AGRICULTURAL FINANCING IN NIGERIA:
A CASE STUDY OF WORLD BANK ASSISTED PROJECTS

BY

USMAN, SAMAILA H.
MBA/ADMIN/7041/92-93
NO: G92 BAP 7268

BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION, AHMADU BELLO UNIVERSITY ZARIA, IN PARTIAL FULFILMENT FOR THE AWARD OF MASTERS IN BUSINESS ADMINSTRATION

SUPERVISOR:
SULEIMAN A. KARWAI

MARCH, 2000

DECLARATION

I hereby declare that this project entitled AGRICULTURAL FINANCING IN NIGERIA: A CASE STUDY OF WORLD BANK ASSISTED PROJECTS is my original work. All data and works submitted have been duly acknowledged in the reference.

Usman Samaila H.

14th March, 2000

Date

CERTIFICATION

This project report entitled AGRICULTURAL FINANCING IN NIGERIA: A CASE STUDY OF WORLD BANK ASSISTED PROJECTS by Usman, Samaila H. meets the regulations governing the award of degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria,is approved for its contribution to knowledge and literary presentation.

S. A. Iorwa

Internal Supervisor — 9/8/2002 — Date

Prof. A. D. Shehu

External Examiner — 4/8/2000 — Date

Head of Department — 2/8/02 — Date

Dean of Post Graduate School — 26/02/03 — Date

ACKNOWLEDGEMENT

I wish to offer my profound gratitude to Allah, the Almighty for giving me the wisdom, health and ability to successfully complete these course and project. I also thank my Supervisor Suleiman A. Karwai, M. Abu-Abdissamad for guiding me, despite his tight schedule, Engr. G. A. Yaroson for assisting me with current books and journals, Dr. A. Qassim and A. Turaki of Kaduna ADPS and finally Engr. Abdulkadir Mailafiya for inspiring me to choose this area of study. I shall not forget to thank my family for their cooperation and endurance and many others too numerous to mention.

ABSTRACT

This study appraises the World Bank financing on Agricultural Development with specific references to Kaduna and Katsina States Agricultural Development Projects.

Established in 1985, KADP which gave birth to KTARDA in 1987 as off-shoot of Funtua Agricultural Project was established to increase agricultural productivity and to improve the standard of living of rural dwellers. The study found that the end does not justify the means, that is, the amount borrowed (externally) did not reflect the work done, largely due to neglect on the part of government as a result of lack of proper planning and supervision, as one of the attributes of most World Bank projects in the developing countries.

However, with little attention, honest agreement and dedication, the World Bank loans or any other external loans can be made to be useful and viable.

LIST OF ABBREVIATIONS

ACGSF	-	Agricultural Credit Gurantee Scheme Fund
ADP	-	Agricultural Development Project
ADPEC	-	Agricultural Development Project Executive Committee
APMEU	-	Agricultural Projects Monitoring and Evaluation Unit
BES	-	Block Extension Supervisor
CBN	-	Central Bank of Nigeria
DFRR I	-	Directorate of Foods Roads and Rural Infrastructure
ERR	-	Economic Rate of Return
FACU	-	Federal Agricultural Coordinating Unit
FADP	-	Funtua Agricultural Development Project
FAO	-	Food and Agriculture Organization
FGN	-	Federal Government of Nigeria
FCTT	-	Food Crop Technology Transfer
FEAP	-	Family Economic Advancement Programmes
FPDD	-	Fertiliser Procurement and Distribution Division
FRR	-	Financial Rate of Return
FSC	-	Farm Service Centre
GDP	-	Gross Domestic Product.
GR	-	Green Revolution
HIPC	-	Heavily Indebted Poor Countries
IAR	-	Institute for Agricultural Research (A.B.U. Zaria)
IBRD	-	International Bank for Reconstruction and Development
IDA	-	Internation Development Association
IFC	-	International Finances Corporation
IMF	-	Internation Monetary Fund
KADP	-	Kaduna Agricultural Development Project
KDSG	-	Kaduna State Government
KSIRDA	-	Katsina State Integrated Rural Development Authority
KTARDA	-	Katsina State Agricultural Rural Development Authority
KTSG	-	Katsina State Government
NAERLS	-	National Agric. Extension and Research Liaison Services
NAFPP	-	National Agric. Technology Suport Project
NATSP	-	National Agric. Technology Support Project
NCA	-	National Council on Agriculture
NACB	-	Nigeria Agriculture Co-oporative Bank
NFDP	-	National Fadama Development Project
NSS	-	National Seed Services
OFAR	-	On-Farm Adaptive Research
OSR	-	On-Station Research
PMU	-	Programme Management Unit
RBDA	-	River Basin Development Authority
SAR	-	Staff Appraisal Report

LIST OF TABLES

Table 1	:	Contribution of Agricultural Sector to GDP	17
Table 2	:	Gross Domestic Product at 1984 Factor Costs	17
	:	Sectoral Contribution to GDP	18
Table 3	:	Nigeria Food Profile (Value) 1991 - 1995	24
Table 4	:	Share of Agricultural Sector in Export Value	28
Table 5	:	Share of Agricultural Sector in Export Value	30
Table 6	:	Project Time Table	39
Table 7a	:	Kaduna State Agric. Development Project Operational Plan: Sources of Funding	40
Table 7b	:	Kaduna Agric. Development Project Operational Plan: Summary by Component	41
Table 7c	:	Katsina State Agric. & Rural Development Authority (KTARDA) (Loan 2436 UNI) Operational Plan (1995 - 1997): Sources of Funding	41
Table 7d	:	Katsina State Agric. & Rural Development Authority (KTARDA) (Loan 2436 UNI) Operational Plan (1995 - 1997): Summary by Component	42
Table 8	:	Funding of the Programme	42
Table 9	:	Kaduna State Agric. Development Project Actual Funding Received 1985 to April 1994 ('000)	44
Table 10	:	Katsina State Agricultural Development Project Actual Funding up to 1994 ('000) Incremental Costs	44
Table 11	:	Kaduna Agric. Development Project (KADP) Project Performance and Findings	46
Table 12	:	Katsina Agric. and Development Authority (KTARDA) Project Performance and Findings	48
Table 13a	:	Kaduna State Crop Production 1988 - 1994	49
Table 13b	:	Katsina State Crop Production 1988 - 1994	50
Table 13c	:	Kaduna and Katsina Crop Production 1985 - 1993	50
Table 14	:	Summary of Assessments	52
Table 15a	:	Kaduna Financial Net Returns (Naira/Ha)	54
Table 15b	:	Katsina Financial Net Returns (Naira/Ha)	54
Table 16	:	The comparison of Financial and Economic Prices for Traded commodities	56
Table 17a	:	Kaduna Economic Net Returns (Naira/Ha)	56
Table 17b	:	Katsina Economic Net Returns (Naira/Ha)	56
Table 18	:	The comparison of Economic prices/cost of commodities/inputs as per document (1983) and in 1994 (naira/kg)	57
Table 19a	:	Rural Roads - Kaduna	60
Table 19b	:	Rural Roads - Katsina	60
Table 20a	:	Rural Water Supply Kaduna	61
Table 20b	:	Rural Water Supply Katsina	61
Table 21	:	ERR For Agriculture Development Component	62
Table 22	:	The Component-wise ERR summary	64
Table 23	:	Comparison of ERRs of the Current Analysis and the Redesign Document	65
Table 24	:	Sensitivity Analysis	66
Table 25	:	Related Bank Loans/Credits	69

TABLE OF CONTENTS

- Title Page i
- Declaration ii
- Certification iii
- Acknowledgement iv
- Abstract v
- List of Abbreviations vi
- List of Tables vii
- Table of Contents viii

1. **CHAPTER ONE**

1.1 Introduction... 1
1.2 Statement of the Problem 2
1.3 Objective of the Study 2
1.4 Significance of the Study 3
1.5 Scope of the Study 4
1.6 Limitations of the Study 4
1.7 Hypothesis 5
1.8 Footnotes 5

2. **CHAPTER TWO**

2.0 Literature Review 6
2.1 Introduction 6
2.2 A Profile of the World Bank 7
i. Formation of the World Bank 7
ii. The Capitalisation of the Bank ... 9
iii. The Project Funding 9
iv. General Lending Condition 9
2.3 Objective of the World Bank 10
2.4 World Bank and Agricultural Financing ... 12
i. Types of Bank Lending for Agriculture ... 12
ii. Criticism of Bank Project Lending ... 13
iii. The Impact of the World Bank Lending ... 15

2.5 i. The Profile of Agriculture in Nigeria ... 16
ii. Assessment of Agricultural Sector ... 19
2.6 The Relationship between Banking Industry and the Agricultural Sector 24
i. Measures taken by the CBN to boost Agriculture in Nigeria 25
ii. Impediment of Agricultural Development in Nigeria 26
2.7 Agricultural Financing and the Nigerian Economy... 27
i. Government and Agricultural Financing ... 28
2.8 i. Agricultural Development Projects 30
ii. World Bank Debt in Nigeria 32
2.9 Conclusion 32
2.10 Footnotes 33

3. CHAPTER THREE
3.0 Research Methodology 35
3.1 Introduction 35
3.2 Nature and Selected Population of the Study ... 36
3.3 Description of Materials Used 36
3.4 Procedure for Collecting Data Used 36
3.5 Summary 37

4. CHAPTER FOUR
4.0 Presentation and Analysis of Data 38
4.1 Introduction 38
4.2 Project Benefits 39
4.3 Re: Design Revision 40
4.4 Project Cost and Findings 42
4.5 Findings 45
4.6 Result/Outcome 51

4.7 (i) Financial and Economic Analysis of Findings ... 53
a. Agricultural Services Component ... 53
b. Small Scale Irrigation/Fadama Development ... 57
c. Rural Roads 58
d. Rural Water Supply 60
4.7(ii) Analysis of Projected Cost 62
4.8 (i) Projected Economic Rates of Return (ERR) ... 62
a. Agricultural Services 62
b. Small Scale Irrigation/Fadama Dev. ... 63
c. Rural Roads 63
d. Rural Water Supply 64
e. The Overall Project ERR 64
4.8(ii) Sensitivity Analysis 66
4.9 Project Risk and Environmental Consideration ... 66
Footnotes 69

5. CHAPTER FIVE
5.1 Summary 70
5.2 Conclusion 72
5.3 Recommendations 77
5.4 References 80

CHAPTER ONE

1.1 INTRODUCTION

It is a generally known and believed fact that for a country to grow and prosper, it must have enough and plenty of good food for all its citizens. And to produce extensively enough food, the federation has to formulate various ministries, departments and units to bring up programmes and ways to enhance the desired results.

Agricultural production is the foundation on which the greatness of a country rests. A country must engage a greater percentage of its population to agricultural production. Farmers cannot achieve high production capacity without the help, support and cooperation of the industries, business organisations, government and its agencies.

For a country's agricultural sector to be successful, it must have a group of well-trained and honest practical professionals of the sectors involved in production, storage and sales of the product. It must be able to know how to make maximum utilisation of the natural resources (land) endowed by God by improving soil fertility with minimum expenditure of human and material resources.

It is with this in mind that, government employs various means of involving financial sectors both internal and dangerously external to correlate and develop the sector. That was how the World Bank came in. The World Bank operations are shaped by the need of the development programmes of individual developing countries and the parts the bank can play with other developing agencies in satisfying those needs.

The increasing importance of agricultural sector in the bank's activity is due to the fact that it is the sector in which the greater majority of the population are involved in the policy design and implementation.

At independence, agriculture stood out as the most important sector of the Nigerian economy in several respects. It employed over 80 percent of the nation's work force, served as the most important foreign exchange earner and constituted a major source of government revenue as commodity marketing board became major taxing agencies through the pricing policies.

1.2 STATEMENT OF THE PROBLEM

One of the major constraints confronting agricultural production is inadequate funds. Other constraints include lack of sufficient allocation of funds to finance the various programmes of action, and violation of set goals by farmers.

The most personate is the external source (World Bank) financing by which if not properly and effectively utilised, will plunge the country into debt slavery and may even indirectly affect its sovereignty.

Most of the agencies set and bombarded with millions of naira have performed below expectation. Some have performed reasonably well but many have not. A few Agricultural Credit Progrmmes have not expanded beyond the pilot project phase. Many have run into serious loan repayment problems and still, others ultimately have served people not included in the original target group.

Trading banks were reluctant to lend to agriculture because of the high rate of defaulters resulting from the uncertainty by risk inherent in agricultural production. The farmers were also confronted with inability to provide the needed security as collateral.

1.3 OBJECTIVES OF THE STUDY

Agricultural financing is an important instrument in improving farming output . The main objective of this study is to identify the financial commitment of the World Bank in agricultural financing in Nigeria with specific reference to project financing. The specific objectives of the study include:

- To show the extent to which the World Bank has played a significant role in agricultural financing in Kaduna and Katsina States.
- To examine its implications i.e. desirability and justification of external lending.
- To identify the problems hindering the achievement of designed objectives of the World Bank Fund.
- The study will also investigate the impact of the new breed seed being introduced by the Bank.
- The impact of Kaduna and Katsina ADPs on the socio-economic development of the rural farmers will be investigated.

1.4 SIGNIFICANCE OF THE STUDY

Recent development efforts in low-income countries and Nigeria in particular have emphasised agricultural production as the most important sector to be accorded top priority.

The World Bank has played and is still playing an important role in all policies and strategies aimed at rejuvenating agriculture in Nigeria. The contribution of the agricultural sector to national development has not been encouraging because of the continuing apathy of financial institutions in giving loans to agricultural ventures. Agriculture which used to be the leading sector in terms of its contributions to foreign exchange earners and gross domestic product in the 60s has been reduced to background and is diminishing respectively.

This study is significant in the sense that it will help determine whether the World Bank financing to agriculture will provide the desired directions in the level of economic activities or whether the fund would be a curse rather than a blessing on the agricultural sector and the sovereignty of the country.

The study will throw more light as to the operations of the bank in terms of what roles and services are expected to play and whether it is result-

oriented or otherwise. The study will also be beneficial to the old and upcoming agricultural agencies, investors, students, making further research, the university and the general public.

1.5 SCOPE OF THE STUDY

The topic titled *"The Agricultural Financing in Nigeria: A Case Study of a World Bank Assisted Project"* can be very broad. As such, it is important to delineate the areas of coverage. The study covers mainly the operation of the World Bank in agricultural financing with specific roles in Agricultural Development Projects in Kaduna and Katsina. It also examines the role of the bank towards enhancing increased financing to the agricultural sector and the efficiency of the agency set up to implement the project.

It also studies the relationship between the banking industry and the agricultural sector in Nigeria, the importance of agriculture in national development, and the impediment of agricultural productivity.

The work is also intended to focus on the risk of forcing investment in agricultural sector without honest bargain and co-ordination and the havoc financial institutions can cause.

1.6 LIMITATION OF THE STUDY

When this project was conceived, the intention was to carry out an in-depth study by using both primary and secondary data. It was hoped that primary data could be obtained through administered questionnaires, personal interviews and reports. However, when a preliminary investigation was made, no bank staff or World Bank official (if available) was prepared to divulge information to any outsider. Looked into closely, one tends to believe that the increase in the number of loans to agricultural sector which were mostly unrecoverable may have been the cause of banks refusal to release meaningful information personally. This hampered the ability of the researcher to evaluate the role played by the World Bank in agricultural financing both effectively and efficiently.

Viewed from the above, it became imperative that more reliance could be

placed on both primary and secondary sources of information. In this regard, extensive use of world Bank reports, Agricultural Development Projects and Central Bank of Nigeria Publication was made.

The dearth of current book, newspapers, pamphlets which covers important aspects of the World Bank in the libraries was also a constraint. Inspite of these limitations, I have tried my possible best to put together the data collected from various sources though scanty but hope the information so compiled will suffice and throw enough light on the operation of IBRD sponsored projects and also that the study will be a valuable contribution to readers.

1.7 HYPOTHESIS

The hypothetical questions to be raised and tested are as follows:

- The World Bank financing has brought about increase in the level of profit letter to be enjoyed by the farmers in Nigeria.
- The fund has resulted to low level of profit enjoyed by farmers in Nigeria.
- The impact of World Bank financing is not being felt in the country.
- The World Bank financing on agricultural sector has endangered more efficiently and stability in the agricultural industry.
- No efficiency and stability in the sector when the World Bank joined.

1.8 FOOTNOTES

OLASHORE, O. : Perspective of Finance, Banking & Economic Policy in Nigeria, Heinemann Educational Books Nigeria Ltd, 1988.

SANUSI, T. O. Deregulating the Nigerian Economy Achievement & Prospects (CBN) Economic & Financial Review, Vol. 6, No. 4, December 1988.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

A lot of work has been done on World Bank itself which was established as a result of repercussions of the Second World War and the consequences of a shattered European economy that are devastated as a result of the war, to assist and prevent further downward slopping of their economy. Some call it the best while some call it the worst; but no one escapes its influence. It was the first bank of its type founded in 1945 and is still the largest with an administrative budget of $410 million in fiscal year 1981. It also moves more money by far than any other development agency in the world. In fiscal year 1981, its three components, The International Bank for Reconciliation and Development (IBRD), the International Development Association (IDA) and the International Finance Corporation (IFC) made lending and investment commitments of more than $13 billion dollars in seventy six countries.

Going back to the background of inception it is no wonder that the first primary function of the Bank was the repair of war-damaged areas and to grant loans for development hence its name, International Bank for Reconstruction and Development (IBRD).

Until the 1960s, electricity, other forms of power supply and transportation were the overwhelming favourite fields of the World Bank lending. In the early inception of the Bank up to 1960s less than 9 percent of the total lending was directed to agriculture. Many potential agricultural projects had high local expenditure component and the structure of articles of agreement against lending for local expenditure - discouraged financing such projects.

Agriculture was neglected in most less developed countries in the nations. The bank shared the conventional prejudice that agriculture was not the

best route to development. Early bank loans tended to concentrate on financing importation of agricultural equipments, large scale irrigation works and land clearing projects that were in the nature of overhead capital. However the situation has changed from the late 1960s to date.

Agriculture, industry and education are now the most rapidly growing areas of lending. The importance of increasing agricultural productivity through increased lending became apparent when the United Nations Secretary General sounded a note of warning that: *"unless production of farms begins to go up, there is no surplus for saving, not surplus to feed the towns, no agricultural raw materials to feed industries and above all, no rise in farm income to provide an expanding market for the industrial system"*.

In this direction the bank decided in 1963 to step up its support for agriculture and provide substantiated assistance to project identification and preparation, the Bank group loans and credit for agricultural development between 1963 and 1968 amounted to $600million almost equal to the amount loaned during preceding 18 years. Between 1968 and mid-1971 another $1.2billion was committed an amount equal to the total of the preceding 21 years. The share of agriculture in total bank group lending has continued to increase since then.

2.2 A PROFILE OF THE WORLD BANK

This section will deal with a brief biography of the World Bank. It's formation as well as capitalisation and other terms for granting credit.

I. FORMATION OF THE WORLD BANK

The International Bank for Reconstruction and Development otherwise called the World Bank was established in 1944 (after the end of 2nd World War) at the Bretton Woods Conference. Its sister affiliates, the International Finance Corporation (IFC) and the International Development Association (IDA) were established in 1956 and 1960 respectively. All these are spe-

cialised agencies of the United Nations. They isolate real and imagined present (then) and future problems associated with the ward that nations and individuals have to face (Europeans) and comes to their aid as they deem better. It was essentially an Anglo-Saxon creation with the United States of America (U.S.A.) being by far the main initiator.

The process of formation was given impetus when an ingenious mind in the person of Henry D. White of the U.S.A. Treasury Department was at the forefront in the negotiation leading to the successful formation of the World Bank, at the International Monetary and Finance Conference of the "United and Associated National" which took place at Bretton Woods, N.H., U.S.A from 21st to 22nd July, 1944 and has its headquarters at No. 18184 Street, N.W., Washington D.C., 20433, U.S.A.

The I.F.C. was established in 1956, it finances most types of commercial enterprises through investment in equity loans without government guarantee and underwriting commitments, to stimulate the development of local capital market and to promote the international flow of private capital. The I.D.A. was established in 1960. It performs the same functions as the World Bank and has the same staff strength but it loan (known as credit) are on much easier terms and are made to the poorest member nations.

The World Bank is formally ruled by its Board of Governors, each member nation has a Governor who is usually that country's Minister of Finance or Equivalent acting ex-officio. Certain important decisions are reserved for the Board of Governors, but as that body comes together only once a year at the annual meeting in the last week of September, and as a body of 100-plus is rather cumbersome, the day-to-day business of the bank is conducted by the Executive Directors and the President. There are 20 Executive Directors of which five are appointed by the five members having the largest number of shares (currently U.S.A., U.K., Germany, France and Japan) and the remainder elected by the smaller members which has never escaped either Canada, India, Belgium or Italy.

According to the Bank's Articles of Agreement, the President is appointed and fired by the Executive Directors. In practice, the President has always been a U.S. citizen as this was deemed necessary for retaining the confidence of the capital markets and U.S. government, and the Executive Directors have been confined to approving a candidate selected by the President of U.S.A. (since U.S.A. is still the largest shareholder with voting power 21 percent in the IBRD and 31 percent in the I.D.A.).

II. THE CAPITALISATION OF THE BANK

The proposed capital of the Bank was $10billion U.S. Dollars and voting power was to be determined by the number of shares held by each government. On the other hand, no government should hold more than 25 percent of the total voting strength. Membership in the Bank was made conditional on membership in the fund. 20 percent of the capital of $10billion was callable and 80 percent was to serve as guarantee fund. Two (2) percent of the callable fund was payable in either gold or U.S. Dollars and 18 percent in the currency of the members. Thus, its capital subscription was relatively meant to be small, but the guarantee fund large.

III. PROJECT FUNDING

Project funding comes primarily from the private source with the Bank either guaranteeing private lending or selling its own securities on the capital market. Thus, it depends on funds mainly from private investors and operates mainly by guaranteeing private investors against losses. It can also lend directly and participate in private loans. The lending are primarily for specific projects and for the financing of foreign exchange costs only.

IV. GENERAL LENDING CONDITIONS

It is provided that payment of interest and principal must be fully guaranteed by the borrowing government and the borrower must be able to secure funds from other sources on reasonable terms. A careful study must be made by competent committee on the merit of the projects. The Bank must be properly compensated for the use of its guarantee. No condition

shall be imposed concerning the country in which the loan shall be imposed concerning the country which the loan is to be spent, except in special circumstances the loan shall be limited to the foreign exchange requirement of the project. The Bank shall not be influenced by the political character of the country requesting the loan.

It is further provided that the proceeds of the loan should be used with due attention to consideration of economy and efficiency and the loans are to be made solely on the basis of economic considerations.

It can be summarised that the World Bank loan are attractive to borrowers because they are made at fixed interest rates for relatively long period of time.

2.3 OBJECTIVES OF THE WORLD BANK

Lord Keynes spelt out the objectives of the World Bank at the Bretton Woods Conference in which he said *"it is likely in my judgement that the field of reconstruction from consequences of war will mainly occupy the proposed bank in its early days. But as soon as possible and with increasing emphasis as time goes on there is a second primary duty laid upon it mainly to develop resources and productive capacity of the world with special reference to the less developed countries."*

According to the terms of its formation *"the Bank is intended to cooperate with private financial agencies in making available long term capital for reconciliation and development, and to supplement such investment where private agencies are unable to meet fully the legitimate need for capital productive investments."*

However with the growing indebtedness of the third world countries, the Bank's activities has taken on a third dimension that of policy-based or adjustment lending. Because of its so called concern for the macro-economic environment in which development occurs, it realises that the

problem of development in an atmosphere of heavy indebtedness is a challenge to development. Thus, the Bank has increasingly played significant roles in lending for adjustments in the heavily indebted low income countries.

Barbara Corable while commenting on the roles of the Bank observed that: *"the Bank has historically developed as a lender for investment, I intend to see that we go on to do even better. Basic investments in development remains basic to sustained growth. The understanding will continue to direct our lending priorities even as we adjust them to mould new co-ordinated strategies of investment, with development, most of the extra income earned by the poorest farmers goes to improve their families' diets. So investments in farm equipment and techniques, land reforms, fertilizers, seeds and crops research can be invested in long term growth of international commerce as well as in the immediate improvement in the quantity of life"*

How has the enormous financial power of the World Bank been utilised in practice? To what purpose does it exert the leverage of several billions of dollars that it dispenses yearly? As was set up to deliberately and consciously used its financial powers to promote the interest of private, international capital in its expansion to every corner of the "underdeveloped" world. It has worked towards this end in many different ways:

- By acting as intermediary for the flow of funds abroad, with taxpayers money from its developed member countries serving to guarantee the safety of the bond it sell;
- By opening up previously remote regions through transportation and telecommunication investment thus destroying the natural protection such regions had previously enjoyed;
- By directly aiding certain multinational corporations notably but not exclusively in the mining sectors;
- By pressurising the borrowing governments to improve legal privileges for tax-liabilities of foreign investments;

- By insisting on production for export, which chiefly benefits the corporations that control international trade;
- By selectively refurbishing loan to government that repudiate international debts or nationalise foreign property;
- By opposing minimum wage laws, trade unions activity and all kinds of measures that would improve the share of labour in the national income;
- By insisting on procurement through international competitive bidding, which favour the largest multinationals;
- By opposing all kinds of protection for locally owned business and industry and
- By financing projects and promoting materials that deny control of basic resources - land, mate, forest to poor people as appropriate them for the benefit of multinationals and their collaborative local elites.

2.4 WORLD BANK AND AGRICULTURAL FINANCING

I. TYPES OF BANK LENDING FOR AGRICULTURE

The World bank is not like commercial bank we all know, therefore, the Bank has two types of lending fund to nations:

a. **The Direct Lending:** The World Bank lends both directly and indirectly for agricultural development. Traditionally, the financing of agriculture by the Bank was in the area of irrigations development (dams and water ways). Later, the scope of the lending expanded to include such projects as live-stock development, research and development. Agricultural credit, etc. It also included projects on technical assistance and project preparation in conjunction with the Food and Agricultural Organisation (FAO) based in Rome.

The trend now is the financing of integrated agricultural development projects i.e. Kaduna State Agricultural Development Project (KADP) and others littered in all states of the Federal Republic of Nigeria (Abuja inclu-

sive). Such an integrated approach to project financing ensures none economic growth because of the greater diversification. The Bank has realised that to sustain growth in the agricultural sector, a good deal of investment in research extension, credit, land development, training, manufacturing, infrastructure, etc will be required. That is why the Bank approach to agricultural development is now emphasising an integrated approach through diversification of services rendered.

B. **Indirect Financing:** The World Bank also lends indirectly to support agriculture. This takes the forms of investments in such sectors as road and transportation, agro-allied industry agricultural education, training and research.

II. **CRITICISM OF BANK PROJECT LENDING:** It's not what you think of as a bank, the World Bank: *"so what exactly is this vast institution and how does it operate? Since its inception in 1945, the World Bank has ensured unrivalled power and privilege through an insulation from public scrutiny which has surrounded it in mystery and intrigue. It was set up with a pledge to bring the third world into the first, but fifty years later, the gap between the two is under than ever"* these are the words of Catherine Canfield: *"It is believed that the World Bank's bureaucratic layers to reveal a development agency so focused on economic factors and political interest that it has consistently to see human equation. Finished projects were never properly evaluated and whole communities relocated to make room for another dam or motorway. The World Bank has been described as the most powerful institutions in the World, of good intentions gone wrong, of how economic development leads to environmental degradation and what this promises for the future."*

Considering the very large number of projects sponsored or financed by the Bank over the years, it is remarkable to observe that there has been relatively few technical failures. Bank projects have generally produced what is expected of them that neither the Bank nor I.D.A. has as yet

suffered a financial loss is, of course more the result of credit worthless of borrowers and of government guarantees that of the uniform viability of projects.

The Bank has been accused of sponsoring unviable projects solely based on the two criteria of government and credit-worthiness in loan commitment. There is thus the need to pay more attention for a adequate project identification, preparation, implementation, monitoring and evaluation. An institution that concerns itself with loan recovery while paying little attention to project viability cannot claim to be an engine of growth and development.

The World Bank has not until recently paid enough attention to the ecological effect of its sponsored projects. This is more so since it is not subjected to any considerable pressure from its borrowers to remedy this defficiency. Public officials and businessmen in less developed countries tend to be willing to accept dirtier rather than cleaner air, and more rather than less stream pollution since these effects their minds are necessary commitments for the desired industrialisation and development. The campaign to protect the environment is still limited largely to the developed world. It is heartening to note that IBRD is responding to the need to protect the environment in order to ensure balanced growth.

Because bidding on World Bank contracts is competitive (among developed nations) procurement does not correspond exactly to contributions for each member nations example Japan is big winner, with a surplus of procurements over contributions in the period mid-1997 of $2billion, while other winners include West Germany (then) $1.7 billion, Britain $1 Billion, Italy $919 Million, France $666 Million and the U.S.A 422 Million. Although international bidding is to supposed to eliminate the abuses, such as overpricing of aid-financial supplies which are endemic to the system of tying aid donations to export of a given Country. This has some problem since World bank projects are often tied with cofinancing and with bilat-

eral aid which is country-tied this diluting the presumed beneficial effect of the competitive bidding.

The promise of bilateral or multilateral which constitutes a "lucrative incentive for host governments to keep the door open to imports " Because a country nearing self sufficiency in an item will be confined to importation of such item hence the scope of foreign aid is helping the developed countries more.

iii) THE IMPACT OF THE WORLD BANK LENDING

Although Bank Lending has been increasing rapidly, it shall represent only about 1 to 2 percent of total investment (domestic and foreign) in agriculture in the less developed countries. The impact of the lending is however greater than might be implied by such figures. This is because the capital transfer is an the form of foreign exchange provided on relatively favourable terms (particularly in the case of I.D.A. credits).

The bank fully considers the development value and appropriate design of the project it finances. The overall impact thus extended beyond the capital transferred e.g. The Bank has helped in the introduction or extension of better technologies in the improvement and strengthening of institutions. Project have led to improvements not only in farming practices, but frequently also in Government policies.

Some ways by which the Government agricultural projects have had an impact are indicated below:-

(a) Introduction of new techniques such as in the livestock industry, bulk handling of grains, land levelling and detailed consideration of appropriate technology.

(b) Institutional building (especially agricultural credit institutions eg N.A.C.B, Co-operatives and Marketing Boards). The strengthening of management, and improved co-odination between various agencies involved in agricultural development.

(c) Improvement in credit policies and adjustment of interest rates to reflect scarcity of capital thereby encouraging labour, intensive meth ods of production, and improving resources mobilisation through in creased savings.

(d) Greater attention to particular aspects of project preparatioin which are frequently neglected e.g the effect of irrigation on different types of soil, land classification and drainage etc.

(e) Introduction of project monitoring systems so that both borrowers and the Bank can learn from their experience. Most notable is beautiful edifice of ADPs Headquarters and Branches littered all over the country left for rodents and other animals to vandalise and destroy left to rotten.

2.5 (i) A PROFILE OF AGRICULTURE IN NIGERIA

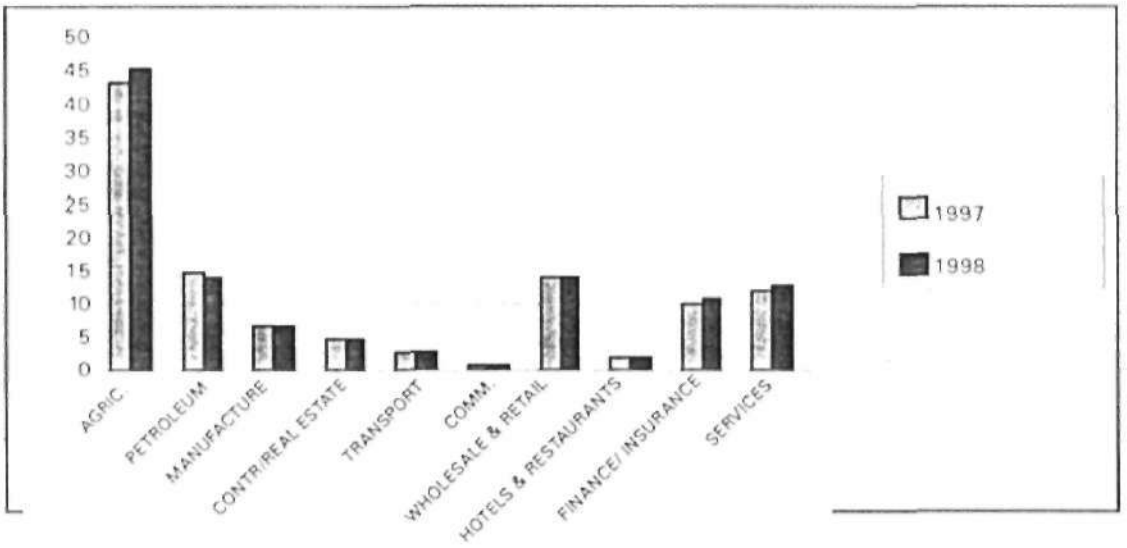
Prior to political independence and thereafter the country was not only self sufficient in food production and agricultural raw materials, but also was having surpluses for export. Agricultural sector of the economy accounted for 70 percent of the foreign exchange earnings of he country in the early 60s. However, since the discovery of petroleum in commercial quantities which led to the era of oil boom agricultural sector has been lagging be-hind. Statistic from the CBN indicate that the agricultural sectors share of the gross domestic product (GDP) was as high as 65 percent in the 60s, but has been on decline ever since. In 1973, it contributed 31 percent while only 23 percent was recorded in 1979 and much below 15 percent in 1990. At same time, importation of food was on the increase. **(TABLE 1 BELOW).**

TABLE 1: CONTRIBUTION OF AGRICULTURAL SECTOR TO GDP (N' MILLION)

S/N	YEAR	AVERAGE ANNUAL AGRIC-SECTOR CONTRIBUTION N	AVERAGE ANNUAL TOTAL GDP N	SHARE OF AGRIC. IN TOTAL GDP %
1.	1971-75	7,478.9	24,406.6	30.6
2.	1976-80	6,697.7	29,897.4	22.4
3.	1981-85	6,705.8	26,819.4	25.0
4.	1985-90	31,498.0	83,118.0	37.9
5.	1991	36,527.63	94,663.22	38.8
6.	1992	37,263.01	97,431.39	38.3
7.	1993	37,780.75	99,649.22	37.9
8.	1994**	38,689.78	101,039.84	37.7
	1995*	39,776.49	103,217.38	38.5

SOURCE: *1971-90 CBN Annual Report*
1990-93 Federal Office of Statistics
* *Provisional*
** *Revised*

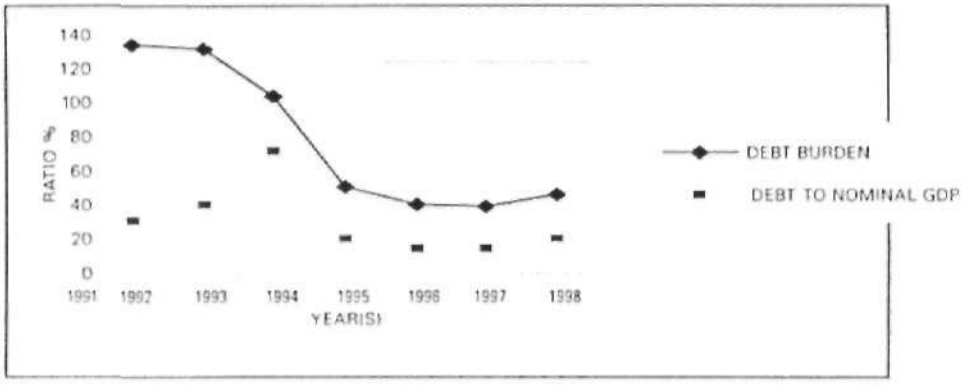
TABLE 2: GROSS DOMESTIC PRODUCT AT 1984 FACTOR COST



SECTORIAL CONTRIBUTION TO GDP

Basic Data at a Glance	1994	1995	1996	1997	1998	1999 (1st Half)	
Domestic Prices and Output							
Real GDP growth rate %	1.3	2.2	3.4	3.2	2.36	1.1	3.0
Oil Sector %	(2.5)	2.5	6.9	1.4	(7.6)	N/A	-
Non oil Sector %	1.9	2.1	2.9	3.4	3.8	N/A	-
Industrial Capacity Utilisation %	30.4	29.3	36.8	34.0	32.4	N/A	-
Inflation Rate %	57.0	72.8	29.3	8.5	10.0	12.6	20.0
GDP (Nbn) %	1,237.1	1,977.9	2,823.9	3,233.9	3,400	N/A	3,940
GDP ($bn)	23.39	27.87	34.26	38.10	39.05	N/A	40.70
Money and Credit Growth Rate %							
Narrow Money (M1)	45.9	16.3	14.5	18.2	17.2	N/A	N/A
Broad Money (M2)	35.9	19.4	16.8	16.9	21.2	N/A	15.7
Federal Government Finances							
Budget Surplus (Deficit) Nbn	N/A	1.00	37.00	(5.00)	(133.4)	(256.0)	(24.7)
Overall Balance %-of GDP	(7.7)	0.1	1.3	(0.2)	(4.7)	8.0	(1.35)
Domestic Debt Stock (Nbn)	259.3	248.7	343.6	359.0	537.4	N/A	N/A
Domestic debt % of GDP	28.5	12.6	12.2	12.8	18.9	N/A	N/A
External Sector							
External Debt Stock ($bn)	29.4	32.58	38.0	27.08	28.7	27.93	-
External Debt % of GDP	71.2	74.7	80.5	70.7	87.2	75.0	-
Overall Trade Balance ($bn)	(1.9)	(2.77)	(0.76)	15.0	(2.87)	N/A	N/A
Overall Balance % of GDP	(4.7)	(9.9)	(1.9)	0.0	(2.3)	N/A	N/A
Capital A/c. Balance ($bn)	(2.39)	(2.64)	3.43	0.502	(4.29)	N/A	N/A
C/A Balance % of GDP	(5.7)	(9.4)	8.5	1.2	(3.5)	N/A	N/A
C/A Balance ($bn)	0.514	(0.46)	(4.15)	(0.425)	1.50	N/A	N/A
C/A Balance % of GDP	1.2	(0.2)	(10.2)	(1.0)	1.2	N/A	N/A
Gross Reserves ($bn)	1.41	1.44	4.08	7.7	7.1	3.1	4.5
Months of Import Cover	1.8	1.8	5.6	7.2	7.1	3.5	5.9
Average Oil Price	15.8	17.2	20.8	19.7	13.03	14.0	17.0
Naira Exchange rate to US$	-	81.2	81.2	82.0	83.5	94.88	100.0
Social Indicators							
GDP Per Capita ($)	217	250	299	270	250	N/A	N/A
Unemployment Rate %	2.0	1.8	3.4	3.2	3.9	N/A	N/A
Population (in million)	108.0	111.3	114.6	117.9	120.8	122.5	124.2
Human Development Index	0.384	0.402	0.400	0.400	0.400	N/A	N/A

Source: THISDAY, Economic Intelligence Unit, CBN



2.5 (ii) ASSESSMENT OF AGRICULTURAL SECTOR

The development of Nigeria is partially depended upon increasing productivity of the Agricultural sector and has the greatest share of contribution to the countries GDP which rise in 1986 at 4 percent faster than any sector. Since colonial Administration to date programmes were formulated under various rolling plans, some are National Accelerated Food Production Programmes (NAFPP), National Seed Service (NSS), Food Crop Technology Transfer (FCTT), Nigerian Agricultural and Co-operative Bank (NACB).

Agricultural Development programme (ADPS), Operation Feed the Nation (OFN), Green Revolution Programme (GR) and River Basins Development Authority (RBDA), Directorate of Food Road and Rural infrastructures (DFRRI), Better Life for Rural Women and FEAP; The National Grains Storage programme was also set up to map up excess grains in the market and release same at scarcity time of the year to stabilise price through out the different seasons.

Also the Nigeria Agricultural insurance corporation was also set up to provide insurance scheme cover to farmers against disaster and other risk and to encourage financial institutions to be more liberal in giving out credit on farming.

The programmes also witnessed the adoption by the government of policies specific to agricultural production, prices and farmer incomes. These include abolishing of commodity boards, increase in the availability of agricultural credit, and the banning of imports of wheat, maize, rice, vegetable oil, poultry and animal feeds. Available data shows that the policies have boosted agricultural production.

Taking appraising performance of the bodies set up to get the desired result shows Agricultural Strategy in the 70s and first half of the 1980s had three main component:

a) Eleven River Basin Development Authorities (RBDAS) setted up with federal government funding to develop large-scale irrigated schemes producing rice, wheat and vegetables. The Buhari government created another eight and altered the existing ones so that their jurisdiction was determined by state boundaries rather than river systems.

b) ADPs funded jointly by the World Bank and state government were set up originally in the Northern states then in the middle belt and the further part of Nigeria. Their aim was to promote *"integrated rural development"* blistering peasant farming by introducing improved seed and fertiliser, providing credit, training and develop ural infrastructure.

c) The encouragement of large-scale private farming by means of a range of incentives and concessions including easier land acquisition.

However returns from River Basin Development Authority in terms of increased production and productivity have been highly disappointing, despite the huge sums of public money they have swallowed more than N2 billion (then $2:25 billion) in 1982-1985 alone. The ADPs have shown marginally fair result with improved productivity and output reported, although their performance has been highly variable and they have complained of chronic funding short falls. Large scale private farming has expanded substantially, but remains relatively insignificant in terms of total production, when compared to the output of small-scale farmers. Many multinational companies are branching into Agriculture to produce raw materials or as completely new business lines.

From the mid-1980s agricultural policy began a radical shift, accelerated by the adoption of the Structural Adjustment Programme (SAP) by the Babangida Government in 1986. The poor performance of the RBDAs was recognised and they were directed to withdraw from direct production and to concentrate on irrigation and servicing farmers.

The second batch of ADPs and the New Accelerated Development Area Projects (ADAPs) were scaled down and given more realistic targets. Private farming was further encouraged by making credit more readily available, among other measures, although large-scale rather than peasant farmers were the main beneficiaries. Foreign participation was encouraged by relaxing the roles in investment so that foreign holdings up to 80 percent were allowed in Agricultural enterprises.

The most radical departure however was the dissolution of the commodity marketing board which had been in existence in one form or which had been in existence in one form or the other since the second world war. Which have ceased trading in mid-1986 and were wound-up in early 1987.

This liberalisation of agricultural marketing, when combined with the depreciation of the naira after the introduction of the foreign exchange market, gave an almost immediate boost to the trade in export crops, and subsequently it appears to their production. The 1987-1988 cocoa harvest was estimated at 140,000 tonnes, more than a third higher than the previous season, and the improvement is thought to have been sustained in the 1988-1989 season.

Similar improvements have been claimed for oil palm products and rubber. However, the liberalisation of the market has not been without its problems, not least for local manufacturers (such as the vegetable oil and tyre industries), who have had to compete with exporters to secure locally grown raw materials a commodity was set up in Lagos in 1990.

Another important measure was the setting up early in 1986 of DFRRI to oversee rural development measures designed to boost agricultural productivity although the performance of the directorate has been mixed. Several agro-industrial parastatals were slated for privatisation as part of measures making further state withdrawal from direct participation in the agricultural sector; but the promised removal of subsidies on fertiliser and the privatisation of its distribution has been slower in implementation.

Higher oil revenues in the 1970s distorted domestic trade patterns. As the internal price of food increased, so imports became more competitive, while Nigerian rice increased in price imported rice became cheaper. In 1976, some 45 million kilogrammes were imported but the following year, import amounted to some 300 million kilograms and many Nigerians started eating rice in preference to other staple foods such as yam. While maize costs were increasing, farmers had less capacity and less incentive to invest. In the case of oil palms and cocoa production, yields from old plants declined and seasoned labour was hard to find.

Favourable weather and the changes in marketing the output of most crops has begun to register a significant improvement, although these gains may easily be reversed by inclement weather, such as the severe flooding in the north in 1988. Maize production is thought to have increased from 1.05 million tonnes in 1984 to 1.3 million tones in 1986, millet from 3.34 million tonnes to 4.11 million tonnes, sorghum from 4.6 million tonnes to 5.46 million tones, cassava from 1.2 million tonnes to 1.56 million tonnes and yam from 4.6 million tonnes to 3.21 million tonnes. Despite its promotion by the RBDAs wheat production is still very small, at just 40,000 tonnes annually and substitutes for bread are being encouraged, notably by a ban on wheat imports introduced in 1987.

Of the main export crops, cocoa fell from 140,000 tonnes to 19,000 tonnes but as indicated, production has improved. Production of palm products increased from 590,000 tonnes in 1984 to 1 million tonnes in 1986, Groundnut from 591,000 tonnes to 640,000 tonnes and sugar cane from 821,000 tonnes to 897,000 tonnes.

Cattle raising has long been an important part of the Nigerian economy, especially in the northern part. The draughts of the early 1970s and 80s led to the death of many animals, herds were also badly hit by a devastating epidemic of rinderpest in the early 1980s from which they were since been recovering.

There were estimated to be a total of 12 million cattle in 1985, 25 million goats, 20,000 camels (used mostly for transportation and nearly half a million each of donkeys and horses, sheep were 12.8 million in number in 1985, pigs which are not common mostly in Muslim north are about 1.3 million. Raising of poultry became a boom industry in the early 1980s although it declined subsequently with the high cost of imported feeds, which numbered about 160 million in 1985.

Output of livestock products increased by 3.7 percent in 1988, beef production was 260,000 tonnes in 1988 and goat production 209,000 tonnes.

Fishing is a source of livelihood to many in the coastal and riverine areas, and there is a regular southward supply from lake Chad. Fish imports have been considerable for a long time. The coastal catch by artisans is thought to have fallen from 370,000 tonnes in 1983 to 128,000 tonnes in 1986, the inland catch declined from 132,000 tonnes to 104,000 tonnes in 1988. Timber production increased to 99 million cubic meters in 1988, following the removal of the ban on hardwood exports. The government subsequently reimposed the ban and export fell to a negligible figure. However the need for conservation and re-afforestation because of the timber depletion is becoming ever more urgent **(Table 3 below).**

TABLE 3: NIGERIA FOOD PROFILE (VALUE) 1991 0 1995

Basic Data at a Glance	1991	1992	1993	1994	1995
PRODUCTION	251,680.86	299,071.49	373,138.70	390,624.97	683,454.78
	-	-	328,071.50	336,273.29	589,991.48
Crops/Products (C)	222,643.59	264,566.60	38,529.50	47,005.99	80,869.11
Livestock/Products (L)	22,846.82	27,148.76	6,529.50	7,345.69	12,594.19
Fish/Products (F)	6,190.45	7,356.09	-	-	-
IMPORT	3,963.54	4,709.86	6,791.85	8,522.61	9,758.65
* C	1,675.16	1,990.58	2,520.10	3,162.29	3,620.92
* L	978.10	1,162.27	1,639.62	3,302.88	3,781.90
* F	-	-	-	-	-
EXPORTS	1,835.11	2,180.65	2,715.72	936.10	947.85
* C	1,683.22	2,000.16	2,429.19	837.33	847.84
* L	3.56	4.23	5.29	1.82	1.85
* F	193.33	229.73	281.24	96.94	98.16
SUPPLY	255,644.40	303,781.35	379,930.55	399,147.58	83,224.94
* C	224,318.75	266,557.18	330,591.60	339,435.58	16,376.09
* L	23,824.92	28,311.06	40,169.12	49063,43	922,56.58
* F	7,500.73	8,913.09	9,170.33	10648.57	592764.56
DEMAND	253,809.53	301,600.70	37,721.33	398211.48	692265.58
* C	222,680.53	264,557.02	328,162.41	338,598.25	592,764.56
* L	23,821.36	28,306.83	40,163.83	49061.61	83,233.09
* F	7,307.40	8,683.36	8,889.09	10551.63	16277,93
IMPORT PRICE N/KG	3,8348	4,1373	5.4526	12.2171	16.3518
* C	2.7047	2.9180	3.5016	5.791	9.3886
* L	7.0215	7.5757	10.2272	18.5341	22.9875
* F	4.1476	5.1421	7.1991	12.3581	13.0985
PRODUCTION N/KG	5.6676	6.1147	8.7027	23.6815	27.3958
* C	5.1857	5.5947	7.9461	10.2758	14.3399
* L	20.941	222,593	29,36770	33,4670	36,4892
* F	16.2054	17,4841	23,6036	27,3018	33.4581
* Composite Food	345.9	506.8	800.2	1174.6	2017.7
Year-on Year % Charge	12.3	46.5	57.9	46.8	71.8
AGRICULTURE CONTRIBUTION TO GDP (%)	**38.8**	**38.8**	**37.9**	**37.7**	**38.5**

Source: *Federal Office of Statistics;* * Provisional

2.6 THE RELATIONSHIP BETWEEN BANKING INDUSTRY AND THE AGRICULTURAL SECTOR

In assessing that customers request for loan and advances, bank usually apply a popular acronym called PARTS (meaning Purpose of loan, Amount, Repayments Terms and Security). The case of lending to Agricultural projects is no exception to this general practice.

However, prior to the mid seventies, available indication shows that Nigerian banks were more favourably disposed towards lending for manufactur-

ing and general services than they were to agriculture for a number of obvious reasons. One of these was the fact that the majority of promoters of agricultural ventures were usually unable to provide adequate and acceptable collateral to the banks. This factor has been further aggravated by the almost total dependance of agriculture in the country on natural factors especially whether it is obvious that a continuous dismal supply of bank credit in the face of demand due to rapid changes in the cost and structure of agricultural production could trigger a crisis in the supply of farm products for industry, export and man. This is therefore triggered a quest for a device capable of reducing the risk of lending by banks for agricultural purposed.

The logic was that if the risk of loan losses by bank was reduced, they would be more itching to increase their level of credit to the agricultural sector. A variable device for this purpose was found in the Agricultural Credit guarantee Scheme Fund (ACGSF) which was established by the Federal Government in 1977, by Decree No. 25. The Decree provides for a fund of N100 million subscribed by both the Federal Government and CBN at 60 percent and 40 percent respectively.

The actual operations under the fund commenced in April, 1978 and Bank loans under it are guaranteed up to 75 percent of the amount if in default. Maximum loans to an individual was originally fixed at N50,000 but Decree No. 1988, amended it to N100,000 during the year. The maximum loan that the fund guarantees to a cooperative society or a registered company is N1 million. Ventures for which loans could be guaranteed by the fund include crop production (both food, fibres and industrial raw materials), animal husbandry, fisheries, agro-allied, industries and agricultural plant line.

2.6(i) MEASURES TAKEN BY THE CBN TO BOOST AGRICULTURE IN NIGERIA

Long before the introduction of structural Adjustment Programmes (SAP), the relationship between the banking industry and the agricultural sector

in Nigeria has been contentious issue. This is reflected in the legislation of governments and directives of quasi-government institutions i.e. the CBN on the issue. Knowing fully well that the banks will not willingly give the agricultural sector the attention and assistance it deserves unless compelled to do so. This measure involves the imposition of a quantitative ceiling on non-priority sectors and the setting of floors for priority lending. Because agriculture has consistently belonged to the priority sector, it has always had stipulated minimum (or floor).

The consistent increase in the minimum specification for Agricultural sectors loan relative to total bank loans is an indication of the emphasis of the bank on the development of agricultural sector which, giving our natural endowment should occupy a prominent position in the nation's basket of economic activities. That banks also consistently increase their lending to agriculture as a move towards achieving prescribed minimum target level could be due to a variety of reasons.

Firstly, the increasing awareness and access to bank credit. Secondly, the introduction of measures capable of reducing the losses of banks when they lend for agriculture cannot be ignored also.

Among such measures are the agricultural insurance scheme. The third factor is the penalty which banks pay when they default. Fourthly, the entry of educated men into agriculture and the relative improvement in the standard by project preparation must have improved the attractiveness of agricultural lending to the banks.

2.6. IMPEDIMENTS TO AGRICULTURE DEVELOPMENT IN NIGERIA

Yazid I. (1994) enumerated the major problem facing agriculture in Nigeria include lack of sufficient allocation of funds to finance the various programmes of action adequately. It is pertinent that with policies, funding encouraging to funds and participate Nigeria is still not sufficient in agricultural products. However, agricultural productivity in Nigeria is severely

limited by a set of problems of such magnitude as seem to defy conques. By far important set of variables include environment (nature) such as draught, desertification, deforestation, erosion, rodents and pests.

Social problems such as land tenure system and the fragmentation of farmlands seriously discourage large scale farming and farm mechanisation land overgrazing, bush burning and shifting cultivation decrease soil fertility leading to poor yield. The frequently rural-urban drift robs the countryside of valuable labour force.

Because of the level of economic development of the country, majority of farmers live below poverty line and as such lack adequate farm inputs. Most of the farming technology are crude and outdated, tools and implements are inefficient, fertilizer, herbicides, pesticides and farm machinery are beyond the reach of ordinary farmers.

Agricultural credit and farm support services are few and where they are available are not honesty coordinated. The list of problems confronting agriculture in Nigeria is inexhaustible. No wonder then, the agricultural sector is one of the most inefficient in the economy and with the continuing rise in population, food shortages are persistent like a recurring decimal. Due to insufficiency in food production, Nigeria is forced to import sizeable quantity of food year-in-year out to feed its population as the food bill continues to rise by the year.

2.7 AGRICULTURAL FINANCING AND THE NIGERIAN ECONOMY

The setting up of the widely government owned Nigerian Agricultural and Cooperative Bank (NACB) for the sole purpose of lending to all forms of agricultural endeavours short, medium and long term is predicted on the philosophy that the main stream banking industry will not adequately fund agricultural sector. For two decades the effectively of finance have been largely due to the combined effective of the over valuation of the naira, and the strong hold of the commodity boards and agricultural price fixing

arrangement. The over-valued naira on the other hand meant that export crop farmers yet less in naira that the true worth of their produce which was and is still foremost non-oil sector of foreign exchange for the nation. this price depression combined with the heavy taxation of the commodity board became so bad that prices went below the cost of production and farmers abandoned export crops, resulting in further decline in our non-oil foreign exchange earnings, and is the attractiveness of the export guarantee to cover the off-shore component of project cost.

The involvement of World Bank is however supposed to be for a period of time after that the agricultural development projects will be sustained after the World Bank's withdrawal through their transformation into a Rural Development Authority (RDA) (table 4 below).

TABLE 4: SHARE OF AGRICULTURAL SECTOR IN EXPORT VALUE

S/N	YEAR	TOTAL EXPORT N MILLION	AGRICULTURAL EXPORT N MILLION	AGRICULTURAL % OF TOTAL
1	1964	429.4	304.0	70.80
2	1969	683.0	278.2	40.73
3	1974	5,7948	307.7	5.31
4	1978	4,064.4	444.2	7.32
5	1982	NA	NA	NA
6	1991	NA	NA	NA
7	1992	NA	NA	NA
8	1993	NA	NA	NA
9	1994	NA	NA	NA
10	1995	NA	NA	NA

NA: Not Available
*SOURCE: * Federal Office of Statistic, Annual Abstracts, Various Issues*
** Central Bank of Nigeria, Annual Reports*

27 (i) GOVERNMENT AND AGRICULTURAL FINANCING

The problem of financing agricultural production and development in Nigeria has received and continues to receive increasing emphasis. It received consideration on all the National Development Rolling Plan, considerations that were intensified as part of the various special government agricultural development programmes, the operation feed the nation (OFN), the national Food Acceleration Production Scheme and the Green Revolution

Emphasis on the financing is rightly funded on the belief that agriculture for various reasons is not in a strong competitive position vis-a-vis other financial institutions in addition, the nature of the traditional farming system warranting little savings, places it in a position where it cannot finance its own development at a desirable level. Previous attempts to finance agriculture has been solely state (regions) oriented and were inadequate in terms of the attained coverage and in terms of the efficiency of the operation.

In the 1970-1974 plan period however, the Federal Government initiated actions to evolve a national form of finance programmes to increase the dependability of the resource of Agricultural finance which form the basis of agricultural finance agencies mentioned earlier.

Whatever the source of these financing, be it internally generated or externally supplied capital, whether it is raised through internal borrowing by farmers from friends, relatives or from banking systems and whether it is supplied by government through local mobilisation of capital of by resorting to external borrowing from international money markets or such institutions as the World Bank, what matters most in the end is the size of the financing invested and its efficient utilisation. Thus, the ultimate solution to agricultural development in Nigeria lies in adequate financial resources mobilisation and committed resources coupled with the design of measures that will encure the effective performance of the institutional framework set up to facilitate agricultural development **(TABLE 5 BELOW)**.

TABLE 5: SHARE OF AGRICULTURAL SECTOR IN EXPORT VALUE

YEAR	% OF GOVERNMENT EXPENDITURE
1970-74	1.84
1975-79	1.59
1980	0.91
1981	4.98
1982	4.21
1983	6.11
1984	2.79
1985	1.16
1986	2.46
1987	2.34
1988	2.68
1989	4.59
[illegible]	3.04
1991	2.11
1992	2.05
1993	9.2
1994	NA
1995	NA
1996	NA
1997	3.9

NA: Information available
*SOURCE: * Food Policy and Economic Development in Nigeria, Ojo M. O. (1970 - 85)*
** Nigeria Annual Budgets: Sectors Allocation of the Federal Government*

2.8 AGRICULTURAL DEVELOPMENT PROJECTS

The concept of River Basin Development in Nigeria can be traced to 1963 when the country became involved with lakes. The need was to harness efficiently the land water resources within a drainage. To this end therefore, the former federal military government promulgated the River Basin Development Authority Decree in June 1976 as well as the River Basin Development Authority (Amendment Decree) of 1977.

Also, agricultural development projects were settled initially with few samples at Gombe and Funtua and later expanded to cover the whole country which was supposed to be a tripatrate funding by World Bank, Federal Government and State Government with objectives intertwined with RBDAs is charged with the following:

a) to undertake comprehensive development of both surface and under ground water resources.
b) to undertake schemes for the control of roads erosion and for water

shed management.

c) to construct and maintain dams, lakes, wells, boreholes, irrigation and drainage systems also rural feeder roads construction, bridges etc, and other work necessary for improving the output of farming activities.

d) to develop irrigation schemes for the production of crops and live stock and to lease the irrigated lands to farmers or recognised association in the locality of the areas concerned.

e) to provide water for reservoirs, wells and boreholes under the contro of the authority concerned for urban and rural water supply schemes.

f) to develop fisheries and improve navigation of the rivers, lakes, reservoirs and lagoons in areas needed.

g) to process crop and livestock produced under paragraph (d) above.

(h) to control pollution in rivers and lakes in the authority areas in accordance with nationally laid down standards, and

i) To resettle persons affected by the works and schemes specified in paragraph (c) and (d) above.

In summary, the main objectives were to increase food production, incomes and living standard of farm households through a range of farm support services along side infrastructural and institutional development. The project contributed significantly in improving the living standard of the rural poulation as measured by qualitative indications like educational attainments, occupational status, water supply, ownership of farm assets and livestock, transportation means and roads, sources and use of farm inputs and credit.

(ii) <u>WORLD BANK DEBT IN NIGERIA</u>

(iii) WORLD BANK DEBT IN NIGERIA

The World Bank first started a project in Nigeria in 1958 through the Railway and has spread to other sectors as mentioned in the introduction. However, it stopped funding to ADPs because of lapses on the part of government in counterfunding as is the case with ADPs and of various contractors employed to executive projects that was to last 2 years.

The World Bank has spent N2billion on text books (N30million dollars N2.56billion) on book, furniture and school-based training programmes and of recent the Bank anounced its readiness to provide one billion U.S. Dollars coushioning facility for Nigeria but the facility can only be available as standby arrangement which will last a minimum of 6 - 12 months undertake following conditions a) reduce budge deficit b) remove subsidy and c) reduce the gap between official and autonomous exchange rate. The federal government has already indicated its willingness to accept the offer.

Furthermore Federal Government seeks World Bank help for specifically ADPs, negotiations towards reviving ailing projects has began, the negotiation might see the World Bank reversing its decision after pulling out of the tripatrite funding agreement of the ADP. The Bank has mentioned that it has no problem of debt in Nigeria and out of the told debt of the country put at 30 billion U.S. Dollars only ($2.8 Billion was owed them) in addition that Nigeria has been servicing it. Much of what they have been doing was to prevail on the London and Paris Club to either cancel, forgive or reschedule Nigerian loan, about 70 percent of Nigeria total debt is owned by Paris Club with 16.14 percent coming under multilateral loans.

2.9 CONCLUSION

Externally borrowed funds are sweet to squander but when it comes to repayment, the price can be exceedingly deer. The nations political and economic freedom could be mortgaged. Thus it is important that the projects into which such funds are sunk are relevant to development. They should be economically and structurally sound and their capacity to perform

and deliver the goods are a forgone conclusion.

It is necessary to ensure that such projects function smoothly and can achieve their objectives and goals. These objectives should be achieved effectively and efficiently with as minimum resources wastage as possible.

FOOTNOTES

i. BARAYA, D. D. Mbathesis 1995: The Role of Finance Agencies of BSADP.

ii. BORG, A.A The CBN Agric. Credit Supply Performance Appraisal 1980 to date, MBA Thesis 1990

iii. CAUFIELD, C. Masters of Illusion. The World Bank and the poverty of Nationa, Macmillan, 25 Ecclestor Place, London, SW 1W9 NF, pp. 432.

iv. CBN Business Model (Information System Strategy Study) Appendix A.

v. COOPER, N. R. Economic policy in the Atlantic Community McGraw Hill, Sydney, London.

vi. DEWHUST, J. F. & YATES, L. Europe's Needs and Resources Macmillan Publication, London 1961, pp.1117

vii. NEW N. N. An article in July 23 - 1999

viii. N. N. SUNDAY An article in Sunday August 2, 1998

ix. POSTAN, M.M. An economic history of west European 1945-1964,

Methuen & Co. Ltd., London.

x. PAYER, C. The World Bank A Critical Analysis monthly Review Press New York, U.S.A. pp.414

xi. SCRUTINY Accountability and the right to know Vol. 1 No. 3 January 1998. Integrity Lagos.

xii. TRUST, W. An article in Vol. 2 No. 22 Friday 30 - 7- 99

xiii. TODAY, A. The World Economic Order

xiv. YAZID, I. The role of Agriculture in the document of Nigeria. In Nigeria, the state of the Nation and move fowards, Arewa House Seminar (1994).

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 INTRODUCTION

The success of any research work or research project is determined by how well the researcher is able to identify or define his problem. After the problem has been clearly defined, it becomes necessary for the researcher to delineate areas of coverage and the procedure to be adopted to find solutions to the problems identified. Various sources exist for a researcher to use in conducting a research work. These are primary and secondary sources.

PRIMARY SOURCE: Primary sources will include those data which were recorded by the actual eye witness or the participants. The recordings may have been due in the form of documents or other methods such as personal interview, telephone, questionnaires, etc.

SECONDARY SOURCE: These sources are obtained from someone who obtained his data indirectly, which can be in the form of published books, magazines, newspapers specially duplicated or printed materials published or unpublished, manuscripts of paper such as diaries, letters and other typewritten or hand written documents. These are documents that give the researcher answers to his problems.

The researcher therefore makes use of both primary and secondary data. However, since World Bank agricultural financing is something of a recent development in Nigeria, not many textbooks could be found on this topic. In this regard, extensive use of World Bank Annual Reports, I.B.R.D. publications, CBN reports and Bullions, ADPs Annual Reports, NACB's presentations at various conferences, economic and financial reviews have been made. It is in these documents that all financial institutions loan and advances, liquidity ratios and liability etc can be found.

Other secondary sources extensively used in this research include newspaper articles, i.e. business papers and write-ups by individuals and projects on related areas of study already approved by the university.

3.2 NATURE AND SELECTED POPULATION OF THE STUDY

Studies of this nature could be conducted on the basis of a sample survey. This is due to the fact that the use of entire population is not feasible, it is also uneconomical and time consuming.

In this case the use of KADP and KTARDA can be considered as the samples while the entire countries as the entire population. Since these are World Bank-assisted projects, what hindered their success and what aid they contributed is significance in concluding other assisted project in the rest part of the country, therefore samples taken so far could be considered and be used to have insight generally.

3.3 DESCRIPTION OF INSTRUMENTS USED

In order to gather data that would provide information on the operations of World Bank on agricultural financing in Nigeria, extensive use of primary data was made. The research work actually commenced with the collection of relevant textbooks on financial institutions (World Bank, IBRD, CBN, ADPs, etc) and most importantly Implementation Completion Report (ICR). And other secondary materials on views and opinions in other relevant books, journals and newspapers.

3.4 PROCEDURE FOR COLLECTING DATA USED

As earlier indicated, the major source of information for this research work is derived from both primary and secondary sources. The research method that has been extensively used is that of documentary research and published reports, obtained directly from ADPs headquarters and its monitoring unit which as well would not grant verbal explanation or interview, the areas carefully examined in these records and reports include, project benefit, financial analysis and economic analysis. In respect of agricultural

service component, small scale irrigational fadama development component, rural roads and rural water supply.

In this study, two periods have been considered, the pre-World Bank period (the period of intensive agricultural production) which covers 1960 - 1985 and the post-World Bank period (that is the period of active involvement of World Bank group in the development of agriculture in Nigeria), it covers from 1985 to 1995.

3.5 SUMMARY

This chapter is concerned with the methods employed for the research work and is divided into five sections. The first part deals with introduction and gives insights of various sources of obtaining information i.e. primary which deals with direct contact of sources which can be in form of recording by eye witness in form of documents, reports, etc, and secondary sources obtained indirectly.

The nature of samples was explained in relation to the general population taken the samples taken to represent the entire population as a case to determine success or otherwise. Data as the main instrument used was explained and procedure to obtained the instruments was mentioned to cover the areas of actual disbursement and maturity to the closure of the item under study and lastly the briefs of the methods employed by the researcher.

CHAPTER FOUR

4.0 PRESENTATION AND ANALYSIS OF DATA

4.1 INTRODUCTION

Kaduna State Agricultural Development Project, now Kaduna and Katsina ADPS originated as an off-shoot of the Funtua Agricultural Development Project (FADP) which successfully completed its five years development phase in 1979. A statewide project was appraised by the World Bank but no loan was approved because the Bank and the Borrowers could not reach a consensus on some implementation issues. Thus, Kaduna State Government funded the project under the east while Kaduna State Integrated Rural development Authority (KSIRDA) from 1980 to 1985. KSIRDA was unable to maintain the momentum generated by FADP due to financial constrains.

Negotiation for the World Bank loan resumed in 1984 and the Loan and project Agreements were signed in December, 1984. The project became loan effective in July, 1985 (Loan No. 2436 – UNI) KADP was to the implementation over a five year period from 1985 to 1989, at a total cost of US &194.0 million. The world loan was US $122.0 million or approximately 63% of the total contribution US$ 39 million 15 percent Fed. Govt. contribution, Kaduna State contribution US $24 million (12.3 percent) and beneficity farmers contribution $9.0 million i.e. two percent (2%).

On September 23, 1987, the then FGN carved out Katsina State from the Old Kaduna State. The assets and liability of the Old Kaduna State were shared between the two states, including the undisbursed balance of US $96.3 million. Out of this balance, Kaduna ADP was allocated US $ 44.9 million while Katsina ADP received US $ 51.4 million. The project was subsequently redesigned in order to reflect the changed economic circumstances and the peculiar needs of the new states. The re-design was completed in 1988 as the loan closing date was extended by two years, from December 1989 to December 1991. As a result of slow draw down of the loan it was further extended to December, 1994 for Katsina.

TABLE 6: PROJECT TIME TABLE

STEPS IN PROJECT CYCLE	DATE PLANNED	DATE ACTUAL/ LATEST ESTIMATE
PREPARATION		1978
APPRAISAL		1979
NEGOTIATIONS		1984
LETTER OF DEVELOPMENT POLICY		Not Applicable
BOARD PRESENTATION		June 7, 1984
SIGNING		Dec. 7, 1984
EFFECTIVENESS		July 17,1985
PROJECT REVIEW		1988 (Redesign)
SECOND & THIRD TRANCHE RELEASE		Not Applicable
PROJECT COMPLETION		Dec, 1994
LOAN CLOSING		April 1995

SOURCE: KADP REPORT

4.2 PROJECT OBJECTIVES AND DESCRIPTION

The main objectives of the project were to increase food production, incomes and standard of living of about 450,000 rural households through the provision of a range of farm support services along side infrastructure and institutional development. These objectives were to be achieved through various development programmes as follows.

i. **Farm Crop Development:** This would consist of increasing rained crop production on 620,000 hectares through the introduction of improved farming practice, extension services, adaptive research, input supply, seed multiplication, fadama development and promotion of Agro-forestry, land reclamation and soil conservation resources.

ii. **Civil Works:** This include, construction of 1400km feeder roads, 75 medium and small dams, projects officers, workshops, stores and staff houses and FSCS.

iii. **Institution Development involving:** The establishment of a Programme Management Unit (PMU) with adequate technical, administrative and logistic support to implement, monitor and evaluate the project; hu man resources development ; technical assistance to Kaduna State Ministry of Agriculture and Natural Resources and support for Kaduna State farmers supply company (FASCOM).

4.3 RE: DESIGN REVISIONS:

The 1989 redesigns proposals made the following changes:

i. The parallel extension would be replaced with unified extension service for crop, livestock, agro-forestry and soil conservation. The Training and visit (T&V) extension system would replace the Training and Demonstration (T&D).

ii. The component "Civil Works" in the origin of SAR was renamed Road Infrastructure." The target for new road construction was raised from 1400km to 1,511km (400km) in Kaduna and 700km in Katsina. Road construction was to be executed through contracts as against force account in the original SAR. Additional provision was made for training and equipping of village mechanic to maintain material supply and fadama irrigation facilities was also incorporated in the redesign. (See Annexture for Operational Plan Source of Funding) (Table 7)

TABLE 7a: KADUNA STATE AGRIC. DEV. PROJECT OPERATIONAL PLAN: SOURCES OF FUNDING

S/N	FUNDING SOURCES	1995		1996		1997		REMARKS
		US $(m)	N (m)	US $(m)	N (m)	US $(m)	N (m)	
1.	WORLD BANK:							
	a. National Fadama Facility (NFF) (3451-UN1)	0.51	40.72	0.28	22.32	-	-	
	b. National Agric. Technology Support Programme (NATSP) (Loan 3482-UN1)	0.14	10.96	0.11	8.56	-	-	
2.	FEDERAL GOVERMENT:							
	a. Counterpart funding (NFF)	-	0.54	-	0.68	-	-	
	b. Counterpart funding (NATSP)	-	1.01	-	0.79	-	-	
	c. Support for on going ADP activities	-	7.50	-	9.40	-	11.75	
3.	KADUNA STATE GOVT.:							
	a. Counterpart funding (NFF)	-	0.59	-	0.74	-	-	
	b. Counterpart funding (NATSP)	-	9.00	-	11.25	-	-	
	c. Capital cost	-	8.50	-	8.50	-	28.10	
	d. Recurrent cost	-	40.00	-	50.00	-	62.50	
4.	OTHER SOURCES:							
	a. Revolving fund (seeds/ drugs)	-	1.25	-	1.50	-	1.50	
	b. Farmers Contribution (for NFF)	-	2.46	-	4.93	-	5.20	
	c. Autioning of vehicles and equipment	-	5.00	-	-	-	-	
	d. Other revenue	-	0.50	-	0.60	-	0.50	
	TOTAL	0.65	128.03	0.39	118.67	-	109.05	

N80 = 1US DOLLAR (Autonomous Rate of Exchange)

** FGN & KDSG Funding for 96 Based on '95 Figures with 25% Increase for Inflation Each Year)*

TABLE 7b: KADUNA AGRICULTURAL DEVELOPMENT PROJECT OPERATIONAL PLAN SUMMARY BY COMPONENT

	RESOURCES REQUIRED (N'000)			REMARKS
	1995	1996	1997	
CFA	300.00	400.00	500.00	
EXT. WIA	1586.00	1316.00	880.00	
MANAGEMENT ADM. & PER.	504.00	354.00	354.00	
ENG.	14106.00	21602.13	6441.49	
FINANCE & SUPPLY	414.00	512.00	663.00	
HBD	4408.25	4458.21	4421.97	
FADAMA	9743.10	14509.40	3636.00	
PM & E	1611.00	1418.00	1428.00	
ADAPTIVE) LIVESTOCK) FISHERIES) AGRIC. SERVICES TECHNICAL)	4311.50	5270.00	3850.00	
SALARY & WAGES (P.E)	40000.00	50000.00	62500.00	
GRAND TOTAL	76,984.23	99,839.74	81,675.06	

TABLE 7c: KATSINA STATE AGRIC. AND RURAL DEVELOPMENT AUTHORITY (KTARDA) (LOAN 2436 UNI) OPERATIONAL PLAN (1995-1997) SOURCES OF FUNDING

S/N	SOURCES	1995		1996		1997		REMARKS
		US $(m)	N (m)	US $(m)	N (m)	US $(m)	N (m)	
1.	WORLD BANK:							
a.	NFF	.311	24.88	0.156	12.50			
b.	NATSP	200	16.00	0.125	10.00			
2.	FGN:							
a.	Support to On-going ADP activities including NFF & NATSP		8.00		8.00		12.00	Regular FGN grant to the ADPs
3.	KATSINA STATE							
a.	Support for on-going ADP activities		22.00		22.00		30.00	Counterpart funding
b.	Staff Costs (Salaries and others)		45.00		50.00		55.00	Non incremental funding for uncompleted buildings of earth dams
c.	Capital cost		12.00		-			
d.	Revolving fund for inputs (seeds and chemicals)		2.00		2.00		2.00	
e.	Farmers contributions (fadama)		5.00		5.00		5.00	
f.	Others (revenue real cost)		6.00		-		-	Auctioning of vehicles
	TOTAL	0.51	147.88	0.28	109.50		104.00	

TABLE 7d: KATSINA STATE AGRICULTURAL AND RURAL DEVELOPMENT AUTHORITY OPERATIONAL PLAN SUMMARY BY COMPONENT

	RESOURCES REQUIRED (N'000)			REMARKS
	1995	1996	1997	
FINANCE & ACCT.	585.00	870.00	740.00	
HRD	7,457.00	6,434.00	3,334.00	
PM & E	1,875.00	1,715.00	2,130.00	
GENERAL ADMIN. & PERSONNEL	51,958.50	57,830.00	63,630.00	
FADAMA	13,157.30	3,745.10	4,110.00	
ENGINEERING	46,630.00	27,640.00	16,714.00	
AGRIC SERVICES	5,732.00	6,042.00	6,077.00	
GRAND TOTAL	127,492.80	104,276.10	96,735.00	

4.4 PROJECT COST AND FINANCING

The funding of the programme as agreed by the three parties (World Bank, FGN and Kaduna State Govt.) was to be as follows:

TABLE 8		US $	Percentage
World Bank	-	122.0	63
FGN	-	39.0	15
KDSG	-	24.0	12.4
Beneficiary Farmers	-	9.0	4.6
		$194.0	100

When Katsina State was carved out of Kaduna State in 1987, the project was redesigned and the IBRD loan of $122 million US was shared between the two States. A total of $58.10 million was allocated to KADP while KTARDA had $63.9 million.

The Loan utilization was generally slow resulting in the extension of Loan closing date from December 1989 to December 1991 and later to December 1994. The slow loan disbursement was caused by poor counterpart funding from the two state governments and the persistent depreciation of the Naira. Due to the inability of KTARDA to utilise the loan, the sum of 7.5 million U.S. Dollars was cancelled from the Katsina State share of the loan

amount, resulting in the loan amount of US $114.5 million. The KADP Loan amount of $ 58.1 million was fully drawn at the end of the project investment period. The IBRD funding as a percentage of the total project cost was approximately 83 percent compared to the redesign target of 67%. The Persistent depreciation of the Naira resulted in more Naira exchange for US Dollars than projected at appraisal. The result of this is a large proportion of the funding being attributed to IBRD funding.

The contribution of the two state government was in the form of incremental costs. Over the loan period, Kaduna State Government contributed N68.0 million and N117.0 million as counterpart funding (Incremental Cost) and non-Incremental cost respectively. The percentage contribution by Kaduna State Government was 10% of total cost against the SAR projection of 32%. Katsina State Government contributed N127.8 million and N158.14 million respectively, as incremental and non-incremental cost to KTARDA. The Katsina State Government percentage contribution to total increment cost was 14% compared to the SAR provision of 20%. The incremental funds from the two state government were irregular and untimely, most of which were received in the last few years of the project. FGN funding to the few projects was regular and fairly timely, although below SAR projections for KADP. The Federal Government contributed N51.6 million as increment cost representing 15% of the total funds against the SAR target of 12%. The contribution of FGN to KTARDA at the end of the total cost against the redesigned target of 11% (see Tables 9 and 10 below).

TABLE 9: KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT ACTUAL FUNDING RECEIVED 1985 TO APRIL 1994 ('000)

YEAR	IBRD		FGN	KDSG	TOTAL
	$'000	N'000	N'000	N'000	N'000
1985	14	272	12489	3200	15961
1986	6100	11020	4725	-	15745
1987	20465	99333	4258	-	103951
1988	2335	9438	2854	7000	19292
1989	7494	55940	4040	8029	68009
1990	13464	109080	6974	1365	117419
1991	6083	60614	6010	692	67316
1992	7545	149086	3950	10738	163774
1993	4593	100952	4171	32787	137910
1994	2576	56662	2170	4500	63332
TOTAL	70669	652397	51641	69311	772349
- Less Transfer to KTARDA on Bifurcation	(12495)	(63856)	(15171)	(443)	(79,470)
- Retained at KADP	58174	558541	36470	67868	692879
- Actual % of Total Funding	-	85%	5%	10%	-
- SAR Target	-	65%	12%	23%	-

TABLE 10: KATSINA STATE AGRICULTURAL DEVELOPMENT PROJECT ACTUAL FUNDING UP TO 1994 ('000) INCREMENTAL COSTS

YEAR	IBRD		FGN	KDSG	TOTAL
	$'000	N'000	N'000	N'000	N'000
1988	14808	53288	3600	9750	66638
1989	2419	18038	4328	-	22366
1990	7583	60716	5929	-	66645
1991	3387	30921	6000	-	36921
1992	3101	57033	3200	10750	70983
1993	5374	119250	4250	37300	160800
1994	19597	426743	8000	70000	504743
TOTAL	56269	765989	35307	127800	929096
- Actual % of total funding	-	82%	4%	14%	-
- SAR Target	-	69%	11%	20%	-

** Nothing was received by KTARD as incremental funds from Katsina State Government in 1989, 1990, 1991*

4.5 FINDINGS

As indicated in Tables 7 - 10 showing detailed amount of money sunk, achievement recorded was as a result of physical survey (visits) and compared with information given of all the zones in the 2 states can be divided into 6 headings:

i) Technical/Agric. Services Component
ii) Water Development and Irrigation
iii) Human Resources Development
iv) Engineering Services
v) Planning, Monitoring and Evaluation
vi) Farmers' Supplies Company

These are summarised in Tables 11 and 12 below.

TABLE 11: KADUNA AGRICULTURAL DEVELOPMENT PROJECT (KADP) PROJECT PERFORMANCE AND FINDINGS

KEY IMPLEMENTATION INDICATORS	UNIT	ESTIMATED TARGET	ACTUAL	% ACHIEV. ACT./TAR
A. 1.1 TECH./AGRIC. SERVICES:				
ADAPTIVE RESEARCH				
- ON FARM TRIALS	NO	71	69	97.18
- ON STATION TRIALS	NO	347	227	65.42
- NAFPP TRIALS	NO	100	100	100.00
- NAT. COORD. CROPS TRIALS	NO	60	60	100.00
- KADP SPONSORED TRIALS	NO	22	22	100.00
- OTHER A/RESEARCH TRIALS	NO	69	69	100.00
- TOTAL ADAPTIVE TRIALS	NO	739	542	73.34
B. SEED MULTIPLICATION:				
- IMPROVED CROP SEEDS	TON	3427	1850	53.98
- PASTURE SEED	TON	14	14	100.00
- HAY	BALE	5000	3492	69.84
C. AGRO-FORESTRY:				
- SEELING PRODUCTION (MILLION)	NO	2.7	1.1	40.74
- FODDER LOTS	NO	50	6	12.00
- BIOLOGICAL SOIL CONSERV.	HA	125	-	0.00
- WOODLOTS	HA	80	110	137.50
- WINDBREAKS BOUNDRY PLANT	(m)	325000	216000	66.46
- KADP SEELING NURSERIES	NO	11	15	136.36
- COMMERCIAL SEEDLING NURS.	NO	-	25	-
- PRIVATE SEEDLING NURSERIES	NO	-	70	-
D. SOIL CONSERVATION:				
CONTOUR BUNDS	HA	500000	495000	95.00
TERRACES	(m)	-	35000	-
WATERWAYS	(m)	-	42000	-
DIVERSION CHANNELS	(m)	-	2982	-
STONE DRAINS	(m)	-	21385	-
VERTIVER GRASS ON CONTOUR	(m)	-	14742	-
E. FARM PLANING:				
- FARM BOUNDRY SURVEYS	NO	113	244	215199
- FARM BOUNDARY SURVEYS	HA	38000	23092	60.77
- SOIL SURVEYS	NO	32	104	325.00
- SOIL SURVEYS	HA	-	32754	-
- FARM PLAN	NO	-	218	-
- FARM PLAN	HA	-	19117	-
- FARM VISITS	NO	-	64594	-
F. EXTENSION SERVICES:				
- EXTENSION FAMILIES	NO	450000	306020	68.00
- VILLAGE EXTENSION AGENTS	NO	450	121	88.00
- STOCK EXTENSION AGENTS	NO	60	56	95.00
- HOME STOCK EXT. AGENTS	NO	486309	461880	94.98
- VISITS TO FARMERS	NO	-	197402	-
- CONTACT FARMERS	NO	16280	5688	34.94
- WOMEN CONTACT FARMERS VISITED	NO	1128320	107563	49.63
- SPATS	NO	60	425	708.33
- FIELDS DAYS	NO	89	86	96.63
- MTR MEETINGS	NO	234	225	96.15
- FNT MEETINGS (STATE)	NO	832	832	100.00
- RADIO PROGRAMS (+ REPEATS)	NO	2	1	50.00
- TV PROGRAMS	NO	38	36	94.74
- MOBILE TRAINING UNITS	NO	728	158	21.70
- WOMEN FARMERS' CO-OP. GROUPS	NO	380	776	157.11
- CO-OPERATIVES	NO	800	550	68.75
- FARMERS TRAINED (ANIMAL TRACT)	NO	160	138	86.25
- LIVESTOCK TRACTION T.C. ESTBL	NO	5	2	40.00
- WORKBULLS TRAINED	NO	250	170	68.00
1.2 WATER DEV. AND IRRIGATION:				
WATER SUPPLY				
- BOREHOLES	NO	400	577	144.00
- SURFACE RESERVOIRS (EARTH DAMS)	NO	12	4	33.00
- OPEN WELLS	NO	150	50	13.33
IRRIGATION:				
- WASHBORES AND TUBEWELLS	HA	6000	10000	166.67

TABLE 11 CONT'D

KEY IMPLEMENTATION INDICATORS	UNIT	ESTIMATED TARGET	ACTUAL	% ACHIEV. ACT./TAR
1.3 ENGINEERING SERVICES				
A. ROADS:				
- NEW CONSTRUCTION	KM	400	898	224.55
MAINTENANCE	KM	300	195	65.00
REHABILITATION	KM	335	376	111.94
B. BUILDINGS:				
- STAFF QUARTERS	NO	114	114	100.00
- OFFICES-HEADQUARTERS	NO	88	88	100.00
- STORES	NO	2	2	100.00
- RENOVATION REHABILITATION	NO	24	24	100.00
- SEED PROC. PLANT BUILDING	NO	2	2	100.00
- FENCING OF SEEDLING-TREE NURS	NO	8	8	100.00
- VEHICLE WORKSHOPS	NO	5	3	100.00
- GUEST HOUSES	NO	3	2	60.00
- STAFF CANTEEN	NO	1	-	0.00
- CONFERENCE ROOM	NO	1	3	300.00
- FUEL DEPOTS	NO	3	3	100.00
1.4 HUMAN RESOURCES DEVELOPMENT				
- LONG TERM DEG. CERT. TRAINING				
* OND	NO	-	478	-
* HND	NO	-	1123	-
* 1ST DEGREE (B.SC, B.A.)	NO	-	2	-
* 2ND DEGREE (M.SC, M.A.)	NO	-	2	-
* OTHERS	NO	-	252	-
- SHORT TERM OVERSEAS TRAINING	NO	137	99	72.26
- SHORT TERM LOCAL TRAINING	NO	10370	9860	95.08
- STUDY TOUR	NO	10	5	50.00
- STUDY TOUR BENEFICIARIES	NO	50	29	58.00
1.5 PLANNING, MONITORING & EVAL.				
- MISCELLANEOUS	NO	36	16	44.44
- INSTITUTIONAL REVIEW	NO	1	1	100.00
- QUARTERLY REPORTS	NO	36	32	88.89
- ANNUAL REPORTS	NO	9	9	100.00
1.6 FASCOM				
A) INPUT SALES				
- FERTILIZER	N	-	19[illegible]	-
- AGRICULTURAL CHEMICALS	N	-	8708762	-
- AGRICULTURAL IMPLEMENTS	N	-	37[illegible]6317	-
- IMPROVED SEEDS	N	-	1061007	-
- TRAINING	N	-	1400206	-
- SPARE PARTS	N	-	363337	-
- HAMMER MILLS	N	-	759790	-
- WATER PUMPS	N	-	48[illegible]0815	-

TABLE 12: KATSINA AGRICULTURAL & DEV. AUTHORITY (KTARDA) PROJECT PERFORMANCE AND FINDINGS

KEY IMPLEMENTATION INDICATORS	UNIT	ESTIMATED TARGET	ACTUAL	% ACHIEV. ACT./TAR
1.1 TECH./AGRIC. SERVICES:				
A. ADAPTIVE RESEARCH				
ON FARM TRIALS	NO	563	566	100.53
ON STATION TRIALS	NO	186	120	64.52
OBSERVATION TRIALS	NO	118	170	144.07
TARGET FARMERS DEMONSTRATION	NO	2200	1300	59.09
PASTURE OBSERVATION TRIALS	NO	560	177	31.61
METEOROLOGICAL STATIONS	NO	20	10	50.00
B. SEED MULTIPLICATION:				
FOUNDATION SEEDS	TON	215	99	46.05
CERTIFIED SEEDS	TON	3340	1862	55.75
PASTURE SEEDS	KG	3000	730	24.33
PASTURE HAY	BALE	30000	10065	33.55
C. EXTENSION SERVICES:				
FARMING FAMILIES	NO	500000	476000	95.20
VILLAGE EXTENSION AGENTS	NO	500	476	95.20
BLOCK EXTENSION AGENTS	NO	63	59	93.65
WOMEN BLOCK EXT. AGENTS	NO	63	41	65.08
VISITS TO FARMERS	NO	624000	469872	75.30
CONTACT FARMERS VISITED	NO	24000	224080	93.37
WOMEN CONTACT FARMERS VISITED	NO	3150	1950	61.90
WOMEN FARMER GROUPS VISITED	NO	-	195	-
SPATS	NO	156303	83869	53.66
FIELD DAYS	NO	540	326	60.37
MTR MEETING CONDUCTED	NO	72	68	94.44
PRE MTR MEETINGS CONDUCTED	NO	48	33	68.75
FNT CONDUCTED AT 12 CENTRE	NO	472	452	95.76
RADIO PROGRAMS (+ REPEATS)	NO	472	458	97.03
CRU PROCESS	NO	68	63	92.65
FARMERS TRAINING (ANIM. TRACT.)	NO	1020	430	42.16
CONTACT FISHERMEN	NO	-	600	-
EXT. WORKERS TRAINED (A.TRACT.)	NO	1345	1440	107.06
FISH PONDS CONSTRUCTED	NO	6	3	50.00
CO OPERATIVE SOCIETIES	NO	-	385	-
WOMEN FARMER COOP. GRP. FORMED	NO	-	10	-
WOMEN FARMER COOP. GRP. REGIS.	NO	-	4	-
D. LAND USE PLANNING AND DEV.:				
FOREST TREE SEEDLING MILLION	NO	2.33	1.895	81.33
FRUIT TREE SEEDLINGS	NO	70000	266761	381.04
FRUIT SOLD	KG	-	5213	-
WOODLOTS ESTABLISHED	NO	66	68	103.03
SHELTERBELTS ESTABLISHED	NO	30	28	93.33
CONTOURS CONSTRUCT	(M)	320003	291499	91.09
DIVERSION CONSTRUCTED	(M)	13330	24574	184.77
TERRACES CONSTRUCTED	(M)	23330	20508	88.02
CHECK DAMS CONSTRUCTED	(M)	325	104	32.00
VERTIVER GRASS PLANTED (MILL.)	NO	19.3	4.286	22.21
BIOLOGICAL CROP PLOTS PLANTED	NO	710	140	19.72
WINDBREAK/BOUNDRY PLANTING	(M)	70650	64264	90.96
ROAD ALIGNMENT (MILLION)	(M)	5	0.269086	5.38
LAND DEVELOPMENT	HA	100	397	397.00
BOUNDRY SURVEY	HA	1600	3398	212.38
SOIL SURVEY	HA	300	1336	44.53
FARM PLANS	NO	580	599	103.28
FARM VISITS	NO	460000	166606	36.22
FODDER LOTS ESTABLISHED	NO	61	20	32.79
VERTIVER NURSERIES ESTABL.	NO	4	8	200.00
SEEDLINGS NURSERIES REHABILIT.	NO	6	7	116.67
GULLEYS CONTROLLED	NO	57	20	35.09
ORNAMENTAL PLANT SITES ESTAB.	NO	-	2	-
1.2 WATER DEV. AND IRRIGATION				
A. WATER SUPPLY				
BOREHOLES	NO	494	503	101.82
OPEN WELLS	NO	349	266	76.22
B. IRRIGATION				
WASHBORES AND TUBEWELLS	HA	8700	6836	78.57
EARTH DAMS	HA	38	8	21.05

TABLE 12 CONT'D

KEY IMPLEMENTATION INDICATORS	UNIT	ESTIMATED TARGET	ACTUAL	% ACHIEV. ACT./TAR
1.3 ENGINEERING SERVICE				
A. ROADS:				
- NEW CONSTRUCTION	KM	700	422	60.29
- MAINTENANCE	KM	300	102	34.00
- REHABILITATION	KM	400	188	47.00
B. BUILDINGS:				
- STAFF QUARTERS	NO	149	149	100.00
- HEAD OFFICE	NO	1	1	100.00
- FERTILIZER STORES	NO	4	4	100.00
- SEED STORES	NO	2	2	100.00
- REHABILITATION OF TRG. CENTRE	NO	2	2	100.00
- BUILDINGS FOR SEED PROCESSING	NO	1	1	100.00
- FENDING OF FOREST TREE NURS	NO	2	2	100.00
- LIGHT VEHICLES WORKSHOP	NO	1	1	100.00
- GUEST HOUSES	NO	4	4	100.00
1.4 HUMAN RESOURCES DEVELOPMENT				
A. PROJECT STAFF TRAINING				
- LONG TERM DEG./CERT. TRAINING				
* OND/HND/DEGREE	NO	285	184	64.56
* OTHER	NO	144	205	142.36
- SHORT TERM OVERSEAS TRAINING	NO	69	36	52.17
- SHORT TERM LOCAL TRAINING	NO	2320	1006	43.36
1.5 PLANNING, MONITORING & EVAL.				
- MISCELLANEOUS STUDIES	NO	34	25	73.53
- INSTITUTIONAL REVIEW	NO	1	1	100.00
- QUARTERLY REPORT	NO	-	-	-
- ANNUAL REPORTS	NO	-	-	-
1.6 FASCKOT:				
A. FERTILIZER DISTRIBUTION/SALES				
- NPK COMPOUND	TON	-	161313	-
- SSP/BSP	TON	-	39480	-
- MOP	TON	-	977	-
- UREA	TON	-	22189	-
- ZINC SULPHATE	TON	-	1.4	-
- CAN	TON	-	14563	-
B. OTHER INPUT				
- AGRICULTURAL CHEMICALS	N	-	2929328	-
- AGRICULTURAL IMPLEMENTS	N	-	12561674	-
- VEGETABLE SEEDS	N	-	110739	-
- IMPROVED CROP SEEDS	N	-	2997722	-
	N	-	219250	-

SOURCE: ICR ADP REPORTS

TABLE 13A: KADUNA STATE CROP PRODUCTION, 1988 - 1994 ('000 TON)

CROP	1988	1989	1990	1991	1992	1993	1994	MEAN
Maize	201.1	410.6	226.1	529.6	563.5	484.7	545.8	423.06
Sorghum	209.5	212.9	320.6	494.7	499.3	378.7	719.7	416.63
Rice	41.7	48.7	4.8	80.5	84.8	78.8	177.3	80.94
G/Nut	20.7	25.8	37.8	56.4	40.7	61.2	86	62.66
Millet	25.9	19.1	37.8	41.5	49.1	57.3	64.9	42.23
Cowpea/ Beans	4.4	3.8	9.4	14	15.8	22.3	37.7	15.34
Cotton	1.8	2.1	3.2	2.3	2.9	5.5	2.5	2.9
Soyabean	7	2.8	8	51.3	45.6	64.5	47.1	32.36
TOTAL	593.1	725.8	647.7	1310.5	1301.7	1153	1681	1066.12

TABLE 13B: KATSINA STATE

CROP	1988	1989	1990	1991	1992	1993	1994
Millet	174.5	247.7	201.2	227.9	325.6	269.1	241.0
Soghum	312.4	362.2	300.6	315.8	285.5	495.2	345.3
Maize	86.4	101.4	92.4	163.8	136.7	206.6	131.2
Cowpea	41.2	46.7	44.2	97.2	121.9	90.5	73.6
G/Nut	40.3	51.1	59.4	85.6	84.8	74.4	65.9
Cotton	32.6	42.4	56.7	81.3	88.9	68	61.6
Soyabean	0.26	0.35	0.4	0.46	8.9	19.3	4.9
Okro	0.31	0.46	0.5	0.56	3.9	5.8	1.9
Rice	0.96	1.8	2.1	2.7	9.4	18.4	5.9
TOTAL	514.43	854.11	757.5	975.32	1065.6	1247.3	931.3

TABLE 13C: KADUNA + KATSINA CROP PRODUCTION, 1985 - 1993 ('000 TON)

CROP	1985	1986	1987	1988	1989	1990	1991	1992	1993	MEAN
Maize	316.7	289.4	426.2	287.5	512	318.5	693.4	700.2	691.3	470.58
Sorghum	512.5	596.6	562.4	602.9	575.1	621.2	810.5	784.4	873.9	659.94
Rice	33.4	40.1	36.2	42.7	50.5	56.9	83.2	94.2	97.2	59.38
Millet	176.5	192.2	180.6	200.4	266.8	239	269.4	374.7	326.4	247.33
Cowpea	38.6	47.4	37.2	45.6	50.5	49.3	111.2	137.7	112.8	70.03
G/Nut	41.7	50.5	52.3	61	76.9	97.2	182	125.5	135.6	91.41
Soyabeans	3.6	4.6	6.4	7.3	3.2	8.4	52	54.5	83.8	24.87
Cotton	16.9	29	26.2	34.4	44.5	59.9	83.6	91.8	73.5	51.09
TOTAL	1139.9	1249.8	1327.5	1281.8	1579.5	1450.4	22885.3	2363	2394.5	16674.63

SOURCE: ADP QUARTERLY REPORTS

4.6 PROJECT RESULTS/OUTCOME

Despite the problem associated with the management, instability, poor counterpart funding and the general slow pace of implementation, the two projects recorded relatively fair performance in terms of physical development activities and were able to put in some hope in the overall objective of improved income and living standard for the rural population.

The financial and economic net returns to project investment were significant for both upland and fadama development (small scale irrigation). The farm land FRR and ERR were above 15% for the fadama/small irrigation development. The project level ERRs for upland agricultural and fadama development were 17.8% and 11.8% respectively. The reasons for the lower ERR for the fadama component were serious delay in implementation, lower achievement as compared to SAR target and high overhead costs. Projects investments in rural roads and rural water supply have also contributed to enhanced living standard for the farm households through improved access roads, better health and saving of time. The ERR for rural roads was 8%. The very low ERR for this component was due to serious delay in implementation, lower achievement than SAR target and the failure of some dams which involve high capital costs.

The ERR for the rural water supply component including indirect benefits of time saving and improved health was estimated to be 10.7%. The investments in agro-forestry and soil conservation components are justified on environmental grounds and will go a long way to ameliorate the problems of soil degradation and desertification in the two states. The overall ERR for the project was 14.8% excluding the indirect benefits from the rural water supply component and 15.3% including the indirect benefits from water supply which compares favourably to the redesign target of 16%.

Qualitative measures such as educational attainment, occupational status, farm asset ownership, housing type, forces and use of farm inputs, access to institutional credit, etc have significantly improved from the pre-project

period, indicating that the project has directly or indirectly contributed to improvement in these areas. The achievement in human resource development has greatly enhanced the technical and managerial capacity of project staff and the overall ability of the two states to implement agriculture and rural development, as shown in the Table 14 below:

TABLE 14: SUMMARY OF ASSESSMENTS

	SUBSTANTIAL	PARTIAL	NEGLIGIBLE	NOT APPLICABLE
A. ACHIEVEMENT OF OBJECTIVES				
MACRO POLICIES	[ ]	[v]	[ ]	
SECTOR POLICIES	[v]	[ ]	[ ]	
FINANCIAL OBJECTIVES	[ ]	[v]	[ ]	
INSTITUTIONAL DEVELOPMENT	[v]	[ ]	[ ]	
PHYSICAL OBJECTIVES	[v]	[ ]	[ ]	
POVERTY REDUCTION	[ ]	[v]	[ ]	
GENDER ISSUES	[ ]	[v]	[ ]	
OTHER SOCIAL OBJECTIVES	[ ]	[v]	[ ]	
ENVIRONMENTAL OBJECTIVES	[ ]	[v]	[ ]	
PUBLIC SECTOR MANAGEMENT	[ ]	[v]	[ ]	
PRIVATE SECTOR DEVELOPMENT	[ ]	[ ]	[v]	
OTHER (SPECIFY)	[ ]	[ ]	[ ]	
B. PROJECT SUSTAINABILITY	LIKELY	UNLIKELY	UNCERTAIN	
	[ ]	[ ]	[ ]	
C. BANK PERFORMANCE	HIGHLY SATISFACTORY	SATISFACTORY	DEFICIENT	
	[ ]	[ ]	[ ]	
IDENTIFICATION	[ ]	[v]	[ ]	
PREPARATION ASSISTANCE	[ ]	[v]	[ ]	
APPRAISAL	[ ]	[v]	[ ]	
SUPERVISION	[ ]	[v]	[ ]	
D. BORROWER PERFORMANCE	HIGHLY SATISFACTORY	SATISFACTORY	DEFICIENT	
	[ ]	[ ]	[ ]	
IDENTIFICATION	[ ]	[v]	[ ]	
PREPARATION ASSISTANCE	[ ]	[v]	[ ]	
APPRAISAL	[ ]	[v]	[ ]	
SUPERVISION	[ ]	[v]	[ ]	
E. ASSESSMENT OF OUTCOME	HIGHLY SATISFACTORY	SATISFACTORY	DEFICIENT	
	[ ]	[v]	[ ]	

4.7 (i) FINANCIAL AND ECONOMIC ANALYSIS OF FINDINGS

As mentioned earlier the primary objectives of the Programme is to increase the level of income of rural families. The projects' four (4) main components are:-

i. Agricultural Services;
ii. Small Scale irrigation/FADAMA development;
iii. Rural Roads; and
iv. Rural Water Supply.

We shall take detail of financial and economic analysis conducted for the project and to note that the analysis carried our from 1985 when Kaduna and Katsina State ADPS were together as Kaduna ADP and the cost and benefits were computed accordingly. The analysis was done for Kaduna as Katsina as a single project.

i. Agricultural Services Component:-

The Project's Agricultural Service component consist of unifying and strengthening the Extension services, Agriculture Research, Seed multiplication, Women in Agriculture, Livestock development and Agro-forestry. A precise economic evaluation of sub-components of Agriculture component (Extension, adaptive research, seed multiplication etc) is not possible because it is difficult to assess the benefit that can be directly attributed to these sub-components.

The analysis of Agricultural benefit is therefore based on typical farm models configuration of a representative farmers and illustrates the impact of severed extension massages, adaptive research, seed multiplication etc. On the amount farm income flow.

The analysis quantifies the potential income flow that a farmer adopting alternative technologies (into projects) could attain and contrasts these values with the "output project" situation.

FINANCIAL ANALYSIS

For the above a separate cropping pattern was adopted for Kaduna and Katsina. The mixed cropping system was predominant for details in Table 15 below. It is worthwhile to not that the SAR Document of 1985 gave more weightage to single cropping system rather than mixed cropping system was predominant, for details in Tables below showing Kaduna & Katsina Financial Net Return. It is worthwhile to note that the SAR document of 1985 gave more lightage to single cropping system.

TABLE 15A: KADUNA - FINANCIAL NET RETURNS (NAIRA/HA)

CROP MIXTURE	WITH OUT PROJECT	WITH PROJECT	INCRE-MENT	% AREA	WITHOUT PROJECT	WITH PROJECT	INCRE-MENT
Maize/ Sorghum	184	978	794	30	55	294	238
Sorghum/ Groundnut	3546	5911	2366	20	709	1182	473
Sorghum/ Millet	625	1740	1115	18	113	313	201
Maize	1066	1714	648	15	160	257	97
Sorghum	92	996	904	12	11	120	108
Cowpea & Others	88	442	354	5	4	22	18
TOTAL				100	1052	2188	1135

TABLE 15B: KATSINA - FINANCIAL NET RETURNS (NAIRA/HA)

CROP MIXTURE	WITH OUT PROJECT	WITH PROJECT	INCRE-MENT	% AREA	WITHOUT PROJECT	WITH PROJECT	INCRE-MENT
Maize/ Cotton	7939	10054	2115	18	1429	1810	381
Millet/ Cotton	7594	8957	1363	10	759	896	136
Sorghum/ Millet	985	1926	941	15	148	286	141
Millet/ G/Nut	6751	8845	2094	11	743	973	230
Cotton	3507	5151	1644	4	140	206	66
Cowpea	1100	1720	620	9	99	155	56
Millet	236	967	731	18	42	174	132
Sorghum & Others	-51	617	668	15	-8	93	100
TOTAL				100	3353	4595	1242

SOURCE: ADP QUARTERLY REPORTS

ECONOMIC ANALYSIS:-

The present analysis not only focused on the basic financial information derived from the financial analysis, which is taken into consideration by the farmers, but also on the flow of real resources shown by the economic by the financial to economic analysis, the shifting from the economic analysis. Therefore, in shifting from the financial to economic analysis, the distribution in input, output, foreign exchange prices, transfer payment due to the existence of subsidies and taxes were removed. Again, without project and "with project" situations were compared.

The price of traded commodities (W.P.K) g/nut, maize and cotton were computed using border prices, as import substitutes. Two sets of prices i.e 1994 current prices were used for the analysis and 2000 A.D projected at 1994 constant prices, were used for the analysis. The exchange rate was U.S $1.00 to N22.50. In the case of non-traded commodities/input like labor, seed etc, financial prices/costs were converted to economic prices/cost by multiplying with a conversion factors of 0.85. In economic terms, most of the mixtures, which include tradable commodities (cotton, maize and G/nut) as import substitute, gave highest net returns. The increment net return per hectare in economic term was N240 for Kaduna at N372 for Katsina while in financial term it was N1,135 for Kaduna at N1,242 for Katsina. The economic net return was significantly lower than the financial net return due to the following reasons:

a) The financial price of complex fertilizer in 1994 was only N3.00/kg (highly subsidised), while its economic price was N4.92/kg in 1994 and N6.44/kg in 2000 A.D projected in 1994 constant price.

b) The financial price of tradable commodities (cotton, maize and grand-aunt) were significantly higher than their economic prices.

c) Non-tradable commodities were weighted down by the standard conversion factors (SCF) of 0.85 to get the economic prices from the financial prices.

TABLE 16: THE COMPARISON OF FINANCIAL AND ECONOMIC PRICES FOR TRADED COMMODITIES IS GIVEN BELOW IN NAIRA/KG

COMMODITY/ INPUT	FINANCIAL PRICE (FARM GATE)	2000 PROJECTED IN 1994	PRICE 1994	CHANGE	
				2000 PROJECTED	1994
1. MAIZE	5.40	5.17	4.73	4.3	12.4
2. GROUNDNUT	17.89	11.00	14.76	38.5	21.2
3. COTTON	18.14	14.12	14.07	22.2	22.4
4. COMPLEX FERTILIZER	3.0	6.44	4.91	1114.7	63.7

Note: Change is from the financial price (Farm gate) base
Based on Kaduna and Katsina average for 1994
Based on weighted average of NPK

TABLE 17A: KADUNA - ECONOMIC NET RETURNS (NAIRA/HA)

CROP MIXTURE	WITH OUT PROJECT	WITH PROJECT	INCRE-MENT	% AREA	WITHOUT PROJECT	WITH PROJECT	INCRE-MENT
Maize/ Sorghum	-37	77	114	30	-11	23	34
Sorghum/ Groundnut	1177	1837	660	20	235	367	132
Sorghum/ Millet	108	388	281	18	19	70	50
Maize	821	847	27	15	123	127	4
Sorghum	-21	- 35	118	12	-18	-4	14
Cowpea & Others	30	133	103	5	1	7	5
TOTAL				100	350	590	240

TABLE 17B: KATSINA - ECONOMIC NET RETURNS (NAIRA/HA)

CROP MIXTURE	WITH OUT PROJECT	WITH PROJECT	INCRE-MENT	% AREA	WITHOUT PROJECT	WITH PROJECT	INCRE-MENT
Maize/ Cotton	5010	6994	1085	18	1061	1259	195
Millet/ Cotton	5081	5455	373	10	508	545	37
Sorghum/ Millet	419	554	136	15	63	83	20
Millet/ G/Nut	3324	3819	494	11	166	420	54
Cotton	1132	1638	506	4	45	66	20
Cowpea	1055	1343	288	9	95	121	26
Millet	-233	-210	23	18	42	-38	4
Sorghum & Others	476	378	98	15	71	-57	15
TOTAL				100	27	2399	372

Note : (1) Incremental refers to With / Without Project
(2) Labour includes hired \ Family

SOURCE: ADP QUARTERLY REPORTS

TABLE 18: THE COMPARISON OF ECONOMIC PRICE/COST OF COMMODITIES/INPUTS AS PER SAR DOCUMENT (1983) AND IN 1994 (NAIRA/KG)

COMMODITY/ INPUT	1985 AT 1983 CONSTANT	1994 CURRENT	2000 A.D. AT 1994 CURRENT
1. MAIZE	0.17	4.73	5.17
2. GROUNDNUT	0.30	4.76	11.00
3. COTTON	0.58	4.07	14.12
4. COMPLEX FERTILIZER	0.42	4.91	6.44

Note: In 1983, 1 US$ = N0.70
In 1994, 1 US$ = N22.50

ii. Small Scale Irrigation/Fadama Development Component:

The analysis concentrated exclusively on Fadama Development Component. The analysis of farm-level benefits was based on construction of responsibility farm/models.

As in Agricultural Development Component, major crops were included in the typical farm models. The major crops were tomato, (40% of the cultivated area), pepper (35%) and onion (25%)

FINANCIAL ANALYSIS:

The net revenue per hectare for tomato, pepper and onion were N9,100, N16,300 and N16,450 respectively. The net income for a one hectare farm model of tomato, pepper & onion as mentioned above was N13,457. The farm level financial rate of return (FRR) was calculated for two scenarios, i.e. borewell and tubewell. In case of the latter the cost of drilling was N7400 (without subsidy) and the cost of pumpset was then N18,200, all at 1994 prices. The cost of fuel was N11.25/litre and the usage per season was 200 litres/hectare. It was assumed that one borewell can irrigate 1 hectare FRR project over a life span of 20 years was 29.0% for a borewell. In the case of tubewell, investment cost for drilling was N12,200 (without subsidy) and the cost of pumpset was N18,200. Assuming that one tubewell can irrigate 1.5 hectare, FRR was 36.9% projected over a life span of 20 years, thus the analysis clearly indicated that the FADAMA

Farming is extremely practicable and the farmers can easily adopt it without any subsidy payments and furthers more commercial bank for initial investments would be more appropriate rather than subsidies.

ECONOMIC ANALYSIS:

In this case also, some assumptions made-above were used since tomato, onion and pepper are non-traded commodities, the standard conversion factor (0.85) was used to convert financial to economic prices. The net returns per hectare in economic term for tomato, pepper and onion were N6,044, N11,980 and N11,953 respectively. The net returns per hectare in economic terms was significantly lower than the financial net returns per hectare due to the fact that the:

- Onion, pepper and tomato were non-traded commodities and SCF of 0.85 was used to obtain their economic prices and

- Economic price of fertilizers was almost 115% higher than its financial price, comparing 1994 and 2000 projected in 1994 constant value. The economic net returns for a one hectare farm model comprising 40% tomato, 35% pepper and 25% onion was N9,599. The farm level ERR for borewell and tubewell were 17% and 26.4% respectively.

iii. Rural Roads:

For the purpose of evaluating the Rural Roads programme, the consumer surplus and producer surplus methodology were used.

- The consumer surplus methods:-

These stresses the quantification of vehicle operating cost savings, employing this strategy, a random sample of rural areas in the project area was monitored for about five days to determine average daily traffic counts (ADTC). Both ADPS did not conduct regular ADTC during project implementation. However, as per SAR/Redesign on construction of new roads

as a part of "Road prioritisation" programme. ADTC for the current analysis was conducted by the ADP just before APMEU embarked its implementation completion exercise. The benefits were quantified based on this survey. The vehicles operating cost savings per K/M, as per the Redesign Document of 1989, was N0.80. This was updated to 1994 constant value to N2.56 per km of road. The road traffic was also cascaded based on implementation experience and the average traffic count was 46 per day per km of road the benefit at full development was expected to be N95 million per day assuming strict maintenance regime.

This stresses the indirect benefits of roads programme due to increase in commodity prices (farm – gate) that farmers could obtain due to better access to markets and benefits due to savings in transport cost. In order to compute the benefits of increased price, average production of major crops in 1992 and 1993 were calculated on "sorghum grain equivalent: basis for the two states. This was approximated for the square km of the road area and multiplied by the increment farm gate price of N1430/tonne.

The benefit was N5.27 million because of the increased commodity price and N4.14 million due to transport savings. The benefit at full development was expected to be N9.4 million per year, because of producer surplus generated.

In summary, road area of 47.1 sq. km (square root of 2215.7 sq. km) produces 3687 metric tones. Incremental price for 1 Mt. Is N1,430.00 and for 3687 Mt. it was N5.27 million. National transport savings benefit was N4.14 million. (See Table 19).

TABLE 19A: RURAL ROADS - KADUNA

The project targets, vis-a-vis achievements for Kaduna and Katsina are presented below:

PARTICULARS	SAR TARGET	ACHIEVEMENTS			
		85 - 89	90 - 91	92 - 93	TOTAL
1. New Construction (km)					
(i) Contract	400	0	106	38	144
(ii) Force Account	NIL	551	202.6	NIL	751
					898
2. Rehabilitation (km)	300	40	40	NIL	375
3. Recurrent Maintenance (km)	300	119	119	NIL	196

TABLE 19B: RURAL ROADS - KADUNA

The project targets, vis-a-vis achievements for Kaduna and Katsina are presented below:

PARTICULARS	SAR TARGET	ACHIEVEMENTS								
		87	88	89	90	91	92	93	94	TOTAL
1. New Construction (km)										
(i) Contract	700	0	0	0	0	0	0	0	191.2	191
(ii) Force Account	NIL	65.2	86	68.7	29.5	8	5	3	0	265
										457
2. Rehabilitation (km)	400	0	37	10	50	7	24.9	58.7	0	187
3. Recurrent Maintenance (km)	300	0	27.0	21.7	33	19.1	0	0	0	102

We can see from the above Tables that in the achievements under new construction, it was done mostly by force account and this caused frequent breakdown of machines, and hence, implementation delays. In Katsina, there were serious shortfalls in rehabilitation and recurrent maintenance of roads, comparing SAR target and achievements.

iv. Rural Water Supply

The major benefit of rural water supply programme is based on economic value of water. As per the Redesign Document of 1989, the economic value of waters (1U.S $ = N7.5). It was converted to 1994 real value using manufacturing value index (MVI). The 1994 economic value of water was U.S $0.199 Or N2.67/1000 litres of water (1U.S $ = N22.50.).

The economic analysis assumed that I borehole or speedwell can benefit 400 families per day for 365 days a year. A beneficiary farm family is assumed to have 6.5 members, each of whom required 15 litres for domestic use per day. Thus, each borehole/ openwell produces water with an estimated economic value of U.S $1688.27 or N37,986.08 (1 U.S $

=N22.5) in 1994 (foot note). While calculating benefits for borehole and openwell, in the case of Katsina, total achievement was taken as 539 and not 783 because of lack of pumps in most cases. Furthermore, it was assumed that 339 wells will have pumps by 1995, though it is unlikely. Hence, benefits may be slightly overestimated. The benefit as full development was expected to be N45 million per year. The indirect benefits of time saving was assumed to be N4252.00 per borehole/well and health benefit was given a national value of N10,500. The total indirect benefit at full development was N6.8 million per year phased over the achievements of Kaduna and Katsina ADP's (See Table 20).

TABLE 20A: RURAL WATER SUPPLY - KADUNA

The project targets, vis-a-vis achievements for Kaduna and Katsina are presented below:

PARTICULARS	SAR TARGET	ACHIEVEMENTS			
		85 - 89	90 - 91	92 - 93	TOTAL
1. DAMS (NO.)	28	3	0	0	3
2. BOREHOLES (NO.)	400	14	148	415	577
3. OPENWELLS (NO.)	150	0	0	23	23

TABLE 20B: RURAL WATER SUPPLY - KATSINA

The project targets, vis-a-vis achievements for Kaduna and Katsina are presented below:

PARTICULARS	SAR TARGET	DOWN-WARD REVISION	ACHIEVEMENTS								
			87	88	89	90	91	92	93	94	TOTAL
1. DAMS (NO.)	614	464	0	0	25	6	7	4	0	466*	508
2. BOREHOLES (NO.)	549	349	0	0	24	25	226	0	0	0	275**
3. OPENWELLS (NO.)	50	38	0	0	0	0	0	0	1	5	8***

Note: Downward Revision not approved by the bank

** Only 200 were filled with pumps*

*** Not much as seen*

**** Of 8 constructed, 3 have failed to excessive rain and poor workmanship*

2.21 The tables indicated above show poor implementation. The major benefit of the rural water supply programme is based on economic value of water. As per the Redesign Document of 1989, the economic value of water was U.S.$0.10 or N0.75/1000 litres of water (1US$ = N7.50). It was converted to 1994 real value using Manufacturing value index (MVI). The 1994 economic value of water was US$ = N22.50). The economic analysis assumed that 1 borehole or openwell can benefit 400 families per day for 365 days a year. A beneficiary farm family is assumed to have 6.5 members each.

4.7(ii) ANALYSIS OF PROJECTED COST:-

For the Agricultural Development Components, the costs (recurrent, staff and capital) of extension, adaptive research, W/A and seed multiplication etc were included. The cost commercial services was excluded, since cost of farm inputs were already included in the farm budget. In the case of small scale irrigated /FADAMA development, Rural Roads and Rural Water Supply components, the recurrent, staff and capital costs were included. The financial costs were converted to their economic cost by using a SCF of 0.85. The normal costs were converted to 1994 real cost using WPI.

4.8 (i) PROJECTED ECONOMIC RATES OF RETURN (ERR)

A. Agricultural Services:

The cost and benefit streams were projected over a life span of 30 years. It is important to note that two set of boarder prices were used in the analysis i.e 1994 current and 2000 A.D projected at economic value of production per year at full development was expected to be N372 million for Kaduna and N220 million per year.

It is important to note that the benefits were cascaded for a net cultivated area of 2.14 million hectares. ERR for Kaduna was 17.5% and Katsina was 19.0%. The overall ERR for Agriculture Development Component was 17.8, which is well above the cut-off rate of 12% (See Table 21).

B. Small Scale Irrigation/Fadama Development:-

TABLE 21:

PARTICULARS	KADUNA	KATSINA
1. TOTAL AREA (MILLION HA)	4.34	2.27
2. NET CULTIVATED AREA (MILLION HA)	2.02	1.77
3. FARM FAMILIES (NO.S)	586,000*	863,000*
4. PROJECT FARM FAMILIES (NOS.)	450,000	287,000
5. PROJECT CULTIVATED AREA (MILLION HA)	1.55	0.59

* = *Excluding urban areas*

B. *Small Scale Irrigation/Fadama Development:-*

The cost and benefit streams were projected over a period of 30 years with appropriate replacement and maintenance cost. The benefit were calculate for tube wells, borewells, direct pumping and surface irrigation. The increment benefit at full development is expected to be N38 million. ERR for this component was 11.8% which is more or less equal to the cut off rate of 12%. We can see that ERR at farm level is much higher, i.e 17% for the borewell and 26% for the tubewell. However, as stated earlier, ERR at project level for FADAMA Component is only 11.8%. this significantly lower project level ERR was probably due to due to:-

- Serious delay in implementation in which high costs were incurred in the initial years and the benefits were not forthcoming in the initial years; and

- High over head costs. The analysis further showed that once the FADAMA development area goes up to 7,500 hectares (with the overhead cost per borewell/tubewell declining) and with better implementation, ERR would be 20.6% due economy of size i.e per hectare cost declines. This fairly mimics the farm level ERR.

C. *Rural Roads:*

As mentioned earlier, the consumer and producer surplus methodologies wee used. The life span was assumed to be 20 years as per the Redesign Document and appropriate maintenance costs were included. The phasing was done based on implementation progress. ERR, assuming strict maintenance regime for this component, was 9.8% which is below the cut-off rate of 12%. If the benefits from the producers surplus is excluded goes down to 89%.

of Rural Roads, there were serious implementation delays and hence delay in the accrual of benefits. Reliance on force account exacerbated the problems further. SAR targets on rehabilitation and recurrent maintenance were not met, especially by Katsina ADP.

Rural Water Supply Programme failed in achieving its SAR targets and there were serious delays in implementation and some dams (which incurred huge capital costs) failed. Hence, ERR without indirect benefit was only 1.6 as compared to the Redesign estimate of 89% without indirect benefits. Once the indirect benefits like time savings and health were added, ERR rose to 10.7%. The overall project ERR was 14.8% excluding indirect benefits from Rural Water Supply as compared to the Redesign Estimate of 16% (which is questionable) and 15.3% including indirect benefits from Rural Water Supply. Agro-forestry and soil conservation, which are very minor components in the project, and justified on environmental grounds.

4.8ii SENSITIVITY ANALYSIS:-

This was also conducted to examine the changes in specific parameters as the result in table 24 below.

TABLE 24:

PARAMETERS	AGRIC COMPO-NENTS	SMALL SCALE FADAMA	RURAL ROADS	RURAL ERR INDIRECT	WATER INC. BENEFIT	OVERALL EXCT.	ALL PROJECT INCL. BENEFIT & RURAL WATER
1. BASE CASE	17.8	11.8	9.8	1.6	10.7	14.8	15.3
2. FADAMA AREA OF 7500 HA	NA	20.6	NA	NA	NA	15.5	15.9
3. 10% INCREASE IN FUTURE COST	17.7	11.6	9.1	1.0	10.1	14.4	14.9
4. 10% DECREASE IN FURUTE COST	17.9	11.9	10.4	2.2	11.3	15.3	15.8
5. 1 US$ = N76.00	26.3	6.2	9.9	31.9	37.3	23.2	23.6
6. POOR ROAD MAINTENANCE IN FUTURE	NA	NA	6.9	NA	NA	12.9	13.4

NOTE: (1) NA Not Applicable
(2) The Parallel Market Exchange Rate is US$1.00 = N76.00

4.9.PROJECTED RISKS AND ENVIRONMENT CONSIDERATIONS.

The traditional risk associated with crop failures through drought and fire was to decline in future with the introduction of small-scale irrigation through FADAMA Development. However, the enthusiasm of farmers for participating in Fadama farming could lead to localised average of the ground water

pating in Fadama farming could lead to localised average of the ground water resources. The practice behaviour and capabilities of all the parameters is not known, at present, due to the exploration nature of the ground water supply carried out to date (then). It is thus possible that low recharge and exclusively close location of well will from time to time result in the failure of the wells.

Although the ADPs have established a good liaison with commercial banks, it is possible to repay finances provided by the projects for the drilling of wells and provision of pumps. However, the risk of slow cost recovery associated with this will be greatly reduced by ensuring that the lieu on the pumps remain into the ADPs until the farmers repay their loans fully, Also group guarantee by FADAMA Farmers Association could reduce incidence of slow cost recovery.

In the case of Rural Roads, risks associated with into the average of groundwater resources and poor implementation are apparent. The risk associated with macro-micro problems of the country and quite substantial.

ENVIRONMENTAL CONSIDERATIONS:-

In the past, environmental impacts were not considered by ADPs in implementing their various programmes, especailly the FADAMA programme since FADAMA programme was taking place slowly, also, the present programme of ADPs is limited to drilling of borewells without actually involving surface environmental hazards. In other words, this is type B project, which does not need a full scale environment assessment. However, before the Kaduna and Katsina ADPs join the NFDP, a full scale environment assessment should be done.

OPERATIONAL PLAN AND PROJECT SUSTAINABILITY:-

There are good prospects that the two projects will sustain their investments in agriculture and small-scale irrigation/FADAMA development. The ADP system has been accepted by the two state governments as the implementing agency for unified extension service, adaptive research, im-

proved seed production, Fadama development and other support services to small-scale farmers. The Operational plans prepared by the two ADPs show that Kaduna and Katsina state government will continue to pay staff salaries and other recurrent cost for field operational activities. The National Agricultural Technology support facility and Nation Fadama Development facility for the period 1995 and 1996. The two ADPs have established effective linkage with National Research Institute and Universities for continued collaboration and support for on-farm adaptive research and technology testing. In addition user's associations in the two projects area are being strengthened to ensure continued maintenance of water supplies, rural roads and fadama infrastructure.

Also from the plan the level of field operational activities and expected funding over the next three years (1995 - 1997). The two projects will continue to enjoy both state and federal government funding support. The state government will continue to foot all recurrent expenditure the Kaduna State Government is expected to contribute a total of N219.18 million, while Katsina State will contribute a total of N236.00 million over the same period. The FGN will contributes it own part of N31.67 million to KADP and N28.00 million of KTARDA. In addition, the two projects are expected to benefit from the World Bank Funded National Fadama Development Facility as National Agricultural Technology Support Facility. (Table 25 Showing some other related Bank loan credit in other ADPs)

TABLE 25: RELATED BANK LOANS/CREDIT

LOAN/CREDIT TITLE	PURPOSE	YEAR OF APPROVAL	STATUS
ENCLAVE ADPS			
LOAN 1092 - FUNTUA	AGRIC. DEVELOPMENT	1975	COMPLETED
LOAN 1099 - GUSAU	AGRIC. DEVELOPMENT	1975	COMPLETED
LOAN 1164 - GOMBE	AGRIC. DEVELOPMENT	1975	COMPLETED
LOAN 1454 - LAFIA	AGRIC. DEVELOPMENT	1977	COMPLETED
LOAN 1455 - AYANGBA	AGRIC. DEVELOPMENT	1977	COMPLETED
LOAN 1667 - BIDA	AGRIC. DEVELOPMENT	1979	COMPLETED
LOAN 1668 - ILORIN	AGRIC. DEVELOPMENT	1979	COMPLETED
LOAN 1838 - OYO NORTH	AGRIC. DEVELOPMENT	1980	COMPLETED
LOAN 1854 - EKITI AKOKO	AGRIC. DEVELOPMENT	1980	COMPLETED
STATEWIDE ADPS			
LOAN 2029 - ATAP	AGRIC. TECH. ASST.	1981	COMPLETED
LOAN 1981 - BAUCHI	AGRIC. DEVELOPMENT	1981	COMPLETED
LOAN 1982 - KANO	AGRIC. DEVELOPMENT	1981	COMPLETED
LOAN 2185 - SOKOTO	AGRIC. DEVELOPMENT	1982	COMPLETED
LOAN 2436 - KADUNA	AGRIC. DEVELOPMENT	1984	COMPLETED
LOAN 2733 - MSADP I	AGRIC. DEVELOPMENT	1986	COMPLETED
LOAN MSADP II	AGRIC. DEVELOPMENT	1989	COMPLETED
IDA 2035 - MSADP III	AGRIC. DEVELOPMENT	1991	ON-GOING
LOAN 3451 - NFDP	AGRIC. DEVELOPMENT	1992	ON-GOING
LOAN 3483 - NATSP	AGRIC. DEVELOPMENT	1992	ON-GOING

FOOT NOTES:

- Implementation Completion Reports (ICR);
  Dept. of Agricultural and Natural Resources
  Fed. Min. Of Agriculture, Abuja
- K.A.D.P. at a Glance 1985 – 1997
- K.A.D.P. Success Story Report 1985 – 1996
- WHO Report for International Water Supply and Sanitation Decade; 1985
- ADP Quarterly Reports 1993

CHAPTER FIVE

5.1 SUMMARY

At independence agriculture stood out as the most important sector of the Nigerian economy insured respects. It employed over 80 per cent of the nation's workforce, served as the most important foreign exchange earners (before petroleum resources) and constitute a major source of government revenue as commodity marketing board became major taxing agencies. Most Agriculture output is produced by small-scale farmers and a good deal of output does not find its way to the market as many farmers activities are still based on subsistence.

It has been established that while Animal Agricultural contribution has been on the increase from 1971 to 1995 as compared to the fluctuating total GDP in real term, the percentage share of Agriculture sector to the GDP has also varied between 22.4% in 1976 - 80 and highest in 1991 with 38.8% (see table 1and 2).

Agricultural strategy in the 1970s and first half of the 1980s had three main components. RBAA's were set up from mid 70s with the Federal Government funding to develop large scale irrigation, ADPs funded jointly by the World Bank and the Federal Government were set up, all aimed at integrated development by introducing various means of food improvement and encouragement of incentives to boost large-scale private farming through concessions and easier land acquisition. Also the establishment of DFFRI "another wasteful ventures."

Looking at ADP's Kaduna and Katsina part covered by loan Nos:2436-UNI. In the amount of US$ 122.0 million was approved on June 9, 1984 and made effective on July, 17 1985. A total of $7.5 million was cancelled from the loan due to inability of the borrower to fully utilise the loan. The loan was closed on December 31, 1994. Co-financing for the project was provided by the FGN to Kaduna and Katsina State Government.
The financial and economic analysis was done for Agriculture Development,

Small-scale irrigation/Fadama Development, Rural Roads and Rural Water Supply component which contribute to more than 99 per cent of the project cost and benefits. The increment project benefit (with project/without project) were calculated. In the case of economic analysis, the sets of prices were used, i.e 94 current as 2,000 AD projected at 1994 constant prices for traded commodities were obtained by multiplying their financial price by a SCF of 0.85.

The sensitivity analysis showed that the use of parallel market exchange rate (1 US $.=N80.00) increased the ERR of Agriculture Development component from 17.8% to 26.3% due to huge increase in import substitution prices. Though the import parify price of fertilizers, rose sharply, it was more than offset by the increase in the commodity economic price. ERR for small scale irrigation/Fadama Development component declined to 6.2%, under parallel market exchange rate scenario, due to reliance on non traded commodities as sleep risks in the fertiliser price (economic). If export potential is examined for the FADAMA crops like pepper, onion and tomato (value added). If ERR would rise significantly under the parallel market exchange rate. ERR for Rural Roads remained constant. While the ERR for Rural Water Supply increased sharply to over 30%. This is due to the fact that under the official exchange rate (1US$ = N22.50). The economic value of Water produced by one borehole/openwell was N87,986, while in the parallel market exchange rate scenario, it had increased to N128,309. The overall projects ERR increased from the base case of 15.3% to 23.0% under the parallel market exchange rate case.

There are minor risks in improper maintenance of constructed roads and dams which involved major capital costs. In terms of environmental consideration. It is a type B project, which does not require a scale environment assessment. However, before Kaduna and Katsina State ADPs join the National FADAMA Development Project (NFDP), a full scale environment assessment will be useful.

CONCLUSION

The appraisal of the project was different i.e. enough attention was not paid to some of the lessons from Funtua Agricultural Project (FADP), especially as it relates to project design and expectations on technology adoption and yield increases. The project design was complex and did not pay enough attention to the implementing capacity of the Borrower. Supervision was generally poor. Bank aid memories and recommendation were there to help the project management in the implementing the various component activities. However adequate measures were not taken to deal with the problems of frequent changes in management and poor counterpart funding from the State Governments.

The units motoring the projects of FGN i.e. FACU and APMEU meant to provide support and guide are subjected to frequent changes by membership and irregular ADPEU meetings through out the project life, this resulted in late approval for procurement and other activities. The support in terms of counterpart funding from the two State Governments were generally below expectations for most of the years. For example, the KADP received no counterpart funding from the state government in 1986 and 1987 while it got only 19% and 10% respectively. The counterpart funding from the state government to KADP stood at 74.4% of the appraisal target at project completion. KTARDA did not enjoy any counterpart funding from the state government in 1989, 1990 and 1991 while it received 46% of the target in 1992. The overall counterpart funding by Katsina State Government at project completion was 74% of the expected target, most of which received in the last two years (1993 and 1994).

Furthermore, the monitoring unit did not enjoy the autonomy they needed to effectively implement that programmes and take decisions on certain field operational activities. Some of the problems can be summarized as follows:

- Inadequate counterpart funding and untimely release of funds contribute to delay in project implementation, resulting in extension of project life and consequent commitment charges.

- Frequent changes to project management create problems of conti-

nuity and undue delay in programme execution and monitoring.

- The cumbersome procurement procedures and delay in approval for it result in slow loan draw, disbursement and programme implementation.

- Full benefit can only be exploited where the ADPs farmers and supply companies work together to identify and correctly specify farmers input and technological requirement. This did not happen hence resulting in the procurement of inappropriate inputs and farm implements.

- No construction of new roads should be undertaken without the ability to maintain the existing ones.

- There should be back-up support for vehicles, plant and equipment. Since both ADPs have no well equipped workshops.

However, all these problems are predetermined even before the inception of the project since all World Bank or Financial Projects suffer one problem or the other as exemplified by the classes essay in 1887 by the famous American Economist, Henry Carter Adams admitted that: *"The Granting of Foreign Credits is the first step toward the establishment of an aggressive foreign policy, and under certain conditions, leads inevitably to conquest and occupation."*

This is achieved through the Bank's approach to its debtors which is not so crude. But it offer advice on how the countries should manage their finances, make their ways, provide service to their people, and conduct themselves in the international market. Its power of persuasion are great, due to the universal conviction that, should it decide to ostracize a borrower, all other major national and international powers will follow its lead. Thus, by the excession lending borne of an underlying inconsistency in its mission. The bank has added to its own power and depleted that of its borrowers.

Already, the terms of negotiations, even amending contract are dictated and aimed at undermining the developing nations, as best described that. "The traditional blunt instruments of IMF recommended Macro-economic stabilization policy, money and credit restraint, developments and liberalization all pursed within a fairly shot space of time cannot be expected to be very effective in the typical African country. In Africa, short term adjustment capital is constrained:-

- Limited economic flexibility and limited short term responsiveness to price incentives.

- Low and recently falling levels of capita income and urban government economic policy making institutions.

- Fragility of political support for many governments of the day.

Based on an analysis of the debt structure of some African countries, indebtedness per capital estimated at US$ 150 for the region as a whole. For the low income African countries the debt/GDP ratio increased from 52 per cent in 1983 to 5.4 per cent in 1984 with debt service to export ratio rising from about 17 to 20 per cent. In fact it has been estimated that for every dollar disbursed in 1983, Africa retained only 19 cents to finance its development, the difference was used to cover debt service. Another pointer in the debt syndrome is that funds borrowed by Africa countries have been largely used for investments that generate little or no foreign exchange, which is indispensable for debt servicing. Hence, the regions capacity to pursue a self-reliant and self-sustained development has therefore been dealt a severe blow by these external obligations. Especially as these obligation must be met at a time when Africa countries are experiencing worsening terms of trade (drastic decline in foreign exchange earning) drought, war and most importantly political instability.
All these coupled with the fact that Nigeria's public sector lacks transparency and accountability. Pervasive mismanagement robs the economy and its subsidiary of resources that otherwise might be used or saved for

growth and poverty reduction, adds to the cost of doing business, and undermines confidence in the public sector. Oil proceeds, aids, external loans typically cannot be fully accounted for. The failures to establish full control over the government statutory funds have obstructed proper fiscal management.

It has also been confirmed that the problems of the usurious economies are becoming day by day more apparent and more pressing since they are connected to the very survival of man and the ecological equilibrium of the planet. Today no one has any doubt that the reasons for the starvation in the world and the serious de-forestation of the tropical rain forests live primarily in the debt of those countries. In the conference on the Environment in Boulder, Colorado, U.S.A. In 1988 it was concluded: "Why are so many species and environment in danger? The principal reason is that in the region of the tropics the developing countries are struggling to feed their peoples and to raise the money for the payments due on their international debts".

The usurious system constrains technological process through a narrow and standardize path. The particular demand will not count enough, it is invested instead of serving mankind, mankind will have to adjust it self to what is being offered to it logically. The same technology in Khazastan as in Nigeria does not make sense different people, different climate but the technology is forced to be the same.

To buttress the points interference and sovereignty Britain's demand that Nigeria' in-coming civilian government should accept permanent IMF monitors if the finance Ministry and CBN in return Britain would help Nigeria get IMF loan and debt rescheduling indicating that the Nigeria ruling elite in and outside the military uniform is not to be trusted and the crisis of debt was coursed by greedy Western Bank that lent irresponsibility to 3rd world government hence the lender are avaricious and careless and as such undeserving of sympathy to get debt reliever new loans. It is pertinent to note that Nigeria has been declared as one of the heavily indebted poor

countries (HIPC).

Some of the money of the debt it self does not exist. In effect, many numbers floating in a computer of the Bank and the company that will supply product which by a magical process, reminiscent of the ancient rite of magical power, is transformed into a course which can only be lifted when these countries pay a forfeit by mortgaging their natural resources (hard earn crude oil). The banks on other words lend with money that they do not posses to states (countries) already corrupt or which become corrupt in the process and which besides do not represent the people, thus condemning them to a life of misery and hunger. The economics say that this would not exist but for the existence of corruption in these countries since they are making a profit from money which has no existence other than in the computer. If we calculate what the actual interest received by the bank for the money invested in this manner is, then the figure are extremely revealing. The return of 5% in investment on loan of which only 2% is real (that is to say that one out of ever $50 for example is real or is actually possessed physically) then this means a profit of 5% x 50 = 250% on capital invested in other words, the best business imaginable out of nothing.

The other consequences are that the debt grants a real form of power. The power of intervention of the bank in the economics of those countries. So much so it can call into question the very sovereignty of a nation. Because of such debt, tropical countries are suffering a savage deforestation, with all the implications of imbalance in the ecosystem and climate. But while every one blames the other especially the actions of the government of these countries who are just as corrupt there as they are of this bank. Millions of people are enslaved by their respect of laws and directives which the bank with the help and collaboration of certain politicians (few with power) have created, while only the currencies of the strong countries are accepted internationally as valid payments. The final result of this is a major accumulation of wealth in the banks which themselves the money of

countries by means of which the debt is paid.

The overall assessment of World Bank financing in Nigeria especially in Agriculture development is a complete failure, the project is implemented and we are only left with offices vandalized by thieves, all over and machine like heavy duty equipment were abused or stollen, this may be the case not only in Kaduna ADP & KTARDA but in other states as well.

5.3 RECOMMENDATION:-

i. Government both state, local government and FGN should take the issue of counter-funding seriously and all cases of default, delay or under funding on the part of Government should be avoided since refusal or delay often effect the World Bank disbursement and consequently resulted in higher liability at the expiration of the loan.

ii. Before any loan (especially foreign) proper appraisal and assumptions should be thoroughly done to avoid over optimism.

iii. When designing the project all cumbersome areas should be stretched out all out of all component that may add difficulties when implementing should be avoided.

iv. There should be a stable well trained staffs for ideas

v. The monitoring unit should be free to decide what goes on time and should know when to conduct the time table for running the project effectively to avoid duplication of function and starting one project before ending the other.

vi. Majority of loans and grants taken in Nigeria are not judiciously used, since funds are used for unproductive, fruitless, un-profitable, unreasonable, non-economic nonsensical and irrational purpose hence

gave room for embezzlement by greedy, rapacious, covertors and unpatriotic individual in the benefiting ministers and agencies, so the government should be able to entirely address the issue of corruption in public sector and lack of transparent management and accountability.

vii. Also donated equipment and vehicles converted into private property or misused should be checked to remove gross indiscipline.

viii. Some of the funds are stolen even before they reach the country hence with convenience of the World Bank officials or terms of contract that will not be favourable to country as was the case of refusal of Governor Balarabe of Kaduna State refusing the loan in 1979 due to conditions attached on the salaries and remuneration of the staffs that accompany the fund from World bank Headquarters.

ix. If it becomes necessary that a loan be taken it should be brought to the legislature to debate to determine the prons and cons of the loan.

x. In addition also the public who shares in the burden of repayment should be allowed to contribute to discussions of this nature as done in (ix) above.

xi. Considering US$21 billion debt the country is said to owe the IMF and World Bank, the original loan is US $5 billion. The rest that made amount mentioned above is interest, hence when you are talking about rescheduling is talking about more interest on the loans, to tackle this only to formulate state policy that will fit our shoes is system and follow it critically is formularies policies according to our circumstances.

xii. Further researches on conditions for securing loan (external) and ability of the borrower to fulfil its obligation on the condition be extensively undertaken.

REFERENCES

1. A. GROUP: Term paper presented to Nigeria economy M.B.A class on Agricultural Sector of Nigeria Economy. 1997 A.B,U. Zaria.

2. AFRICA, T. THE WORLD ECONOMIC ORDER
AFRICA WHO'S WHO AFRICA BOOK LTD. 3 Galena Road, Hammersmith London W.6 U.K. 1991, pp. 1863

3. AKINJIDE, R. $12^{2}/_{3}$ is part of our case laws:
An Article in THISDAY NEWSPAPER of Tuesday 8-6-99. Vol. 5 No. 1507, Pg. 23.

4. ANDREW J. & DAVID O. : PRAGMATISM AT ANY PRICE,
Publisher in Thisday Newspaper of Wed. 30-7-97. Vol.3 No.830. Pg 16.

5. ANON FG Seek World Bank Help for ADPs.
Published in Weekly trust of 30-7-199.
Vol. 2, No. 22. Pg.6.

6. ANON KATSINA STATE GETS US $10 million Loan.
Published in NNN of Friday 6-11-98. Pg. 8.

7. BORG, A.A THE CBN & AGRIC. CREDIT SUPPLY FROM 1980 TO DATE PERFORANCE APPRAISAL. AN MBA THESIS A.B.U. ZARIA.

8. BYER, T. WORLD BANK DISBURSEMENT IN NIGERIA:
Published in NN of Sunday 2-8-98. Pg.3.

9. CAUFIELD, C. MASTERS OF ILLUSION
The World Bank and Poverty of Nations.
Macmillian Publishers Ltd. London S.W. Pg 432

10. CHERYL, P. THE WORLD BANK
A critical Analysis
Monthly Review Press, New York. Pg. 414.

11. COOPER, N.R ECONOMIC POLICY IN THE ATLANTIC COMMUNITY,
Mcgraw Hill, Sydney, London. Pg. 246.

12. DAUDA, D.B THE ROLE OF FINANCING AGENCIES OF BSADP. MBA THESIS, ABU, ZARIA.

13. DEWHUST T. F & YATES,L. EUROPE'S NEED AND RESOURCES:
Macmillian Publishers, London 1961. Pg 1197.

14. MICHEAL C. CRISIS IN EMERGING MARKET ECONOMICS:
THE ROAD TO RECOVERY: (IMF MD)
AN ARTICLE IN NNN OF WED. 24-2-99. Pg.14

15. MOHAMMED, M. AN EVELUATION OF WORLD BANK AGRIC. FINANCING IN KANO STATE.
(A case study of Kano State Agric & Rural Dev. Authority, KNARDA) AN MBA 1992 THESIS, A.B.U, Zaria.

16. MOHAMMED, I. FOREIGN LOANS ARE CONDUIT FOR EMBEZZLEMENT. Published in
Gravel to Gravel Newspaper,
Vol. 1 of 27-7-99. Pg.15.

17. MUKTAR, A. NIGERIAN ECONOMY
MBA LECTURE NOTE 1997
A.B.U., ZARIA.

18. NDALAK, N. J. THE WORLD BANK AND AGRICULTURAL DEVELOPMENT FINANCING IN NIGERIA
A STUDY OF KADP.

19. NWOGWOGWU, I & ANARO, B. NIGERIAN DEBT BURDEN LIKELY TO RISE Published in Thisday Newspaper Vol. 5, No.1576, Pg. 22.

20. OLASHORE, O. PERSPECTIVE ON FINANCE, BANKINGS ECONOMIC POLICY IN NIGERIA. Heineman Educational Books Nig. Ltd., 1988 Pg.170.

21. OBADINA, T. IMF MONITORING: A Consequence of Past Mismananagement: An Article in Vangaurd Newspaper of Wed. 12-5-99, Pg. 14.

22. POSTAN, M.M AN ECONOMIC HISTORY OF WEST EUROPE 1945 –1964: METHEW & CO. Ltd., London. Pg. 360.

23. QUATTARA, A. IMF READY TO PROVIDE US$1 bn TO NIGERIAN. Published in NNN of Friday, 23-7-99, Pg. 3.

24. REPORTS DEPT OF AGRIC. FED MINISTRY OF AGRIC & NATURAL RESOURCES, IMPLEMENTATION COMPLETION REPORT (ICR) NIG. 1995. KADUNA & KATSINA ADPs.

25. REPORTS FED. OFFICE OF STATISTICS. NIG. EARNED U.S $200 billion from oil in 2: Published in Daily Champion Newspaper of Tuesday, 24-3-98, Pg. 21.

26. REPORTS CBN (INFORMATION SYSTEM STRATEGY) STORY) BUSINESS MODEL (APPENDIX A.) 1998.

27. REPORTS KADP SUCCESS STORY REPORT 1985-1996

28. REPORTS KADP AT A GLANCE 1985-1997

29. REPORTS SCRUTINY VOL. 1, NO. 3, JAN. 1998. INTEGRITY CLUB, LAGOS, NIGERIA.

30. REPORTS ADP QUATERLY REPORTS. 1994.

31. REPORTS CBN BULLETING 1997

32. SANUSI, T.O DEREGULATING THE NIGERIAN ECONOMY, ACHEIVEMENT PROSPECS (CBN) ECONOMICS FINANCING REVIEW. No. 4, VOL. 29, DEC. 98

33. VADILLO, U. THE END OF ECONOMICS. MEDINAH PRESS, GRANADA 1991, Pg. 142.