



PROP

Project 763

Summary

The Government of the Western State of Nigeria has placed heavy emphasis on agricultural development which in turn increased the requirements for economic analysis and planning by the Ministry of Agriculture and Natural Resources (MANR). However, the Ministry was and continues to be handicapped by the lack of an agricultural economics and statistics staff capable of undertaking the basic economic analyses needed to enable senior officials to make policy decisions with full consideration of the economic factors involved. The purpose of this project is to establish in the Western State Ministry of Agriculture and Natural Resources a Project Planning Division in order to provide the Ministry with the economic information needed to plan, implement, and evaluate agricultural development programs. The Division will supply assistance, at the staff level and in a staff capacity, to the Permanent Secretary and other policy making officials.

Multi-lateral assistance will be provided by the Food and Agriculture Organization of the United Nations (FAO) and by the United States Agency for International Development (USAID) in training a Nigerian economic staff and in advising on project planning, implementation, and evaluation. The type, nature and duration of this assistance and the contribution of the Government of the Western State of Nigeria are specified in a negotiated Work Plan signed by FAO, USAID, and MANR in December, 1968. FAO is now providing an agricultural marketing expert and a land use and farm management advisor, and a senior agricultural economist is scheduled to arrive in January, 1969. USAID will provide a senior agricultural economics advisor beginning in January, 1969. Two additional agricultural economics or statistics specialists will be brought out during the last quarter of FY 1969 but only after the overall project has been assessed by USAID and MANR and judged to be progressing satisfactorily. Both the FAO and USAID specialists will remain for a minimum of two and a maximum of four years. The Senior FAO agricultural economist will act as FAO/AID team leader and advisor to the Project Planning Officer (Chief of Project Planning Division). The senior AID agricultural economist will be associate FAO/AID team leader and advisor to the Chief of the Analysis Branch of the Project Planning Division.

The negotiated Work Plan calls for the Ministry of Agriculture and Natural Resources, to request the Ministry of Establishments to authorize by April 1, 1969 establishment of the Project Planning Division and to provide at least two Nigerian agricultural economists or statisticians for each FAO and USAID advisor seconded to the Division. The minimum Nigerian complement for the year beginning April 1, 1969

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will be twelve Nigerian agricultural economists and statisticians and supporting clerical, typing and enumerator staff. Total AID contribution to the project from FY 1969 until phase-out in FY 1973 will be \$ 468,000 consisting of \$ 414,000 for technicians, \$ 36,000 for participants, \$ 6,000 for commodities and \$ 12,000 for other costs. The FAO will provide technicians' services valued at \$ 321,000, Nigerian contribution for personnel and other costs will be about \$ 324,000. This does not include the value of technician housing and certain other costs.

This is the first cooperative FAO/AID project in Nigeria and as such represents a pioneer effort in providing multi-lateral technical assistance by these two agencies to a Nigerian Government.

#### Setting

Western Nigeria as an agriculturally oriented area places heavy emphasis on agricultural development. In the 1962-68 Western Nigeria Development Plan 20 percent of total allocations were for primary production with a considerable proportion of the commerce and industry allocation (27%) designated for agriculturally based industries. In the 1968-69 Western State Budget Estimates only the Ministry of Education has a larger recurrent expenditure budget than the Ministry of Agriculture and Natural Resources estimate which totalled £ 2,238,750 or \$6,268,500. Efficient use of these financial and manpower inputs requires planning and evaluation. Priorities between and within projects need to be determined, returns from investments and proposed investments calculated, and methods of implementation analyzed with the ultimate aim being optimum use, in agricultural growth terms, of development inputs. The whole of development efforts in Nigeria as in other LDC's should rest upon inventorying resources, establishing targets, and then planning how to develop or use one to achieve the other.

Earlier USAID efforts in the agricultural economics areas were concentrated on farm management and agricultural marketing. Two advisors under Project 620-11-110-050 served two year tours. The marketing specialist conducted investigational studies in egg-marketing and assisted in establishing improvements in the egg marketing system. The farm management advisor assisted a poultry production program, investigated the cocoa spray subsidy program and studied the profitability of using fertilizer on different crops. Both technicians assisted in studies of several phases of the farm settlement program and did limited work with the Western Nigeria Agricultural Credit Cooperation.

Agricultural economic assistance from USAID and also from FAO has in the past been used chiefly for conducting specific, usually long-range, studies and has not been used to develop and train a Nigerian economic staff capable of providing competent staff assistance to policy making officials over a broad range of short to longer-term agricultural

development matters. One reason was the lack of a staff organization or division in MANR designated as an overall economic planning and advisory unit. Nor were there an adequate number of suitable personnel to staff such an organization. A third barrier was the reluctance of Nigerian officials to utilize an economic staff and, consequently, a reluctance to establish, as a staff organization, an economic planning and advisory unit.

More recently, as the shift in project direction indicates, with experience in operating an agricultural program and administering a development plan has come a growing realization of the importance of planning and evaluation to rapid agricultural development. (Planning and evaluation is used here not only in the long-term sense, but also as it applies in the day-to-day operations of an organization). The realization has in turn prompted a willingness by Ministry officials to establish and staff a unit charged with this responsibility. Both the FAO and USAID have exhibited receptiveness to supplying the type of assistance necessary to create an effective group equipped to provide the agricultural economic information and analyses on which prudent decisions can be based. The cooperative multi-lateral effort should avoid duplication and allow the more rapid achievement of that goal. Project success depends upon the establishment of the Project Planning Division at an appropriate level in MANR, appropriate Nigerian staffing of the Division, and utilization by senior MANR officials of the type of services offered by the Division.

#### Strategy

The simple strategy behind this project is to improve the Western State Ministry of Agriculture and Natural Resources project planning, analyses, and evaluation capability which will result in the more effective use of those inputs and resources employed in agricultural development. The functions of the Division, if carried out efficiently, will allow Nigerian officials to make sounder analytic judgements regarding agricultural activities. Coordination within and between projects should be improved and better planning will mean the successful completion of more of the projects started.

It is expected that the provision of FAO/AID technical assistance in agricultural project planning and evaluation to the Western MANR will contribute to the attainment of U.S. goals in Nigeria. In agriculture U.S. goals essentially envisage economic rationalization of development efforts in Nigerian agriculture and a concentration of development inputs in increasing farm income by increasing production of those agricultural products for which there is a strong cash market. In concrete terms this means giving priority to production of export crops and certain superior food crops, establishing price and other incentives which will encourage farmers to increase production, ~~and providing farmers with~~ improvement of marketing systems, and providing farmers with the

technical information and inputs (fertilizer, improved seeds and planting materials, etc.) needed to increase production.

It is not expected that Nigerian agricultural policy will be determined solely on economic grounds. But the establishment of an economic staff in MANR should insure that economic factors are considered when agricultural policy decisions are made.

Because decision-making authority is concentrated, a relatively small staff, advising those individuals, can have major influence. The USAID/FAO advisory group will be assisting a Project Planning Division with the Division Chief reporting through the Controller of Agricultural Services to the Permanent Secretary of Agriculture and Natural Resources. The Controller is directly in charge of the Agricultural Extension Services Division and the Agricultural Research Division. These two divisions account for about three-fourths of MANR employees if Produce Inspection and Administrative and General Divisions are excluded. The Permanent Secretary is in charge of all agricultural programs.

Formerly FAO and USAID provided technical experts who generally were utilized to carry out specific assignments or long-term studies for the Ministry. In this project, long-term research is not an objective and short-term research will be restricted to obtaining data for functional use in planning and meeting operational needs of the Ministry.

Establishing the Division at this time is particularly appropriate because of the availability of suitable Nigerian staff (including returned FAL's) and the expressed willingness of the Ministry to establish the Division in a form and at a level which will be able to function effectively. Assistance in this area had earlier been requested, but it was felt that the administrative structure would not allow the advisors to have the desired effect. However, negotiations have resulted in changes in the planned position of the Division in the administrative structure and the expectation is that as the Division proves its value it will be further upgraded.

The Ministry of Agriculture and Natural Resources feeling that planning positions must be filled by Nigerian officers rules out an OPEX arrangement. In view of the sensitivity of these positions the Mission believes that this is reasonable. But expatriate advisors are needed and will be used to initiate and guide the work and to train the Nigerian staff.

The possible ramifications of this project extend throughout agricultural development efforts in the Western State. For USAID the analysis of agricultural activities should identify the projects and areas where foreign assistance can be most beneficial. It should prevent the start of new un-economic projects or the continuance of old ones and should indicate revisions which need to be made to put projects on a sound basis. In addition, the successful establishment of a competent and efficient economic staff in

Western State MANR will provide a basis for similar efforts in other states and in the Federal Ministry of Agriculture and Natural Resources.

The cooperation of AID and FAO in providing technical assistance to this project provides an example of multi-lateral cooperation which can be used in other Nigerian projects and probably in other countries.

#### Planned Targets, Results and Outputs

The goal of this project is to establish in the Ministry of Agriculture and Natural Resources a Project Planning Division capable of providing the economic analyses required by Senior Ministry Officials for sound policy decision making.

The provision by MANR of twelve professional staff, as called for in the Work Plan, including a minimum of six persons with a B.Sc. or higher degree in appropriate fields and a maximum of six staff members of at least an Agricultural Superintendent Grade, combined with on-the-job and limited participant training will allow the development of a staff capable of carrying out activities of the types described in the "Course of Action" Section efficiently and without external assistance by 1973. Project plans call for eventual assignment of 12 Nigerian degree agricultural economists and agricultural statisticians to the Project Planning Division.

#### Course of Action

The Ministry of Agriculture and Natural Resources will request the Ministry of Establishments to authorize the establishment by April 1, 1969 of the Project Planning Division. This Division will initially consist of two branches:

1. Analysis Branch - To have the primary or basic responsibility of preparing economic analyses for the Permanent Secretary and other policy making officials.
2. Survey Branch - To have primary or basic responsibility of making short-term field investigations and agricultural surveys as needed to analyze economic problems in agriculture.

The primary duties of the Division will be to assist, as required, the Permanent Secretary and the Ministry by:

1. Evaluating the economic potentials and feasibility of proposed agricultural development schemes.
2. Preparing agricultural development programs.

3. Preparing project presentations for internal and external financing, including economic feasibility studies and benefit-cost evaluations in a manner that will bring out clearly the effect of the proposed projects on farmers' income and the fiscal benefits to the State and national economy.
4. Reviewing the planning and implementation of current agricultural programs, including identification and removal of bottlenecks in project implementation and efficiency auditing of agricultural projects.
5. Performing short-term agricultural economic investigations necessary to the above evaluation, preparation, and review.
6. Development of marketing programs for agricultural products, such as poultry, eggs, maize, rice, and swine.
7. Development of programs for use of agricultural credit in agricultural production and marketing.
8. Organizing a system of technical records that will make available technical data in respect of the activities of the Ministry.
9. Performing other duties as required by the Permanent Secretary.

USAID and FAO technical assistance to this project is made with the understanding and agreement that the Ministry of Agriculture and Natural Resources will establish a Project Planning Division with the Division Chief (Planning and Projects Officer) reporting through the Controller of Agricultural Services to the Permanent Secretary. However, pending the establishment of the Project Planning Division, FAO has provided an agricultural marketing expert and a land use and farm management expert who are now (January 1969) on duty at MANR in Ibadan. FAO will provide a senior agricultural economist (ETA January 1969) to serve as advisor to the Project Planning Officer. USAID will provide a senior agricultural economist (ETA January 1969) to serve as advisor to the Chief of the Analysis Branch.

The senior FAO agricultural economist will serve as the Team Leader of the FAO/AID advisory group. The senior AID agricultural economist will serve as Associate Team Leader.

The remaining two USAID agricultural economics specialists should be provided about the last quarter of FY 1969 (April-June 1969) but only after the overall project, with participation of the senior USAID advisor has been assessed by USAID and MANR. (FAO may also participate in this assessment). This assessment will include establishment and funding by MANR of the

Project Planning Division, provision by MANR of counterpart staff and supporting staff specified in the Work Plan, and satisfactory experience in full utilization of FAO/USAID specialists and experts by MANR.

These AID specialists will have the following qualifications and be assigned as follows:

1. An agricultural economist qualified in agricultural project planning and evaluation to be assigned to the Analysis Branch.
2. An agricultural statistician, or agricultural economist with a strong statistical background, to be assigned as advisor to the Chief of the Survey Branch.

USAID may also provide participant training but it is not known at this time what training will be needed. This will depend upon the qualifications of Nigerian personnel assigned to Project Planning Division by MANR. Present plans and funding allow for training of 6 participants in the United States.

USAID will provide approximately \$ 6,000 in commodities (office equipment, machines, and books).

The Ministry of Agriculture and Natural Resources will provide qualified Nigerian counterparts for the FAO and USAID specialists and will assign to the Project Planning Division at least two Nigerian agricultural economists or agricultural statisticians (including counterparts) for each FAO or USAID specialist seconded to the Project Planning Division. The minimum Nigerian complement, therefore, for the year beginning April 1, 1969 will be twelve Nigerian agricultural economists and agricultural statisticians and supporting clerical, typing, and enumerator staff.

MATHEWS

Table I.

## NON-CAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

PROP DATE 1-2-69

Project Title: AGRICULTURAL ECONOMICS AND  
MARKETING - WESTERN NIGERIA

Original x

Rev. No.

Project No. 620-11-140-768

COUNTRY: NIGERIA

Fiscal Years	Ap	L/G	Total	Cont	Personnel Serv.			Partici- pants		Commodi- ties		Other Costs	
					AID	PASA	CONT	U.S. Agen- cies	CONT	Dir U.S. Ag	CONT	Dir & U.S. Ag	CONT
Prior through Act. FY 1968	TC	G	139										
Oper. FY 1969	TC	G	64							10		6	
Budg. FY 1970	TC	G	114					12		6			
B + 1 FY 1971	TC	G	108					12					
B + 2 FY 1972	TC	G	108					12					
B + 3 FY 1973	TC	G	74										10
All Subs.	-	-	-					-		-		-	
Total Life	TC	G	607					36		16		18	

1/ Memorandum (nonadd) column.

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Table I - cont'd. Exchange rate \$1 = ₦ 035714

Project No. 620-11-140-768

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Fiscal Years	AID-controlled Local Currency		Other Cash Contribution Cooperating Country	Other Donor Funds <sup>2/</sup> (\$ Equiv.)	Food for Freedom Commodities <sup>6/</sup>		
	U.S. owned	Country-owned <sup>1/</sup>			Metric Tons (000)	CCC Value & Freight (\$000)	World Market Price (\$000)
Prior through Act. FY 1968							
Oper. FY 1969		2,000	32,500	78,600			
Budgt. FY 1970		6,000	67,800	69,300			
B + 1 FY 1971		6,000	73,600	69,300			
B + 2 FY 1972			71,000	69,300			
B + 3 FY 1973			75,600	34,650			
All Subs.		-	-	-			
Total Life		14,000	324,000	321,200			

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<sup>1/</sup> Trust Funds<sup>2/</sup> Food and Agriculture Organization of United Nations Contribution for Technicians.

LAGOS TOWID A-

**AIRGRAM**

**DEPARTMENT OF STATE**

*Proj. No. 6200768*  
*Pr*

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For each address check one ACTION | INFO

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DATE REC'D.

620-768

DISTRIBUTION  
ACTION

TO - ~~LAGOS~~  
LAGOS AIDTO A 275

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INFO.

DATE SENT  
8-13-70

GC  
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AAPC

FROM - AID/WASHINGTON

SUBJECT - Prop Agricultural Economics and Marketing

REFERENCE - TOAID A-19

LAGOS  
HECTO  
ATT

Subject Prop was approved August 5, 1970. Attached are the action memorandum to the Assistant Administrator and project authorization form re Agricultural Economics and Marketing Prop.

ROGERS

Attachments:

1. Project Authorization
2. Action Memorandum to the Assistant Administrator

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DRAFTED BY <i>[Signature]</i>	OFFICE AF/AFR-N	PHONE NO. 372	DATE 8/11/70	APPROVED BY: <i>[Signature]</i>
AID AND OTHER CLEARANCES				

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