-manpower shortages in a number of employment categories, especially among technicians, skilled workers and office employees. The Plan projects a 7%-10% annual growth in the demand for these categories of manpower during the Plan period. Nigeria's present education system is ill-prepared to provide the country with the needed manpower.

Based on interviews held with government, business and industry officials, there appears to be no question that these observations generally apply to the Rivers State. Further, those interviews lend strong support to the belief that there will continue to be a critical need for middle-level manpower in the years ahead. This project is designed to help meet these needs in the Rivers State, and especially in the Port Harcourt area.

The curriculum of the GCSS is to be determined primarily by the employment needs of the Rivers State area, with emphasis on the Port Harcourt community. Officials in industry, business and government all strongly endorse the concept of a comprehensive secondary school aligned with their employment needs. In no instance has an official expressed serious doubts as to the employability of GCSS graduates. All agree that, in general, the non-comprehensive secondary school programs are not geared to the present needs of industry, business or government as far as middle-level manpower is concerned.

Investigations indicate that the Port Harcourt area alone can easily absorb the total projected output of 180 graduates per year from GCSS, as the commercial situation in Port Harcourt moves rapidly toward its pre-war status with only the shortage of qualified manpower on all levels controlling the tempo.

When the school is fully expanded in 1978, it will graduate 180 students annually, with possibly 70 in academic work, 50 in commerce, 40 in the trades and industrial areas, and 20 in agriculture and home economics. Students in the academic field will receive instructions to prepare them for entrance into institutions of higher education. The commercial students will be offered a full program of commercial education including accounting, typing, office management and stenography, which will enable them to fill clerical and office positions. The trades and industries student will be trained as auto mechanics, draftsman, machine operators, maintenance and repairmen, sheet metal workers, etc., and will eventually fill positions as middle-level technicians. The graduates in agriculture will likely enter into government services with the Ministry of Agriculture or into the agrobusiness

field. Students in home economics will likely enter into social services fields such as welfare, child care or prenatal health care units as well as food services and nutrition. A compulsory General Studies curriculum will include courses in mathematics, science, geography, English, health science, domestic science (girls) and physical education.

B. Input of Students

Although the GCSS was originally designed to serve the entire Eastern Region, the newly created Rivers State government changed the school's objective to that of serving the requirements of the Rivers State only, and primarily those of the Port Harcourt community, the State's major population center. Within this framework, a sufficient intake of students at GCSS is assured, since of the 7,632 enrolled in the Rivers State's 21 secondary schools in 1970, only 450 students (5.9%) were at GCSS. Further, the IBRD projections indicate that nearly 11,000 students will be enrolled in River State's secondary schools in 1975. A projected enrollment of 720 students at GCSS for that year of 1975 would constitute only 6.5% of that total.

PRESENT AND PROJECTED GCSS ENROLLMENT\*

<u>FORM</u>	<u>Sept.</u> <u>1973</u>	<u>Sept.</u> <u>1974</u>	<u>Sept**</u> <u>1975</u>	<u>Sept.</u> <u>1976</u>	<u>Sept.</u> <u>1977</u>	<u>Sept***</u> <u>1978</u>
1	130	140	180	180	180	180
2	90	130	140	180	180	180
3	90	90	130	140	180	180
4	90	90	90	130	140	180
5+	100	90	90	90	130	180
6++	-	-	90	120	150	180
TOTAL	500	540	720	840	960	1,080

\* Figures in the table do not take into account drop-outs since they will be compensated by increasing the intake and taking recruitments to fill any openings.

\*\* Project completion year.

\*\*\* 3 rd year after project completion (optimum utilization point).

+ Graduates available for immediate employment or enrollment in technical colleges.

++ Graduates available for immediate employment in business/commerce or primary teaching positions or university enrollment.

**G. Input of Teachers**

The following tabulation indicates the estimated number of teachers that will be required to staff the GCSS:

<u>Year</u>	<u>Teachers Required</u>	<u>Student-Teacher Ratio</u> <sup>3/</sup>
1973	25	20-1
1974	27	20-1
1975	36	20-1
1976	41	20-1
1977	48	20-1
1978	54	20-1

Throughout Nigeria there is a shortage of secondary school teachers. However, both the federal and state governments are aware of the implications of this shortage and are committed to increasing the supply of trained secondary school teachers. In this context, following the end of the war, the Federal Government inaugurated an emergency teacher training scheme designed to aid this effort, under which more than 2,000 teachers have been or are currently being trained.

In 1970 there were 350 secondary school teachers in the Rivers State serving 7,632 students in 21 secondary schools, for an overall student/teacher ratio of 22 to 1. However, according to IBRD estimates (see table below) less than 50% of those teaching were qualified.

**Rivers State: Secondary School Teacher Supply and Demand  
1970/71 -- 1976/77\***

	<u>1970/71 Actual</u>	<u>1972/73</u>	<u>1974/75</u>	<u>1976/77</u>
Enrollment	7,632	8,700	10,000	11,500
Student per Teacher	22	24	29	29
Teacher Demand	350	360	350	400
Teacher Supply	350	370	420	530
Teacher Surplus (+) or Deficit (-)	0	+10	+70	+130
% of Teachers Qualified	45%	51%	61%	75%

Assumptions: (i) Growth of enrollment: 7% p.a.  
(ii) Replacement of Teachers: 3% p.a. of existing stock  
(iii) In years of teacher surplus, unqualified teachers will be replaced.

\*Source: IBRD Mission's estimates.

<sup>3/</sup> These ratios are considered to be reasonable since classroom size will limit general courses to 30 students and specialized courses (i.e. machine shop, sheet metal, home economics, etc.) will require one teacher for every 15-17 students.

As the table indicates, IBRD projects a decline in the teacher/student ratio by 1975 to 1 to 29. Based on this ratio and on the assumption of a teacher replacement rate of 3% per annum, the IBRD projections further indicate that by 1973 and beyond there will be a growing "surplus" of qualified secondary school teachers. As the "surplus" teachers replace those who are unqualified, the quality of secondary education should improve.

The major source of trained teachers for the GCSS in the academic disciplines will be the recently established Rivers State Advanced Teacher Training College, which will be graduating 120 secondary school teachers per year by 1975. Additional secondary school teachers may be trained at other federal and state institutions.

Under the abovementioned \$17.3 million "Second Education Project" in Nigeria, the IBRD has identified the following sources of technical teachers for Rivers State; National Technical Teachers College -- a federal institution in Lagos, and the College of Technology Port Harcourt. With the completion of the expansion of the former this year, the supply of technical subject teachers will increase substantially four years hence. To supplement these courses, the Bank's program includes a technical assistance component for training technical teachers in the form of 20 man-years of specialists and 15 man-years of fellowships. This will ease the technical teacher shortage and add to the reservoir of teachers that GCSS may also be able to utilize.

Further, during discussions on the subject with USAID, the Canadians expressed an interest in the possibility of CIDA or CUSO providing teachers for the GCSS. Dutch, German and Swedish groups also have expressed a similar interest. Finally, should the need develop, there is the possibility of an OPEX topping-off type of technical assistance which might be made available to RSF and GCSS under the Block Grant.

#### B. Space Utilization Analysis

When fully developed, the Government Comprehensive Secondary School will, in one facility, provide training in a variety of subject fields, including academic and vocational education (such as industrial arts, commerce, agriculture and home economics).

When the school reaches its full capacity at all levels in 1978 with an enrollment of 1,080 students, it is estimated that the percentage of capacity of utilization of the school's facilities will vary between 90 - 95%. Classroom requirements will be established for all six forms for such academic subjects as English, mathematics, and social studies involving the total student body. Student schedules will necessitate the utilization of the twenty new classrooms approximately one hundred percent of the school day. Laboratory subjects such as general science, biology, chemistry and physics involve students in five of the six forms. A total of approximately nine hundred students will be scheduled in the six laboratories, which should utilize the laboratories well above 95% throughout the school day.

It is estimated that 25% of the student body, or approximately 270 students, will select courses leading to employment in business and commerce. These include typing, shorthand, bookkeeping, business machines, office practice, business English, sales, etc., and will be offered in Forms III through VI. Estimates are that space provided in the four commercial subject rooms will be utilized at least 90%.

Technical Drawing I is scheduled for all Form I students; Technical Drawing II is elected by Form II, III and IV students; Technical Drawing III is part of the schedule of Form IV and V industrial arts and vocational students and Technical Drawing IV is required by all students in Form V who are completing their educational experience and moving into industry. It is estimated that approximately 40% (430 students) of the students enrolled in Forms I through V will be scheduled to receive instruction in technical drawing. Estimates indicate space provided by the two new mechanical drawing rooms will be utilized one hundred percent of the time.

Similar estimates are made for the two domestic science rooms based on estimated enrollment in the domestic science courses scheduled in Forms II through V. A space utilization analysis for facilities such as the two arts and crafts rooms, and the project room is difficult to make in that utilization of these areas will be based on arts/crafts/project requirements of students enrolled in the various courses.

The two new workshop buildings housing the automotive shop, sheet metal and plumbing shop, forge and welding shop, and machine shop will be utilized one-hundred percent of the time. Vocational students will be assigned practically fifty percent of their school period during Forms IV and V to the shop of their choice in order to acquire skills essential to employment. Form VI students specializing in occupational training will spend the major part of their school day in a specified workshop area acquiring the skills and technical knowledge required to function in the middle-manpower and above technical manpower areas.

The combined auditorium/gymnasium provides a physical facility essential to the operation of a comprehensive secondary school with a boarding component. In addition to being utilized for regular school activities such as meetings of the total student body, physical education activities, drama, student associations, student club meetings and cultural programs; the auditorium will be used as a community meeting center for matters related to the well-being of the school, the community and its students. It is estimated that the auditorium/gymnasium will be used approximately 85% of the school day and will be used extensively during the evening and weekends.

### III. ENGINEERING ANALYSIS

#### A. Description

1. New construction proposed for financing under the loan includes the following buildings:

a. A three-story classroom/administrative block, includes 24 classrooms, 6 science laboratories, 2 domestic science rooms, 7 administrative offices and auxiliary facilities;

b. One single-story trades and industries building, includes 4 areas for offices, an area for tools and supplies, plus the main automotive shop and auxiliary facilities;

c. A second T & I building, which would have office and facilities to complement the sheet metal and plumbing shop, the forge and welding shop and machine shop;

d. An auditorium/gymnasium building, which would have coeducational locker, shower and dressing rooms, a cultural arts classroom and stage, and folding chair storage facilities. Detailed descriptions appear later in the Engineering Analysis Section and in Annex IV.

2. The loan will also finance some remodeling of existing buildings and the procurement of built-in and loose furniture and equipment for use in the above teaching facilities and the cost of a U.S. engineering consultant for construction supervision and procurement services.

3. The RSG will finance the construction of two student dormitories and two staff apartment buildings. The cost of constructing these facilities is estimated to be \$1,000,000 and will be included as part of the RSG's capital expansion program in the education sector under the next five-year development plan. (The current plan expires 12/31/74.)

The area allocations and costs for the building complex are set out below:

Construction Cost for Education Facilities  
Government Comprehensive Secondary School

	<u>Area in Sq. Ft.</u>	<u>\$ per Sq. Ft.</u>	<u>\$U.S.</u>
Administration and Classroom Block	73,600	20.74	1,527,100
Fixed Equipment			148,000
Trades and Industries Bldg. (2)	16,600	18.66	309,700
Auditorium and Gymnasium	9,500	27.97	265,700
Site Work			<u>85,000</u>
Subtotal			2,335,500
Furniture and Loose Equipment			<u>200,000</u>
Total Building Costs (Subtotal)			2,535,500
Contingency			<u>177,000</u>
TOTAL			2,712,500

Proportions of on-shore and off-shore costs are summarized in the Financial Analysis Section, page 13 of this CAP.

B. Background

Within the context of (1) the decision to limit the area served by the GCSS to the Rivers State and particularly the Port Harcourt Area, (2) the rather substantial cost escalations which have occurred since the original cost estimate was made in late 1963 (14% per year average), and (3) the limited availability of additional A.I.D. and RSG financing, the RSG, FMG and A.I.D. agreed in July 1971 (formally under the project reactivation agreement) to the following revisions of the original project as designed by DDLN in 1966:

<u>Construction Activities Under Original Project</u>	<u>Revisions Agreed to Under Project Reactivation Agreement</u>
Classroom and Administration	No Change
Trade and Industries Building	No Change
Auditorium/Gymnasium	No Change
Five Dormitories	3 Omitted (two girls' dorms remain)
Six Staff Apartment Buildings	4 Omitted (two buildings remain)
Dining Hall/Kitchen (expansion)	Omitted
Agriculture Building (remodeling)	Omitted
Staff Quarters (Junior)	Omitted

Based on estimates prepared by DDLN in June 1972, the cost of the project as agreed to in the Reactivation Agreement is estimated to be \$3,325,000. This was substantially (55%) in excess of available A.I.D. and RSG funds, which totaled \$2,150,000. Consequently, following several meetings between U.S.A.I.D. and RSG officials it was decided to delay for approximately 18 months the construction of the two girls dormitories and the two staff apartment buildings.

The postponement of the construction of dormitory facilities will not negatively effect the viability of the project since the school serves primarily the Port Harcourt area and its day students. Further, the RSG indicated that additional staff housing will be arranged, where necessary, through salary supplements until these facilities can be constructed.

Under this arrangement the construction of student and staff housing facilities is to be financed by the RSG under the forthcoming third development plan, which is expected to be initiated in early 1975. Thus, A.I.D. funds will be used exclusively for education/administration facilities.

C. Cost Analysis

According to DDLN, the cost of construction in the Port Harcourt area has increased approximately 14% on an average annual basis since the

original estimate was made in 1963. The pre-war average was approximately 12%. However, during the post-war period prices have increased as much as 20% per year.

Thus the cost estimate developed by DDLN in June 1972, based on the original design and reduced project space requirements, is reasonable when compared to recent bids for construction of a similar nature. The unit costs are inclusive of labor, materials, general conditions, overhead and profit.

The estimated engineering cost of the redesign phase as well as those of the yet-to-be completed (also by DDLN) contracting and construction supervision phases is \$137,000.

D. Site Description

The locations of the various buildings are within the existing school boundaries and consideration has been given to the locations with relationship to the functions of existing buildings and utilities. No unusual foundation problems are anticipated and soil tests indicate that simple spread footings are appropriate.

The existing water supply for the city of Port Harcourt is adequate to accommodate additional requirements related to the new buildings.

A central sewerage system is planned for the city of Port Harcourt within the next two to three years. Since the school will be connected to this system, the original provision for a sewerage treatment plan was eliminated and septic tanks will be provided where necessary.

E. Maintenance

Maintenance of the school facilities is primarily the responsibility of the RSG Ministry of Works. Minor repair, custodial requirements and upkeep are being undertaken by school personnel under the direction of the principal. Annual costs of maintenance are included as part of the school's recurrent expenses in the allocation of the state's yearly budget.

F. Engineering Soundness

Based on its review of the revised plans, specifications and cost estimate, A.I.D. is satisfied that the project is technically, functionally and economically sound and that the project meets all of the requirements of Section 201 (b) (2), and 611 (a) of the Foreign Assistance Act.

IV. FINANCIAL ANALYSIS

A. Capital Costs

The total financing requirements for the Project are as follows:

(1) Construction Costs		\$3,335,500
Classroom/Administration Block	\$1,527,100	
Fixed Equipment	148,000	
Trades and Industries Building "A"	154,850	
Trades and Industries Building "B"	154,850	
Auditorium/Gymnasium	265,700	
Site Work	85,000	
Student/Staff Housing	1,000,000	
(2) Loose Equipment and Furniture		200,000
(3) Construction Supervision Service		137,000
(4) Pre-war A & E Services		90,500
(5) Contingency		<u>177,000</u>
TOTAL PROJECT COSTS		\$3,940,000

For a detailed breakdown of project costs see Annex V.

B. Financial Plan

A.I.D. proposes to finance the final A & E design, construction of the new education facilities and remodeling of some existing buildings, equipment and procurement services <sup>4/</sup>for these buildings and the construction supervisory engineering services. <sup>4/</sup>

The following table shows the breakdown between foreign exchange and local costs and the proposed A.I.D. and F.M.G. financing:

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<sup>4/</sup> The U.S. firm of Dalton, Little, Newport already has an A.I.D.-approved \$137,000 contract for these supervisory services.

A.I.D. Financed:

	<u>Cost of Original Plan</u>	<u>Added Costs of Revised Plan</u>	<u>Total Cost of Revised Project</u>
U.S. Costs	1,620,000	100,000	1,720,000
Local Costs	<u>180,000</u>	<u>600,000</u>	<u>780,000</u>
Sub-Total	1,800,000	700,000	2,500,000
 <u>F.M.G. Financed:</u>			
U.S. Costs	-	-	-
Local Costs	<u>440,000</u>	<u>1,000,000</u>	<u>1,440,000</u>
Sub-Total	440,000	1,000,000	1,440,000
Grand Total	<u><u>2,240,000</u></u>	<u><u>1,700,000</u></u>	<u><u>3,940,000</u></u>

Financial Summary:

	<u>Local Costs</u>	<u>Foreign Exchange</u>	<u>Total</u>
Total F.M.G. Contribution	1,440,000 (65%)	-	1,440,000(37%)
Total A.I.D. Contribution	<u>780,000 (35%)</u>	<u>1,720,000 (100%)</u>	<u>2,500,000(63%)</u>
Grand Total	2,220,000 (56%)	1,720,000 ( 44%)	3,940,000(100%)

The preceding breakdown indicates that A.I.D. will be financing about 63% of the total costs of the project including 35% of the local costs. The proposed supplemental authorization of \$700,000 will bring total A.I.D. financing for the project up to \$2.5 million (including approximately \$90,500 expended before the war for A&E services). This amendment will cover all the additional foreign exchange costs and 37.5% of the additional local costs associated with the project.

It should be noted that the proportion of A.I.D.-financed local costs might, in the event that a U.S. or A.I.D. Geographic Code 941 firm becomes a successful bidder, be reduced by approximately 15%.

The decision to finance local costs, given Nigeria's substantially improved financial situation, results from the fact that this is a longstanding commitment which has not been discharged. Thus, we are proposing to finance a significant level of local costs in order to permit the expeditious discharge of this commitment to the F.M.G.

The proposed loan amendment will have a term of 40 years including a grace period of 10 years. Interest will be 2% per annum during the grace period and 3% per annum thereafter. The existing loan for the project is also for a forty-year period with a ten-year grace. The interest on that loan is 3/4 of 1% for the first 10 years and 2% thereafter. The loan will be made to the F.M.G., which will grant the money to the state.

C. Repayment Prospects

A separate report on Nigeria's financial condition is given in Annex VI. Based on the analysis in that report, we conclude that prospects for repayment of the loan are good.

D. Alternative Sources of Financing

Nigeria is assisted by most of the major donors, both national and international, under the auspices of a consultative and cooperative group which is chaired by the World Bank (IBRD). The last meeting of the Consultative Group was held in Paris in May 1971, at which time A.I.D.'s planned assistance to the Project was noted.

In FY 72 the IBRD authorized a \$27.8 million loan under its "Second Education Project in Nigeria" for the construction or expansion of 127 secondary schools, 40 craft schools, 23 Teacher Training Colleges (TTCs), 1 science school, and 1 technical and communications center. More recently, the IBRD provided \$17.5 million to assist in the implementation and rehabilitation of 23 secondary schools and 7 TTCs in the 3 eastern states. The Rivers State portion of the project calls for the construction of five comprehensive secondary schools in the state, none of which will be constructed in the city of Port Harcourt.

Also, considerable technical assistance in the education field has also been provided by Canada, the U.K., Germany, etc.

The Nigerians have made it clear that they wish to follow the American concept of comprehensive secondary education. Further, given A.I.D.'s considerable involvement with the project since 1962, during which time it has progressed from the design phase into the bidding phase, other donor financing would likely involve the need to initiate additional studies which would result in further delay of the project.

V. OTHER FACTORS

A. Project's Effect on U.S. Economy

This Project by its nature will not compete with U.S. enterprise. The U.S. will benefit from the opportunity to provide certain U.S. equipment which would not, in the absence of A.I.D.-financing, be procured from the U.S. The local cost financing expected under the loan will have a minimal adverse effect on the U.S. balance of payments.

B. Implementation Schedule

1. Contracting Arrangements

The Borrower has made arrangements satisfactory to A.I.D. to employ a U.S. consulting engineering firm for the completion of final construction plans and specifications, prequalifying interested construction firms, analysis of the bids and supervision of the construction.

The R.S.G. and DDLN prepared and published an advertisement to solicit U.S. and Nigerian firms to prequalify for construction of the revised project. These ads appeared in the Commerce Business Daily and Nigerian publications and resulted in three U.S. firms and one Nigerian firm responding, of which two U.S. and the one local firm were recommended to receive an Invitation to Bid (IFB). The R.S.G. then decided that it should have DDLN make certain necessary but minor changes to the plans and resubmit them to R.S.G. prior to issuance of the IFB. Because of the limited response to the prequalification ads, R.S.G. decided to reopen and readvertise for additional prequalifiers, hoping to generate greater competitive interest in bidding the Project, especially among indigenous contractors.

U.S.A.I.D. will review the IFB package of the final drawings, specifications and construction contract for approval. REDSO/WA will review the list of prequalified interested firms for its approval. The contract award to begin construction is expected to be made during August 1973.

2. Procurement

Procurement under the loan will be limited to U.S., Nigerian and A.I.D. Geographic Code 941 countries. Invitations for bids will be advertised in accordance with A.I.D. regulations in order to assure the greatest possible interest in project procurement. A.I.D. will approve specifications for bids and will approve all awards in excess of \$25,000.

3. Timetable for Implementation of Project

The estimated construction period is twenty months after award of the contract. The proposed terminal date for request for disbursements will be three years after execution of the Loan Agreement Amendment. The final date for disbursement will be three and one half years after signing the Loan Agreement. Equipment procurement is expected to be subcontracted by the successful bidding construction firm from U.S., Nigerian and A.I.D. Geographic Code 941 source and origin.

The following timetable is an estimation of the implementation schedule, based upon the assumption this Loan Amendment request will be authorized prior to the end of this fiscal year.

Loan Authorization	June 30, 1973
Approval of Final Construction Contract Documents	July 15, 1973
Final IFB Preparation and Issuance	July 30, 1973
Loan Agreement Execution	September 30, 1973
Receipt of Bids	October 30, 1973
Bid Approval and Contract Award	December 1, 1973
Start Construction	December 15, 1973
Equipment Procurement	October 1, 1974
End Construction	August 1, 1975
Final Disbursement (end of retention/liability period)	August 1, 1976

C. The following special conditions precedent and covenants will be discussed with the R.S.G. and the FMG.

1. Conditions Precedent

Prior to issuance of the first letter of commitment or other disbursing authorization under the loan, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactorily to A.I.D.:

a. Evidence that the Rivers State Government will budget for maintenance and procurement of spare parts and will contract for, or will have the capability themselves for, maintenance of the equipment financed under the loan.

b. An acceptable plan for the recruitment of qualified staff for GCSS in sufficient numbers to meet staffing requirements when the school reaches full enrollment in 1978.

c. Prior to disbursement for procurement of laboratory and specialized equipment, arrangements for procurement and installation of equipment to be financed under the project.

d. An acceptable schedule for the construction of the student and staff housing included under the project as defined in the Project Reactivation Agreement.

2. Covenants

The Borrower warrants that it shall obtain an agreement from the Rivers State Government to budget or otherwise provide funds for the construction of student and staff housing for the Project as defined in the Project Reactivation Agreement.

VI. ENVIRONMENTAL IMPACT

A separate statement on the environmental impact of the project is contained in Annex VII. A.I.D. has concluded that the project will have no significant environmental impact.

CHECKLIST OF STATUTORY CRITERIA  
DEVELOPMENT LOAN FUND

Many of the questions require only yes or no answers. Others, however, must be answered more fully. In those cases, a specific reference to explicit discussion of the matter in the loan paper will suffice. But where the loan paper does not deal explicitly with a matter that clearly requires more than a yes or no response, sufficient response must be made to indicate that the matter has been appropriately considered.

The following abbreviations are used in the checklist:

FAA - Foreign Assistance Act of 1961, as amended, incorporating amendments effected by the Foreign Assistance Act of 1971.

App. - Foreign Assistance and Related Agencies Appropriations Act, 1971.

MMA - Merchant Marine Act of 1936, as amended

Space for answers is provided in the margin to the right of each question. This form must be made a part of the Capital Assistance Paper.

I. COUNTRY PERFORMANCE

A. Progress Towards Country Goals

1. FAA §§ 201(b)(5), 201(b)(7), 201(b)(8), 208. Discuss the extent to which the country is:

(a) Making appropriate efforts to increase food production and improve means for food storage and distribution.

Nigeria supports an extensive agricultural extension and marketing program, most of which continued despite the civil war. Post war development places high priority on agriculture.

(b) Creating a favorable climate for foreign and domestic private enterprise and investment.

Nigeria has encouraged foreign and domestic private investment through investment incentives (such as pioneer industry laws), development banks, and investment guaranty participation.

(c) Increasing the people's role in the developmental process.

Widespread private ownership of farms and industry, agricultural extension, and small industry promotion projects are increasing popular participation in development.

*(d) Allocating expenditures to development rather than to unnecessary military purposes or intervention in other free countries' affairs.*

Nigeria's increased military expenditures during and following the civil war were not and are not devoted to external intervention and were deemed necessary to her national survival.

*(e) Willing to contribute funds to the project or program.*

Satisfied.

*(f) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangement; and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.*

Nigeria's history shows significant progress in meeting these goals. With the end of the war, Nigeria's press is again one of the freest in Africa. Nigeria has compiled an impressive record with regard to the other factors listed.

*(g) Responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.*

Nigeria has borne most of the expense of her development. The Second National Development Plan (1970-74) emphasizes the principle of self-help as well as reflecting the vital economic, political and social concerns of the people.

**B. Relations with the United States**

1. FAA §620(c). Is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, including arbitration, or (b) the debt is not denied or contested by the government, or (c) the indebtedness arises under such government's, or a predecessor's unconditional guarantee?

No such indebtedness is known to exist.

2. FAA §620(d). If the loan is intended for construction or operation of any productive enterprise that will compete with U.S. enterprise, has the country agreed that it will establish appropriate procedures to prevent export to the U.S. of more than 20% of its enterprise's annual production during the life of the loan?

Not applicable. The project is not a productive enterprise and will not provide any exports.

3. FAA §620(e)(1). Has the country's government, or any agency or subdivision thereof, (a) nationalized or expropriated property owned by U.S. citizens or by any business entity not less than 50% beneficially owned by U.S. citizens, (b) taken steps to repudiate or nullify existing contracts or agreements with such citizens or entity, or (c) imposes or enforced discriminatory taxes or other exactions, or restrictive maintenance or operation conditions? If so, and more than six months has elapsed since such occurrence, identify the document indicating that the government, or appropriate agency or subdivision thereof, has taken appropriate steps to discharge its obligations under international law toward such citizen or entity? If less than six months has elapsed, what steps if any has it taken to discharge its obligations?

No such action taken.

4. FAA §620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property, and failed to take appropriate measures to prevent a recurrence and to provide adequate compensation for such damage or destruction?

No mob action against U.S. property has taken place.

5. FAA §620(l). Has the government instituted an investment guaranty program under FAA §221(b)(1) for the specific risks of inconvertibility and expropriation or confiscation?

Yes. There is an existing agreement which is currently being renegotiated.

6. FAA §620(o): Fisherman's Protective Act of 1954, as amended, Section 5. Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel on account of its fishing activities in international waters? If, as a result of a seizure, the U.S.G. has made reimbursement under the provisions of the Fisherman's Protective Act and such amount has not been paid in full by the seizing country, identify the documentation which describes how the withholding of assistance under the FAA has been or will be accomplished.

No such instance is known to have occurred.

7. FAA §620(q). Has the country been in default, during a period in excess of six months, in payment to the U.S. on any FAA loan?

No.

8. FAA §620(t). Have diplomatic relations between the country and the U.S. been severed? If so, have they been renewed?

Satisfied. Nigeria has maintained diplomatic relations with the U.S.G. since Nigeria's independence.

C. Relations with Other Nations and the U.N.

1. FAA §620(i). Has the country been officially represented at any international conference when that representation included planning activities involving insurrection or subversion directed against the U.S. or countries receiving U.S. assistance?

Satisfied. No such representation is known.

2. FAA §§620(a), 620(n); Has the country sold, furnished, or permitted ships or aircraft under its registry to carry to Cuba or North Viet-Nam items of economic, military, or other assistance?

Satisfied. No instances of such trafficking are known.

3. FAA §620(u); App. §108 What is the status of the country's U.N. dues, assessments, or other obligations? Does the loan agreement bar any use of funds to pay U.N. assessments, dues, or arrearages?

Satisfied. There are no known instances of arrearages on U.N. dues, assessments or other obligations, funds to project costs only.

D. Military Situation

1. FAA §620(i). Has the country engaged in or prepared for aggressive military efforts directed against the U.S. or countries receiving U.S. assistance?

Satisfied. No such efforts known.

2. FAA §620(s). What is (a) the percentage of the country's budget devoted to military purposes, and (b) the amount of the country's foreign exchange resources used to acquire military equipment? Is the country diverting U.S. development assistance or P.L. 480 sales to military expenditures? Is the country diverting its own resources to unnecessary military expenditures? (Findings on these questions are to be made for each country at least once each fiscal year and, in addition, as often as may be required by a material change in relevant circumstances.) Has the country spent money for sophisticated weapons?

Satisfied. USAID's recent estimate is that as much as 25-30% of the FMG's recent budgets were devoted to military purposes. AID also estimates that, during the last year of the war, about 25% of Nigeria's foreign exchange expenditures were for military purchases. More recent data regarding this issue is not available. (The Symington Interagency Committee determined in November 1969 that the Symington Amendment was not applicable to Nigeria.

## II. CONDITION OF THE LOAN

### A. General Soundness

#### -- Interest and Repayment

1. FAA §§201(d), 201(b)(2). Is the rate of interest excessive or unreasonable for the borrower? Are there reasonable prospects for repayment? What is the grace period interest rate; the following period interest rate? Is the rate of interest higher than the country's applicable legal rate of interest?

Satisfied. The rate of interest is concessional and appreciably lower than Nigeria's legal rate of interest. The grace period interest rate is 2%, followed by an interest rate of 3% for the duration of the Loan.

#### -- Financing

1. FAA §201(b)(1). To what extent can financing on reasonable terms be obtained from other free-world sources, including private sources within the U.S.?

Satisfied.

#### -- Economic and Technical Soundness

1. FAA §§201(b)(2), 201(e). The activity's economic and technical soundness to undertake loan; does the loan application, together with information and assurances, indicate that funds will be used in an economically and technically sound manner?

Satisfied.

2. FAA §611(a)(1). Have engineering, financial, and other plans necessary to carry out assistance, and a reasonably firm estimate of the cost of assistance to the U.S., been completed?

Satisfied.

3. FAA §611(b); App. §101. If the loan or grant is for a water or related land-resource construction project or program, do plans include a cost-benefit computation? Does the project or program meet the relevant U.S. construction standards and criteria used in determining feasibility?

First questions not applicable. The project meets the relevant U.S. construction standards.

4. FAA §611(e). If this is a Capital Assistance Project with U.S. financing in excess of \$1 million, has the principal A.I.D. officer in the country certified as to the country's capability effectively to maintain and utilize the project?

Yes. The Mission Director's certification is presented in Annex II.

B. Relation to Achievement of Country and Regional Goals

-- Country Goals

1. FAA §§207, 281(a). Describe this loan's relation to:

a. Institutions needed for a democratic society and to assure maximum participation on the part of the people in the task of economic development.

By improving the FMG's ability to educate its citizens, this type of project facilitates participation on the part of the people in the task of economic development.

- b. *Enabling the country to meet its food needs, both from its own resources and through development, with U.S. help, of infrastructure to support increased agricultural productivity.* Not applicable.
- a. *Meeting increasing need for trained manpower.* Satisfied. The project will have a direct impact on Nigeria's ability to meet increasing needs for trained manpower.
- d. *Developing programs to meet public health needs.* Satisfied. It is anticipated that some GCSS students majoring in domestic sciences may go into the public health field.
- e. *Assisting other important economic, political, and social development activities, including industrial development; growth of free labor unions; cooperatives and voluntary agencies; improvement of transportation and communication systems; capabilities for planning and public administration; urban development; and modernization of existing laws.* Satisfied. By increasing the FMGs ability to train its citizens the project will contribute to the achievement of all these objectives.
2. *FAA §201(b)(4). Describe the activity's consistency with and relationship to other development activities, and its contribution to realisable long-range objectives.* Satisfied. See Section I - C and II - A.

3. FAA §201(b)(9). How will the activity to be financed contribute to the achievement of self-sustaining growth?

Satisfied. See Section II.

4. FAA §201(f). If this is a project loan, describe how such project will promote the country's economic development, taking into account the country's human and material resource requirements and the relationship between ultimate objectives of the project and overall economic development.

Satisfied. By increasing, the FMG's ability to provide improved technical training, the project will contribute directly to the promotion of economic development. See Section II.

5. FAA §201(b)(3). In what ways does the activity give reasonable promise of contributing to development of economic resources, or to increase of productive capacities?

Satisfied. The project contributes directly to increasing the productive capacity of Nigeria through the provision of technical as well as academic training.

6. FAA §281(b). How does the program under which assistance is provided recognize the particular needs, desires, and capacities of the country's people; utilize the country's intellectual resources to encourage institutional development; and support civic education and training in skills required for effective participation in political processes.

The broadening of the educational base contributes to all of these objectives.

7. FAA §601(a). How will this loan encourage the country's efforts to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions?

Objectives (a), (b) and (c) will benefit directly from this project in the long run. The project may indirectly benefit (c) and (f) in the long run.

8. FAA §202(a). Indicate the amount of money under the loan which is: going directly to private enterprise; going to intermediate credit institutions or other borrowers for use by private enterprise; being used to finance imports from private sources; or otherwise being used to finance procurements from private sources.

Satisfied. See Section III and IV.

9. FAA §611(a)(2). What legislative action is required within the recipient country? What is the basis for a reasonable anticipation that such action will be completed in time to permit orderly accomplishment of purposes of loan?

No legislative action required.

-- *Regional Goals*

1. FAA 8619. *If this loan is assisting a newly independent country, to what extent do the circumstances permit such assistance to be furnished through multilateral organizations or plans?*

Satisfied. See Section IV-D. Given A.I.D.'s long-term prior involvement with this project funding by a multilateral organization is not feasible.

2. FAA 8209. *If this loan is directed at a problem or an opportunity that is regional in nature, how does assistance under this loan encourage a regional development program? What multilateral assistance is presently being furnished to the country?*

First question not applicable. Re second question, the IBRD, IDA and UNDP are active in Nigeria. See Section IV - D.

C. Relation to U.S. Economy

-- *Employment, Balance of Payments, Private Enterprise*

1. FAA 88201(b)(6); 102, Fifth. *What are the possible effects of this loan on U.S. economy, with special reference to areas of substantial labor surplus? Describe the extent to which assistance is constituted of U.S. commodities and services, furnished in a manner consistent with improving the U.S. balance of payments position.*

See Section V - A.

2. FAA §§612(b), 638(h). What steps have been taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. and local currencies contributed by the country are utilized to meet the cost of contractual and other services, and that U.S. foreign-owned currencies are utilized in lieu of dollars?

The USG does not currently have local currency available for project financing.

3. FAA §601(d); App. 0.109. If this loan is for a capital project, to what extent has the Agency encouraged utilization of engineering and professional services of U.S. firms and their affiliates? If the loan is to be used to finance direct costs for construction, will any of the contractors be persons other than qualified nationals of the country or qualified citizens of the U.S.? If so, has the required waiver been obtained?

First question: Have encouraged U.S. firms' participation, and a U.S. firm has been contracted for detailed design and construction supervisory services.

Second question: AID procurement procedures will be followed.

4. FAA §608(a). Provide information on measures to be taken to utilize U.S. Government excess personal property in lieu of the procurement of new items.

Not appropriate for this type of project.

5. FAA §602. What efforts have been made to assist U.S. small business to participate equitably in the furnishing of commodities and services financed by this loan?

The Agency advertising requirements have been and will be fully complied with.

6. FAA §621. *If the loan provides technical assistance, how is private enterprise on a contract basis utilized? If the facilities of other Federal agencies will be utilized, in what ways are they particularly suitable; are they competitive with private enterprise (if so, explain); and how can they be made available without undue interference with domestic programs?*

Not applicable.

7. FAA §611(c). *If this loan involves a contract for construction that obligates in excess of \$100,000, will it be on a competitive basis? If not, are there factors which make it impracticable?*

Yes. See Section III.

-- Procurement

1. FAA §604(a). *Will commodity procurement be restricted to U.S. except as otherwise determined by the President?*

Procurement will be limited to A.I.D. Geographic Code 941 and borrowing country.

2. FAA §604(b). *Will any part of this loan be used for bulk commodity procurement at adjusted prices higher than the market price prevailing in the U.S. at time of purchase?*

No.

3. FAA §604(e). Will any part of this loan be used for procurement of any agricultural commodity or product thereof outside the U.S. when the domestic price of such commodity is less than parity? No.

D. Other Requirements

1. FAA §201(b). Is the country among the 20 countries in which development loan funds may be used to make loans in this fiscal year? Yes.

2. App. §106. Does the loan agreement provide, with respect to capital projects, for U.S. approval of contract terms and firms? Yes.

3. FAA §620(k). If the loan is for construction of a productive enterprise, with respect to which the aggregate value of assistance to be furnished will exceed \$100 million, what preparation has been made to obtain the express approval of the Congress? Not applicable.

4. FAA §§620(b), 620(f):  
*Has the President determined that the country is not dominated or controlled by the international Communist movement? If the country is a Communist country (including, but not limited to, the countries listed in FAA §620(f)) and the loan is intended for economic assistance, have the findings required by FAA §620(f) been made and reported to the Congress?*
- Satisfied. Determination has been made. Second question not applicable.
5. FAA §620(h). *What steps have been taken to insure that the loan will not be used in a manner which, contrary to the best interest of the United States, promotes or assists the foreign aid projects of the Communist-bloc countries?*
- Loan Agreement restricts use of loan funds to project.
6. App. §110. *Will any funds be used to finance procurement of iron and steel products for use in Vietnam other than as contemplated by §118?*
- No.
7. FAA §636(i). *Will any part of this loan be used in financing non-U.S.-manufactured automobiles? If so, has the required waiver been obtained?*
- No.

8. FAA §§620(a)(1) and (2), 620(p);  
*Will any assistance be furnished or funds made available to the government of Cuba or the United Arab Republic?* No.
9. FAA §620(a). *Will any part of this loan be used to compensate owners for expropriated or nationalized property? If any assistance has been used for such purpose in the past, has appropriate reimbursement been made to the U.S. for sums diverted?* No.
10. FAA §201(f). *If this is a project loan, what provisions have been made for appropriate participation by the recipient country's private enterprise?* See Section III.
11. App. §104. *Does the loan agreement bar any use of funds to pay pensions, etc., for persons who are serving or who have served in the recipient country's armed forces?* No. Loan Agreement restricts use of loan funds to project.

12. MMA § 901.b. Does the loan agreement provide, for compliance with U.S. shipping requirements, that at least 50% of the gross tonnage of all commodities financed with funds made available under this loan (computed separately by geographic area for dry bulk carriers, dry cargo liners, and tankers) be transported on privately owned U.S.-flag commercial vessels to the extent such vessels are available at fair and reasonable rates for U.S. flag vessels? Yes.
13. FAA. Section 481. Has the country failed to take adequate steps to prevent narcotic drugs from entering the U.S. unlawfully? No. Nigeria is cooperating with the U.S. and international organizations in the control of narcotic drugs.
14. FAA. Section 7. Has there been compliance with restriction against procuring with AID funds agricultural commodities outside the U.S. when the domestic price of such commodity is less than parity. No agricultural commodities will be procured with funds provided under this loan.

Page 1 of 1  
CERTIFICATION PURSUANT TO SECTION 611(e) OF THE  
FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

I, William R. Ford, Director USAID/Nigeria, taking into consideration the following factors, do hereby certify that the Government of Nigeria has the capability to effectively operate and maintain the proposed expansion of facilities for the Port Harcourt Government Comprehensive School:

1. The satisfactory utilization and good maintenance of the existing facilities for the Port Harcourt Comprehensive Secondary School.
2. The adequate budgeting for the maintenance and operation of the proposed expansion in the project recurrent budgets of Rivers State Government.
3. The high quality of the existing school maintenance program and the firm plans for expansion of maintenance staff and equipment which are based on the school's total expansion program.
4. The satisfactory maintenance and utilization of projects in Nigeria previously financed and/or assisted by the United States.

William R. Ford, Director

Date

ANNEX III

DETAILED DESCRIPTION OF PROPOSED NEW BUILDINGS FOR LOAN FINANCING

A. General

The buildings, room sizes, space allocation and utilization conform to the Education Guidelines of the African Bureau. The design provides for uncomplicated construction and finishes which will need minimum maintenance. Air conditioning will be limited to the library in the Administration Classroom building. Ceiling fans will be provided in classrooms and laboratories.

The Classroom-Administration block will be a three-story building of reinforced concrete frame design with non-load bearing walls and partitions of sand cement block.

The Trades and Industries buildings and the Auditorium-Gymnasium will be single story structures of reinforced concrete column and beam design.

All building foundations will be a combination of reinforced concrete spread-column footings and ground beams.

Windows will consist of metal sash and adjustable louvers to provide maximum ventilation. Doors will be of wood frame and flush wood panels. Roof deck to be of reinforced concrete with built up tar and gravel covering.

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B. Buildings

1. Classroom and Administration Block

First Floor (Ground)

West Wing

		<u>Room Size (ft)</u>
2	Classrooms	29 x 24
4	Commercial rooms	29 x 24
1	Women's toilet	29 x 11

East Wing

1	Classroom	29 x 24
2	Arts and Crafts rooms	29 x 50
4	Storage rooms	29 x 11
2	Domestic Science rooms	29 x 55
1	Nurse room	29 x 11
1	Boys toilet	29 x 11

Second Floor

West Wing

6	Classrooms	29 x 24
1	Girls toilet	29 x 11

Central Wing

1	General Office	24 x 34
1	Student waiting room	24 x 38
4	Counselor offices	8 x 11
1	Principal office	24 x 17
2	Vice Principal offices	17 x 11
1	Conference room	17 x 11
1	Duplicating room	17 x 24
1	Staff lounge	24 x 30
2	Storage rooms	17 x 19
2	Staff toilets	

East Wing

1	Project room	29 x 24
2	Mechanical drawing rooms	29 x 48
1	Storage room	29 x 11
1	Classroom	29 x 33
5	Classrooms	29 x 24
1	Boys toilet	29 x 11

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Third Floor

West Wing

6	Classrooms	29 x 24
1	Girls toilet	29 x 11

Central Wing

1	Complete library	55 x 108
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East Wing

2	Biology labs	29 x 42
2	Storage rooms	29 x 8
2	General science labs	29 x 42
2	Storage rooms	29 x 11
1	Physics lab	29 x 48
1	Chemistry lab	29 x 48
1	Boys toilet	29 x 11

2. Auditorium - Gymnasium

First Floor

1	Auditorium - Gymnasium	60 x 144
2	Dressing rooms	9 x 11
1	Dramatic arts classroom (stage)	24 x 36
1	Chair storage room under stage	22 x 36
1	Boys locker/shower/toilet	24 x 40
1	Girls locker/shower/toilet	24 x 24

Second Floor

	Balcony	24 x 60
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3. Trade and Industries Buildings

Building "a"

1	Classroom	16 x 20
1	Storage and Supply room	24 x 30
1	Staff toilet	12 x 15
1	Student toilet	12 x 15
1	Tool crib	8 x 12
1	Office	8 x 10
1	Automotive shop	52 x 66
1	Covered shop area	35 x 44

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Building "b"

3	Offices	12 x 12
3	Storage and Supply	12 x 40
1	Sheet Metal & Plumbing shop	48 x 52
1	Forge & Welding Shop	48 x 52
1	Machine Shpp	52 x 72

**GOVERNMENT COMPREHENSIVE SECONDARY SCHOOL  
PORT HARCOURT**

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Annex IV  
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**REQUIRED EQUIPMENT LIST I**

**NOTE:** All items on the following list were obtained from the final feasibility report prepared by Dalton and Dalton Associates, October 10, 1963, pages 21-76.

ITEM	PLACE OF PURCHASE	QUANTITY	APPROX. COST/UNIT	APPROX. TOTAL COST
<u>ADMINISTRATION</u>				
1. Desks, office - double pedestal with deep file drawer in one side. 60"x30"x30" high	USA	4	\$250.00	\$1000.00
2. Chairs, office swivel with arms Seat size 19"x18"x3"	USA	4	\$125.00	\$500.00
3. File cabinets, four drawer with locks. Approx. 52"x15"x26" Deep	USA	4	\$150.00	\$600.00
4. Chairs, Straight back with upholstered seat and back. Seat approx. 16"x17"	USA	16	\$60.00	\$360.00
5. Chairs, lounge type with cushions. Approx. 22"x26"x30" High		7	\$165.00	\$1155.00
6. Shelving units, Steel storage Approx. 12"x38"x60"	USA	4	\$120.00	\$480.00
<u>SCIENCE LABORATORIES SHELDON SPECIFICATIONS</u>				
7. Student benches as specified on drawings	NIG/USA	30	\$850.00	\$25500.00
8. Tables, demonstration as specified on drawings	NIG/USA	6	\$700.00	\$4200.00
9. Benches, wall 28 linear feet as specified in original architects report.	NIG/USA	1	\$300.00	\$300.00
10. Preparation room units (R-2025) As specified on drawings	USA	4	\$700.00	\$2800.00

11.	Shelving (Storage room) 6 linear feet steel, approx. 12"x38"x60"	USA	8	\$75.00	\$600.00
12.	Shelving, storage rooms 27 linear feet	NIG/USA			
13.	Tables, preparation rooms 24"x64" tops #100	USA	4	\$140.00	\$560.00

LIBRARY MATERIALS FROM DATA BY AMERICAN SEATING

14.	Tables, student Approx. 30"x60" #460	NIG/USA	31	\$95.00	\$2945.00
15.	Chairs, student #800	NIG/USA	106	\$35.00	\$3710.00
16.	Desks, #420	NIG/USA	2	\$200.00	\$400.00
17.	Chairs, #250	NIG/USA	2	\$30.00	\$60.00
18.	Tables, #460 (34"x48")	NIG/USA	2	\$75.00	\$150.00
19.	Filo cabinets 4 drawer Approx. 52"x15"x26"deep	USA	4	\$150.00	\$600.00

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20.	Bookshelves wall type/12"x37"x42"	NIG/USA	20	\$75.00	\$1500.00
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21.	Desk control counter charging Remington Rand	USA			
	#7700		1	\$423.00	
	#7707		1	\$202.00	
	#77WS		3	\$82.00	
	#7707 KS		1	\$345.00	
	#7707 CB		1	\$392.00	
	#770EP-39R		1	\$88.00	
	#770EP-39L		1	\$88.00	
	#770EP-39U		1	\$24.00	
	#90W60R		1	\$1023.00	
	<b>Total</b>				<b>\$2667.00</b>

22.	Tables, work room #460(30"x72")	USA/NIG	4	\$100.00	\$400.00
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COMMERCIAL DEPARTMENT

23.	Desks, typing #456	USA	30	\$75.00	\$2250.00
24.	Chairs, Typing #800	USA	30	\$40.00	\$1200.00

AUDITORIUM

25.	Chairs, #253 (folding)	USA	1000	\$25.00	\$25000.00
26.	Trucks for auditorium chair #12 above	USA	10	\$125.00	\$1250.00

CLASSROOMS

27.	Desks, teachers single pedestal 42"x24" #435	NIG/USA	24	\$225.00	\$5400.00
28.	Cabinets, storage steel 36"x24"x78"	NIG/USA	24	\$200.00	\$4800.00
29.	Desks, student and chairs #420 #800	NIG/USA	720 each	\$75.00	\$54000.00

DOMESTIC SCIENCE

30.	Stoves, (cookers) gas fueled		9	\$300.00	\$2700.00
31.	Refrigerators Approx. 14 cubic feet 220V 50 cycles	USA	3	\$400.00	\$1200.00

TEACHERS WORK ROOM

32.	Settee, 3 seats with cushions	NIG	4	\$295.00	\$1180.00
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ARTS AND CRAFTS

33.	Table, art and drawing Brodhead-Garrett model AR-23	USA	20	\$116.00	\$2320.00
34.	Cabinet, clay. Brodhead-Garrett model CC1	USA	2	\$112.00	\$224.00

AUDIO VISUAL

35.	Projector, overhead 230V 50 cycle	USA	1	\$240.00	\$240.00
36.	Projector, filmstrip 230 volts, 50 cycle, 500 watt lamp	USA	1	\$75.00	\$75.00
37.	Projector, 16mm motion picture with sound, 230V, 50 cycle, 500 watts	USA	1	\$440.00	\$440.00
38.	Tape recorder, 7" reel, 230V, 50 cycle	USA	1	\$240.00	\$240.00

MUSIC

39.	Piano, upright, tropicalized to prevent weather damage	USA	1	\$1500.00	\$1500.00
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ADMINISTRATION

40.	Table, coffee approx. 18"x48"x18"H	NIG	1	\$60.00	\$60.00
41.	Venetian blinds				
	10'6" x 4' High	USA	2	\$40.00	\$80.00
	3'6" x 4' High	USA	1	\$20.00	\$20.00
	9'6" x 4' High	USA	5	\$35.00	\$175.00
42.	Air conditioners, 230V, 50 cycles To cool 3000 cubic feet	USA	3	\$250.00	\$750.00
43.	Toilet paper holders to be installed in the principal's and staff toilets	USA	9	\$10.00	\$90.00
44.	Mirrors approx. 14"x20" to be installed in the principal's and staff toilets	USA	9	\$25.00	\$225.00
45.	Tackboards (bulletin boards) approx. 3'x4' to be installed in the principal's, vice principals' offices and staff lounge	USA	3	\$100.00	\$300.00
46.	Table, conference type 3'x8'	NIG	1	\$250.00	\$250.00

CLASSROOM EQUIPMENT

47.	Engraving machine Scott SM-200K (Brodhead-Garrett)	USA	1	\$385.00	\$385.00
48.	Magnetic recording tapes 1 mil polyester base 900', 5" reels	USA	48	\$2.50	\$120.00
49.	RCA Electronic trainer Instructors demonstrator model Model 161				
	Console unit Model 161	USA	1	\$642.00	\$642.00
	Electronic and electrical fundamentals Model 161FD	USA	1	\$308.00	\$308.00
	AM radio receivers and transmitters Model 161AM	USA	1	\$1237.00	\$1237.00
	FM receivers and transmitters Model 161FM	USA	1	\$168.00	\$168.00
	Pulse circuits for television and radar systems Model 161PL	USA	1	\$830.00	\$830.00
50.	Electronic work benches Model F P21 complete with P230 power unit (Brodhead-Garrett)	USA	6	\$387.00	\$2322.00
				<b>SUBTOTAL</b>	\$163,468.00
	Shipping & Insurance				<u>36,532.00</u>
				<b>TOTAL</b>	\$200,000.00

R.I.C. Koko  
Ag. Principal

COST ESTIMATE  
 COMPREHENSIVE SCHOOL  
 PORT HARCOURT, NIGERIA

June 30, 1972

<u>Building</u>	<u>Total Cost</u>	<u>Cost per Square Foot</u>
Staff Houses (2 No.)	319,500	20.35
Trade and Industry Buildings (2 No.)	309,700	18.66
Administration and Classroom Block (includes \$118,000 for equipment.)	1,675,100	22.76
Dormitories (2 No.)	404,500	24.52
Auditorium and Gymnasium	265,700	27.97
Demolitions/Alterations	7,200	-
Covered Walks	42,400	-
Site Works	302,300	-
	<hr/>	
<u>TOTAL</u>	<u>\$3,326,400</u>	

Economic Status of the FMG and Repayment Prospects

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AID-DLC/P 1086  
May 22, 1973

The Nigerian economy went through a strong recovery period in 1970 and 1971. While the civil war left much of the economy in disarray, production picked up quite rapidly causing the GDP to rise by about twenty percent over this two-year period. Increased production however, was accompanied by serious inflationary and foreign exchange problems which are just now beginning to show signs of being solved.

The economy continues to be paced by the petroleum sector. GDP rose by 11 percent in 1971, half of which was accounted for by petroleum. In that same year, oil exports were \$1.4 billion, 72 percent of total exports, and oil company payments to the government accounted for 50 percent of total FMG revenues. With petroleum production projected to increase by about 15 percent annually over the next several years, this sector will continue to provide a major impetus to Nigeria's economic growth.

The agriculture sector, on the other hand, which is much larger and is in many ways more important than the oil sector, continues to lag. In 1971, a recovery year, agricultural production rose by 4.5 percent. During the first six months of this year, however, production of export crops (mainly cocoa, groundnut and palm products) was down 17% from the same period a year before and export prices for these crops dropped an average of 13.5 percent. Although 1972 production data for food crops is not available it appears from the relatively stable food prices that production is at least keeping pace with demand.

With respect to public finances, rising oil revenues have had the immediate effect of removing most resource constraints. Oil revenues rose from \$330 million in 1970/71 to \$975 million in 1971/72 and are expected to total \$1.3 billion this fiscal year, accounting for 55 percent of all FMG revenues. The main financial problem in the public sector at the present time is the inability to effectively utilize available resources. The budget surplus last year was almost \$200 million and this year will probably exceed \$300 million. This problem is likely to continue for several years but will work itself out as the FMG and State Governments succeed in increasing their absorptive capacity. The following table provides details on the budgetary situation including estimates for the present fiscal year.

	\$ Millions		
	1970/71 (actual)	1971/72 (actual)	1972/73 (projected)
<u>Recurrent Revenues</u>	<u>1.156</u>	<u>1.992</u>	<u>2.379</u>
Oil Revenues	(329)	(970)	(1,225)
Other	(827)	(1,016)	(1,033)
<u>Recurrent Expenditures</u>	<u>1,293</u>	<u>1,363</u>	<u>1,586</u>
Defense	(479)	(456)	(483)
Non-defense	(378)	(430)	(518)
Revenue passed to states	(436)	(497)	(579)
<u>Capital Expenditure</u>	<u>122</u>	<u>433</u>	<u>458</u>
Overall Surplus (+)	-259	+195	+335
Deficit (-)			

On the balance of payments front, although Nigeria experienced serious foreign exchange shortages following the war, the situation has improved considerably and prospects are most promising. This is due entirely to rising oil exports. In 1971 the net balance of payment impact of the oil sector (exports minus imports and other foreign exchange outflow) was \$895 million, equal to about 60 percent of non-oil imports. Non-oil exports, on the other hand, are declining rapidly. They dropped by 9 percent in 1971 and for the first nine months of 1972 are 47 percent below what they were during the same period last year. On the import side, there was an unexpected leveling off during the first nine months of 1972. While there is not enough information to explain this development fully at this time the consensus seems to be that there was probably some over-importing last year, and stocks are now being drawn down. This is in any event a short term phenomenon as import needs are certain to rise substantially as incomes rise and the foreign exchange availabilities increase. Foreign exchange reserves at the end of September were \$406 million equivalent to about three months of imports.

The following table presents the balance of trade and foreign exchange situation through the first nine months of 1972:

	\$ Millions			% Growth Over
	1970	1971	Jan-Sept 1972	Jan-Sept 1971
Exports	1,346	1,940	1,585	+11.8
Oil	(775)	1,269	1,282	+52.0
Non-Oil	(571)	671	303	-47.4
Imports	1,150	1,636	1,101	-8.0
Foreign Exchange Resources (end of period)	274	462	405	

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Annex VII  
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ENVIRONMENTAL IMPACT OF THE PROJECT

A.I.D. has determined that the proposed project does not qualify as a project with a significant environmental impact since the project will be constructed entirely within the present school grounds. Septic tanks are presently used at the school and the requirement for a limited number of additional tanks to be installed at the new buildings will present no ecological problem.