

PD-AAT-907  
46197

May 25, 1983

NOTICE OF MEETING

TO: See Distribution  
FROM: AFR/PD, Norman Cohen <sup>NC(1/2)</sup>

SUBJECT: Project Identification Document (PID) Issues Review

June 1, 1983

10:00 a.m.

Room 3524 N.S.

AGENDA

Niger - TARA II, Rural Irrigated Agriculture Development Project  
No. 683-0245 AFRICARE OPG

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## PART I - Program Factors

1. Summary. Mission herein submits for AID/W review and approval a PID-like proposal for the TARA II, Rural Irrigated, Agriculture Development Project. This Project is to be implemented over a three year period by AFRICARE, a PVO, which has been working in the Project zone since 1975. The purpose of the Project is to increase the productive capability and the economic opportunities of the villagers in the TARA community. This is to be accomplished through the support of village-level interventions such as planned exploitation of the irrigation system to increase rice production; the production of self-management and economic independence of local cooperative groups; and practically-oriented technical training for producers, artisans, women and cooperatives. The role of AFRICARE is to provide technical assistance and intensive training to TARA's producers and cooperative members. Total AID financing to be provided for the Project is \$750,000. The Project has been formally requested by the Government of Niger (GON) and the Mission strongly supports the purpose and objectives of the proposed activity.
2. Conformity with Recipient Country Program/Strategy. The proposed Project conforms to the overall development priority of the GON which is to ensure food security. At the same time, Niger is undertaking significant policy and economic reforms which, in some cases, will be tested and implemented within the TARA Project before they are actually applied in other activities and areas of the country. Niger's economy is experiencing serious difficulties at this time.

Due to the decline in the real price of uranium, its principal export commodity, the GON's revenue base has been seriously affected and, as a result, the national investment budget, used for developmental purposes, has decreased to relatively nothing. To adjust to its current economic circumstances, the GON is attempting to divest its public sector of many of its expensive functions which supported development activities. It has recognized the need to promote economic self-sufficiency and self-management by its local and rural populations. AFRICARE is trying to promote these same objectives within the TARA Project by training and intensive work with the local cooperative groups. The people of TARA have pursued economic and marketing activities which has historically rendered them less dependent upon the support and guidance of the GON public sector. With the proper training and technical assistance, the GON, AFRICARE and AID believe that the economic activities at TARA will serve to demonstrate how local communities may become more economically independent. On the production side, the GON has also experienced difficulties with its overall approaches to agricultural production. In the past the GON has concentrated its emphasis on the rainfed production of cereals crops, particularly millet and sorghum. While this policy has had some success, the GON has also recognized that the long-term future of agricultural production depends upon the economic and technical viabilities of irrigated agriculture. The GON has now recognized the need to generate increased production through the initiation of medium- to small-scale irrigation activities which are low in cost and which can be financed and maintained through the participation of local communities. TARA is a community

which has tremendous potential to demonstrate the perceived benefits of local management and investment in irrigated agricultural production. The modest investment envisioned by the GON, AFRICARE and AID in promoting irrigation production at TARA will have tremendous payoff in the determination of how Niger's populace can best organize for and pursue irrigation production-related activities.

3. Relationship to CDSS. USAID/Niger's CDSS supports the GON's approach to local-oriented, independent and self-reliant cooperatives to promote rural development. There are many possibilities inherent in this approach for the encouragement and development of greater local private sector initiative. The GON and AFRICARE have agreed to fully explore the potentials for more private initiative within the TARA community. The CDSS also states that USAID/Niger will support small-scale, pilot efforts in irrigated agriculture. In developing the CDSS, the Mission envisaged the TARA Project as an example of the kind of community-oriented, irrigated production effort which complements our overall agriculture sector strategy.

#### PART II - Project Description

4. Perceived Problem. The GON has pronounced the policies that local communities must become more self-reliant, that the Government can no longer support and subsidize rural development efforts to the extent it has in the past, and that Niger's population, as a whole, must demonstrate greater individual initiative in contributing to the country's development process. The GON has also suggested that local cooperative groups are the best local-level institutions to

ensure the economic well-being of rural dwellers who have mutual interests. The constraints surface when one examines the overall state of Niger's human resource base and the present capabilities of the rural populace to organize themselves for self-management. With a national literacy rate of less than 10 percent, the vast majority of Niger's rural population is ill-equipped for those aspects of cooperative membership which require minimal capabilities in reading, writing and financial management. Various socio-anthropological analyses of Niger's rural population, including a recent evaluation of the AID-financed NDD Project, conclude that often the majority of cooperative members have no idea of the cooperative's functions or of their role within it. They are members because they have been told that they can somehow benefit from membership. An objective of this Project is to assist these cooperative members through training to attain these potential economic and social benefits which can come from effective cooperative institutions. Rainfed agricultural cultivation in Niger is expanding into increasingly marginal lands. The country is experiencing production deficits in urban and pastoral zones. One solution is to exploit the potential for irrigation development. However, irrigated agricultural production has been historically constrained by the high costs of irrigation and the lack of trained personnel to manage irrigation schemes. Another constraint facing Niger's rural sector is that a rapid transition is underway from the subsistence level activities of a barter economy to that of a monetarized one, and in many ways the rural dweller is not equipped to adjust to this transition. In addition, the barter environment, along with other social factors, created an attitude among villagers that economic security was best

assured in the communal sense. There was not a strong sense of private initiative for generation of greater revenue. The system had many inefficiencies and incentives for increased production or output were minimized. There is much evidence that these attitudes are changing in rural Niger, and the desire to maximize individual incomes is also evident. The TARA II Project addressed the above problems through an intensive practical training and skills development program for villagers and cooperative members. Technical assistance, to be provided by AFRICARE, will coordinate with the GON local-level personnel to implement the Project. The production emphasis of the Project will be based upon the extension of practical technical themes and the cooperative development aspect will be based on selected economic activities which are deemed to be profitable in the TARA environment.

5. Project Goal and Purpose. To ensure food self-sufficiency and to improve rural incomes and revenues in Niger are the goals related to the TARA Project. The attainment of the food self-sufficiency goal in Niger depends upon a combination of factors relative to Niger's rural populace and to the overall agriculture sector environment. The most important of these factors are:

- Motivation, initiative and cooperative effort among rural individuals and communities,
- Training and skills development in appropriate technologies leading to increased production and marketing,
- A policy environment which allows maximal marketing opportunities and adequate returns to producers.

The purpose of this project is to support a combination of training and cooperative activities in the region of TARA which will promote self-reliance at the local level along with increased economic activity and opportunities. The project will serve as a model to be replicated in other regions, and it will demonstrate that free market activities and individual enterprise will result in increased agricultural production and rural incomes.

6. Expected Achievements and Accomplishments. After three years of the TARA Project, it is expected that 250 families, or roughly 1,800 people, will increase their incomes through an improved production and marketing systems of rice. Through technical assistance and training, irrigated rice production is expected to increase by approximately seventy per cent. Cooperative leaders and members will receive training designed to enhance rice marketing capabilities and opportunities. Eighty fishermen and their families will benefit from the adoption of modern fishing practices and more efficient marketing. One hundred twenty women and their families will receive income from raising poultry for meat and eggs. Twelve artisans (blacksmiths) and their families will have increased incomes from the construction of annual traction plows, carts and hand tools. The increased and more efficient production of rice, eggs, chickens and fish under the project will be made available to markets in and around Tara, Gaya and Dosso. This will contribute to the overall economic development of the region by providing markets for associated goods and services, and by creating a demand for other consumer goods. The increased availability of foodstuffs in the market will contribute to improved nutrition of the local population.

7. Outline of the Project. The TARA Project will be implemented over a three-year period by AFRICARE, a PVO, and the Government of Niger. Africare will provide two long-term technical assistance personnel (an agronomist and a community development specialist) for the duration of the project and other short-term T.A. personnel (i.e. credit specialist, irrigation engineer, etc.) as required. The GON will provide a project director, trainers for cooperatives and literacy classes and technical personnel for maintenance of the irrigation pumping station at TARA.

Major components of the project include :

1. Training of Community Cooperative Representatives
2. Advanced Extension Training: Rice Cooperative
3. Advanced Extension Training: Poultry Cooperative
4. Advanced Extension Training: Fisheries Cooperative
5. Advanced Extension Training: Artisans Cooperative
6. Cooperative Self-Management Training and Adult Literacy

Forty Community Cooperative Representatives will be trained over a 30-day period each year. Themes to be developed during this training include:

- The cooperative and its functions
- Roles of members and leaders
- The evaluation of economic activities of TARA
- Agricultural credit: its role, its importance, how credit functions, loans and repayment
- Agricultural inputs and their value to farmers
- Improved seeds and their importance
- Pesticides
- Animal traction

- Practical demonstrations
- Reports and financial management

Training for approximately 72 rice cooperative members will last 10 days each year and focus on detailed technical information related to rice production, rice marketing and commercialization.

Poultry training will include provision of credit to establish initial breeder stocks and materials for cages. Eighty women will receive general training in cooperative membership, poultry raising, marketing, recordkeeping, credit and systematic cleaning and sanitation related to poultry production. This training will be continuous during the project's life.

Eighty fishermen will receive the following training:

- Principles, goals, functions of cooperatives
- Organization of fishing efforts
- The role of credit
- Records and documentation necessary for exploitation of fish including catch records, size, weights and prices.
- The conditioning and preservation of fish
- Loans and repayments.

Rural artisan training will guarantee the supply of agricultural equipment to the TARA region and assure the maintenance of the region's equipment.

This training will last 15 days each year and cover :

- Establishment and operation of an equipment workshop
- The notion of the costs of production
- Record keeping for the business
- The provision of primary materials

- Credit and repayment
- Financial documents used for purchases
- The organization of work in the workshop.

The self-management and adult literacy training will be provided to all participants of the other cooperative training activities along with other TARA villagers not participating in a particular training course. This training will emphasize reading, writing, elementary mathematics and general self-management themes relating to cooperative participation. This training will be continuous over the three years of the project.

8. Factors affecting Project Development and Selection. The village of TARA is located in southwestern Niger in the Dosso Department, nine miles west of Gaya. TARA's population of 3,600 is divided among 500 families. Annual rainfall at TARA is 40 inches which is above average for the country. Millet, sorghum, peanuts, rice and garden vegetables are the main crops produced in the area. Poultry, sheep, goats and fish are the main sources of meat.

The Tara Project site is approximately 140 hectares of land protected by four kilometers of dikes along the Niger River. The land is irrigated from a pumping station consisting of six Lister pumps with theoretic output of 420 m<sup>3</sup>/hour and a series of canals and drains which serve the individual plots of the farmers. The size of the plots vary from 0.25 to 0.50 hectares. Two hundred fifty-six farmers are organized in a rice cooperative from which they receive credit for seed, implements and animal traction units. They also receive training in modern farming techniques. The farmers produce the rice using only family labor. Debts for agricultural inputs received on credit are repaid annually after the harvest.

The TARA irrigated agriculture program was initiated by Africare in 1975 at the request of the GON. The Project was predicated on the belief that the maximum involvement of the rural people in the organization, management and implementation of its activities would achieve maximum results. Phase I consisted of twelve major components: dike and irrigation system, rice production and research, cooperative establishment, credit, fisheries, adult literacy, poultry production, appropriate rural technology production, community development, a farm-to-market road, primary health care training, and agricultural extension. A total of \$3.5 million was invested through contributions to Africare by the Lilly Endowment, UMCOR, the Kansas West Methodist Conference, World Vision, Ramapo College, USAID (\$1 million) and the Government of Niger. USAID financing for the TARA Project began in 1978 and was completed in September, 1981. From September 1981 to the present, Africare and the GON have continued their support to activities at TARA.

USAID/Niger is supportive of additional AID financing for a second phase of the TARA Project because of the demonstrated potential and will of the Tara population to move toward self-management and economically-oriented development. The TARA community is also well-placed to respond to recent GON policy change which now encourages locally-based production and marketing initiatives within an environment of less government intervention and more liberal agricultural price policies.

Based upon a total investment in the Tara Project by AID of \$750,000 over three years, Africare has carried out the accompanying economic analysis of a second phase of the Tara Project. (Benefits were projected over a fourteen year time-frame). The analysis shows the following:

1. The rate of return to the entire project is 16 per cent. These figures were calculated using the aggregated incremental net benefits of the various project activities.
2. The economic rate of return to the rice-related investments planned under the project is 19.58 per cent. Sensitivity analysis has shown that this rate of return is stable under various assumptions.
3. The rice cooperative at TARA can be financially independent in three years or when AID investment is completed. The cooperative owns and operates a rice huller which allows the cooperative and its members to capture the value added by hulling the paddy and selling the rice hulls. These sales generate a surplus that will allow the cooperative to meet all its regular costs and to put aside funds for unexpected expenses. The cooperative will also be able to finance the purchase of production inputs at the beginning of each season, obviating the need of the farmers to borrow from the GON credit institution (CNCA).
4. Under the project, the individual farmers of Tara can expect an average annual increase in income of 104 per cent over their income which would be had without the project. Average net benefits per farm family for rice production will rise from approximately 70,000 CFA at the present to 243,679 CFA in year 4, and is expected to rise to 308,954 CFA in year 12.
5. The poultry cooperative is expected to produce 118,260 eggs per year at the central station and 144,540 eggs per year in the cooperative members' poultry houses. The economic rate of return to the project is 7.63 per cent.

6. Fish production, upon completion of the project, is estimated at 47,520 kilograms annually by the 80 members of the cooperative. The rate of return is estimated to be 23.66 per cent.

9. Host Country/Implementing Agency Contributions. The Government of Niger has continued its support to the Tara project by providing a Project Director along with agents of various government services to the maintenance of the irrigation pumps and as trainers/technical assistance to the sub-project activities. The GON has made land available to the Tara cooperative and has provided other technical services on a cost-sharing basis. The GON has shown a willingness to revise policies based upon inputs from the cooperatives such as allowing rice produced at Tara to be sold at increased prices and without some marketing controls which are imposed in other regions. Over the past eighteen months when there has been no AID financing for the Tara project, the GON has contributed approximately \$242,500 for the continuation of the project.

Africare has maintained its interest and participation in the Tara project even though there has been no AID financing since September, 1981. The PVO has struggled and continued its commitment to the project with extreme financial costs to its organization. Given these difficulties, Africare must receive credit for the fact that the Tara project continues to be viewed as successful by USAID/ Niger, other donors and the GON. Africare has maintained a full-time technical assistance person at Tara and its financial contribution to the project over the past eighteen months has been \$112,558.

10. Design Strategy. Upon AID/W approval of this PID-like OPG proposal for a second phase of the Tara project, Africare will submit a more

detailed project document to USAID/Niger for its approval and project authorization. It is envisaged that this project will be authorized in FY 1983.

11. AID Policy issues. As a condition to AID financing of the Tara project, Africare must agree to continue working with the GON to determine and secure financing for cost effective and appropriate corrective measures necessary for Tara's irrigation system. USAID/Niger is cognizant of dialogue and planning currently taking place between Africare, the GON and the World Bank for the rehabilitation of Tara's irrigation system.

AID financing of this project is also contingent upon Africare and the GON continuing to work toward the total self-sufficiency of Tara's cooperatives within a foreseeable time-frame. An objective of this project is the expectation that by the end of the project, Tara's cooperatives will be strong enough economically and managerially to operate without government interventions.

Tara Rural Irrigated Agriculture Development Project

Summary Budget

(in U.S. dollars )

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
I. Personnel and Fringe	101,202	102,761	109,507	313,470
II. Travel and Allowances	54,818	32,835	54,150	141,803
III. Equipment and Supplies	36,500	18,500	18,000	73,000
IV. Construction	9,000	6,000	6,000	21,000
V. Training and other Costs	41,689	32,964	1,920	76,573
VI. Indirect Costs	<u>47,278</u>	<u>38,778</u>	<u>38,084</u>	<u>124,140</u>
Grand Total	290,487	231,838	227,661	749,986