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FARM MANAGEMENT WORKSHOP  
Project Report

July 1 - August 9, 1982  
REPUBLIC OF MALI (WEST AFRICA)

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*sponsored by U.S.A.I.D. in cooperation with*

Tuskegee Institute  
Center for Rural Development  
Tuskegee Institute, AL 36088

001143

*and*

Institut d'Economie Rurale  
Bamako, Mali

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Farm Management Workshop (931-1299)  
USAID Contract no. 625-0929.09 as an  
Amendment on 211.d Grant no. AID/ta-G-1452  
(also) Institut d'Economie Rurale

<u>Participants:</u>	John M. O'Sullivan	Tuskegee Institute (Chief of Party)
	Fred Boadu	Tuskegee Institute
	Charles Morgan	Tuskegee Institute
	Amadou Samaké	I.E.R.
	Abdoul Diallo	USAID/Bamako

For participants from Action Riz-Sorgho (Gao), Opération Mils-Mopti, Opération Haute Vallée, Opération Riz-Mopti, see attached lists.

Approximately 43 people took part in the workshop.

Workshop presentation: A workshop was held Saturday July 17 through Wednesday, July 21, in Gao for ARS. A second workshop was held Tuesday July 27 through Saturday July 31 in Mopti for the agents of OMM, OHV and ORM.

Scope of Work for Workshop: See Attachments; Scope of Work (1) and termes de reference.

Contract: Due to logistical problems we were unable to include Action Blé Diré, as desired. After discussion with Mr. Lee Hall, Ag. Economist USAID/Bamako and Ms. Diane McLean, Project Manager, Action Blé Diré, it was decided to abandon attempts to include them in the project. Logistical problems

included rainy season, lack of 4 wheel drive vehicles in good running condition with experienced drivers, erratic service of Air Mali. Since this project is being abandoned by USAID, this was not seen to be a critical problem.

Contacts: In order to make the workshop as relevant as possible and to bring up to date an orientation (established in July, 1980) contact and discussion were held with Mr. Kurt Fuller, Project Manager, OMM and ARS, Mr. Ralph Conley, Project Manager, OHV, Mr. Rollo Ehrich, ADO. Of specific interest was the recent evaluation report of OMM done by Development Associates, with its critical evaluation of the Division d'Etude Economique et Statistique (DEES). In theory this unit should be providing more reliable statistics and analysis than it has been doing.

Contact and discussions were also held with Mr. Jerry Johnson (SAFGRAD) who has been in charge of extensive field trials in OHV, OMM areas. He felt that agronomic data being developed by them was not being exploited effectively by the Operations. Mr. Phil Serafini at the ICRISAT research Station in Sotuba is developing and conducting many field trials with animal traction. Here also, economic analysis is not being done with this readily available data base.

A three day trip was arranged by the team to Sikasso, to meet with the IER/ Farming Systems Research team there. Extensive discussions with Mr. Diana, Mr. Sy, Mr. John Lichte and Mr. Paul Keene, the Dutch consultant emphasized to us the importance of beginning with as simple an approach as possible. It was pointed out how easy it is to overwhelm an analysis system with large quantities of data and how important is quality control of the data collection systems.

Accomplishments:

- 1) Explanation of USAID concerns about economic feasibility of interventions from the point of view of the farmer.
- 2) Emphasis on importance of communication between USAID and Operations in terms of economic analysis, overcoming differences which may stem from different training and analysis approaches.
- 3) Presentation of a simple economic model as a framework of analysis. This was based on law of diminishing returns and analysis of marginal costs/ marginal revenue.
- 4) Presentation of 2 alternatives methods of simple data analysis
  - a) partial budgets - extended by including depreciation and amortization of extended life interventions.
  - b) Costs of Production analysis presented by Amadou Samaké (IER).
- 5) Emphasis on the importance of reliable and valid data collection. In the initial stages of institutionalizing data collection and analysis, it was argued that an intensive, quality small scale will prove more reliable than extensive superficial estimates - the approach taken so far, where data is being collected at all.
- 6) Examples of simple data collection forms being used by the FSR program in Sikasso were provided. These focused on yield measurement, time spent on and inputs used on chosen fields and prices.

- 7) Distribution and discussion of two booklets produced by CIMMYT; "Comment établir des Conseils aux Agriculteurs à partir des données expérimentales: Le manuel de formation économique appliquée" et "Planification de techniques appropriées à l'intention des paysans: Concept et Procédures".
- 8) Proposal to OMM and OHV DEES agents to work more closely with SAFGRAD and ICRISAT.

Schedule of Presentation:

Day 1: - Explanation of goals of workshop, Objective of USAID

- Need for modern Scientific Agricultural Management
  - a) Decisions for allocation of Scarce Resources
  - b) Analysis of profitability for farmer and returns to his land, labor and capital.
- Sketch of simple economic model based on project maximization law of diminishing returns  
3 stages of production.
- Statement of overall thrust of workshop
- Request for feedback and continual communications with USAID.

Day 2: Partial Budgeting

- Discussion and Definition
- Types of decisions which can be addressed with budgeting

- Examples and discussion - depreciation and amortization
- Development of a comparative marginal costs benefit ratio from the point of the farmer
- Use of budgets for marginal analysis
- Use of marginal analysis for decision making
- Control of marginal analysis through tests using minimum yields
- Price sensitivity tests.

Day 3: Costs of Production - Analysis of method used by IER for their costs of production reports. Example of CMDT used as most reliable data base.

Day 4: - Visit to Fields of paysan pilot  
- Development of budgets based on local data

Day 5: - Collection of reliable data  
- Proposal of initiating small scale quality data collection systems as an initial step.  
- Discussion of experiences of FSR program and suggestions they had.  
- Comparison of costs of Production and Partial Budget  
- Summary and final remarks.

Observations: The degree of sophistication of data collection and analysis system differed widely. Even the most organized (OMM) seems to be trying to do too much with too little. They are trying to collect data on a range of topics which would make the Alabama Agriculture Statistics Reporting Service proud. I do not think I was able to convince them entirely that it is better to start small with reliable data than to fill sheets with totally unuseable numbers.

Response to our seminar was very positive. It was obvious that the people who participated were interested in the problems and in our discussion. I would assume however that without further contact and close follow up, the long term impact will not transform the present impasse. (See Recommendation which follows).

It is interesting to note that there are certain problems, partly of communication, partly of basic assumptions, which separates American analysis of economic problems from a Malian viewpoint. I argued, for example, that the rate of return on a credit project should at least equal the cost of the credit project and should include a risk factor from the point of view of the farmer as part of the analysis. This is to say that a technology has to yield a return covering the cost of credit plus some percentage making it worthwhile for the farmer assuming the risk. This was hotly debated by several participants who emphasized government subsidies of new agricultural programs.

I also argued that interventions should be profitable to the farmer - in a sense autofinancing since they should generate greater returns than they cost. This was generally dismissed as illogical since the goal of such self finance was seen as being impossible for food crops like millet and sorghum. They accepted the theoretical argument that government intervention in the system of production, holding prices (marginal revenue) and marginal costs down actually can reduce production.

The approach taken so far from the Malian point of view is the costs of production schema. The IER develops c of p's for all crops in Mali. The approach taken includes some very useful information - particularly in terms of dividing costs among various enterprises. None the less it is striking that the approach almost always shows that the farmer "loses money" in an enterprise -

since costs of production are consistently higher than official (or even world market) prices. The problem is that the analysis is essentially political and the opportunity costs or shadow prices reflect political desires rather than economic reality. While any analysis reflects political aspects C of P analysis as presented leaves one unable to determine the economic worth of any specific technological enterprise in terms of its profitability to the producer. Since economic analysis presupposes profit maximization and rationality of the decision maker C of P analysis is of little use to development agencies or scientific agricultural analysis in terms of profitability or marginal analysis of various development enterprises.

The different approaches taken in terms of Malian analysis and vs. farm management analysis was seen particularly in the Mopti workshop. I believe that Mr. Konaté, director of the OMM DEES understood the fundamental problem of taking only C of P approach. This is to say that I am not arguing against continued C of P analysis - only that it has its uses (GRM price discussions) and profitability analysis - essential for intelligent extension, research planning by the operations, and scientific farm management analysis cannot be achieved through such analysis. We ended the workshop asking whether animal traction is worth the farmers' while. C of P analysis showed it is not. We argued otherwise, proposing a partial budget methodology to test hypothesis in a meaningful agronomic context.

It is worth noting that the training of nearly all people concerned with economic analysis is woefully inadequate. Katibougou's training consistently has problems in terms of ag economics - especially farm management approach. People are in charge of economic analysis who do not have a real idea about the economic model, definitions, basic assumptions, procedures and hence are entirely at sea when asked to deal with complicated questions about profitability

analysis for small farmers in their region.

Thus there are four aspects to the problem of economic analysis in the Operations. If each is addressed then the problem can be solved. They are: management decisions about economic analysis. Economic analysis is an essential tool of planning and evaluation. Recent evaluations of OMM and OHV point to the lack of data and economic analysis for these needs and OMM, at least, seems sensitive to ways of improving OMM's performance.

The second aspect is technical. Even OMM does not seem to be able to focus its analysis for planning, is not able to relate its studies to resources available for such studies and is not able to collect reliable useful data. We have started an awareness of American economic and statistical approaches but close follow through will be necessary for successful implementation.

The third aspect is financial support. If data collection and analysis for planning and evaluation is seen as a worthwhile objective, then the means for carrying out these tasks must be made available.

The fourth aspect is educational. Training in economic analysis has been entirely or nearly entirely lacking. We are asking people to do work for which they have not been trained and putting responsibility on them for which they do not have the background. (The last remark does not pertain to M.S. Konaté who is trained but seems very busy with many aspects of OMM management).

Recommendations:

Recommendation no. 1: It is recommended that a consultant be hired who based in Mopti for 24 mos. could establish (or put on a sound institutionalized footing) a DEES which would meet Operation needs for Planning, Management and Evaluation. He/ she will provide technical assistance to OMM setting up systems, coordinating data collection and assisting with timely analysis and report writing.

A two year time frame is recommended since the consultant must have time to prepare activity through training of local OMM economics and statistical staff, survey design, logistics and other preparatory work. He/she must be able to set up and follow through a full agricultural cycle for field data collection. Finally there must be adequate time for final report writing and work with the DEES to ensure that the process of analysis and liaison with management research and extension is institutionalized.

This recommendation is made for both OMM and OHV. Since OMM is further along in its extension and structural process it is recommended that the initial effort be made there. Subsequently, or even concurrently, the same activity should be undertaken with OHV.

Recommendation no. 2: That OMM, OHV, ARS, send economic unit representatives to the Farming Systems Research Project in Sikasso. A training session with the FSR project would be useful since that unit has now spent 4 years in an evolving serious data collection activity.

Recommendation no. 3: That the SAFGRAD and ICRISAT (Sotuba) research units be encouraged to establish liaisons with OMM and OHV as relevant. They are already working up useful agronomic data which the DEES could exploit for

economic analysis. I encouraged the DEES personnel to consider such contacts as well.

Recommendation no. 4: IER is planning a workshop on costs of production scheduled for March, 1983. It is recommended that USAID personnel participate in the workshop and that project managers assist their project people to attend.

Recommendation no. 5: In our debriefing with IER, Mr. Moussa Traoré, Chef de Planification strongly requested continued close cooperation between USAID and IER, particularly if there is a follow up activity. He felt that a consultant should work through and in cooperation with IER.

ACTION RIZ-SORGHO GAO

17 Juillet 1982

Liste des Participants

<u>Nom - Prénoms</u>	<u>Division</u>
1. Yaya Togola	Directeur
2. Youssouf Mallé	Chef Division Agricole
3. Ben Mohamed	Chef de Zone I Gao
4. Ibrahim I. Sidibé	Adjt des Sces Comptables
5. Alhousséini Kowa Maïga	Section Prévulgarisation
6. Mamadou Konaté	Section Approvisionnement
7. Sibiri Daou	Section Formation
8. Charles S. Morgan	Tuskegee Institute
9. Fred Boadu	Tuskegee Institute
10. Abdoul Diallo	USAID
11. Amadou Samané	I.E.R.
12. Amadou Ba	Division Agricole
13. Housseyni Konaré	Chef Division Génie Rural
14. Mamadou Coulibaly	Chef de la Section Topo et Suivi des aménagements
15. Sidaty Cissé	Chef Division Administrative et Financière

SEMINAIRE ATELIER POUR GESTION AGRICOLE

TUSKEGEE INSTITUTE

30 Juillet 1982

Mopti

Liste des Participants

<u>Nom - Prénoms</u>	<u>Titre ou Division</u>
1. Mahamane Djitèye	Chef Division Administrative
2. Konaté Siné	Chef Division Etudes Economiques et Statistiques
3. Flatié Sanogo	Chef SDR Bandiagara
4. Djibril O. Maïga	Chef SDR Adjoint Mopti
5. Yacouba Tamboura	Chef SDR Koro
6. Mouctar Ibrahim Ba	Chef SDR Bankass
7. Bah Coulibaly	Chef SDR Mopti
8. Djigui Tounkara	Division Formation
9. Diakaridia Diallo	DEES
10. Kassoum Sidibé	DEES
11. Abdoulaye Ouane	Division Formation
12. Tiémalo Bouaré	Division Vulgarisation
13. Hamadi Traoré	Protection des Cultures
14. Etienne Togo	Zone Alph.-OMM Koro
15. Cheickna Hamalla Dicko	Chef SDR Ténenkou
16. Abdoulaye H. Maïga	Chef SDR Douentza
17. Monzon Sangaré	Chef Cellule Enquêtes OMM
18. Cheick Sidiya Diaby	Opération Riz - D.E.E.
19. Aïssata Diakitè	Division Vulgarisation OMM
20. Cheick Oumar Konaré	Division Financière et Comptable
21. Abdoul Diallo	USAID
22. Sagha Ouédraogo	Direction Régionale de l'Agriculture

PROJET DE PROGRAMME DU SEMINAIRE-ATELIER  
POUR L'ELABORATION D'UN MODELE DE GESTION  
PAR TUSKEGEE INSTITUTE, ALABAMA, ETATS-UNIS

- A. Présentation des Membres de l'Equipe
- B. Explication des Termes de Références du Programme
1. Nécessité et Valeur d'un Modèle Economique pour établir la rentabilité des interventions proposées telles que:
    - traction animale (à crédit)
    - charrue
    - charrette
    - engrais chimiques
    - phosphate de Tilemsi
    - moto-pompe
  2. Méthodologie proposée
    - a. Budget partiel
    - b. Budget annuel avec amortissement
    - c. Analyse de Sensibilité de Variation de Prix et de Rendement
  3. Collecte des données
    - Equipe Tuskegee: FSR (Système de Production)
    - IER: Détermination des Coûts de Production
  4. Etablissement (à l'usage des Divisions d'Etudes et d'Evaluation) d'un Système d'Analyse Basé sur (2) et (3) des Efforts à bénéficier:
    - du système de crédit et
    - de vulgarisation.

July 19, 1952

ADO/ECON, Lee Hall

Farm Management Seminar - Change in Scope of Work

The Files

In the original scope of work the contract team was to have visited Action Blé-Diré for a period of three days in order to explain the seminar purpose to Action Blé-Diré staff and to collect data for use in the seminar. When the scope of work was drafted, it was understood that the contract team would fly commercial aircraft to the Goundam airport and would be provided local transportation by the Action. Recently the commercial airline (Air Mali) has not been providing reliable service to Goundam. The alternative of going by land would require renting a four-wheel vehicle, purchasing sufficient equipment for the trip (gas, cans, etc.) and finding a driver who knew the route. This alternative would require more time than allotted (minimum of four days travel time assuming no breakdowns and that the driver was familiar enough with the route to avoid getting lost) and, since renting a vehicle is expensive, would cost much more than anticipated. Thus it was decided that the Diré trip be excluded from the scope of work.

Clearances:

PROG:RCasey RC  
ERnatigan/MGMT ER  
ADO:REhrich RE  
DD:GTEaton GT

Approved David M. Wilson  
David M. Wilson  
Director

Date: 2 - 7 - 52