# "AN EVALUATION OF THE PERFORMANCE OF THE WORLD BANK ASSISTED AGRICULTURAL PROJECTS IN NIGERIA: A STUDY OF THE KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT."

BY

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## DECLARATION

I hereby declare this study to be my personal works as well as record of my research. Other works referred to are duly acknowledged.

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NAME OF THE STUDENT

JULY 1997
DATE

## CERTIFICATION

This project entitled **"THE PERFORMANCE OF THE WORLD BANK ASSISTED AGRICULTURAL PROJECTS IN NIGERIA: A STUDY OF THE KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT"** by **UMAR, ADEIZA MU'AZU** meets the regulations governing the award of the degree of **MASTERS OF BUSINESS ADMINISTRATION** of **AHMADU BELLO UNIVERSITY, ZARIA,** and is approved for its contribution to knowledge and literary presentation.

M. M. MIRZA — SUPERVISOR — 17.12.98 — DATE

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DEAN, POST GRADUATE SCHOOL — 22/05/99 — DATE

## DEDICATION

This project is dedicated to my teachers: past, present, and future.

**ACKNOWLEDGEMENT**

I wish to thank my supervisor **Mr. M. M. MIRZA** and all those who contributed directly or indirectly to the success of this work.

**UMAR, A. M.**

**JULY, 1997.**

## ABSTRACT

The World Bank's assistance to Nigeria's agricultural activities which began in the early 1970s has contributed enormously to the country's agricultural development. However, the gains are not felt as expected by many Nigerians. Hence, the need to evaluate the performance of the World Bank-assisted projects against this background.

A study was conducted inorder to evaluate the performance of the World Bank-assisted Agricultural Development Projects (ADPs) in Nigeria with particular attention on the Kaduna State Agricultural Development project (KADP), over a five-year period (1992-1996). The methodology involved gathering data through unstructured personal interviews with staff of KADP and some farmers within the project area, as well as extracting data from historical evidences. The information gathered was critically analysed using the percentile arrangement technique in view of the objectives of the study.

The findings showed appreciable achievements by the ADPs and the KADP over the years, thereby justifying the involvement of the World Bank in the agricultural development of Nigeria.

Admittedly, some segments of the society do not perceive the benefits of the World Bank, this was largely due to the corrosive national socio-economy and ignorance rather than the Bank's ineffectiveness.

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# CHAPTER ONE

# INTRODUCTION

## 1.1 BACKGROUND OF THE STUDY

Agriculture has always been the key to the economic development of most African countries. It accounts for nearly one third of Africas Gross Domestic Product (GDP) and its role in economic transformation was crucial for the provision of investment capital, foreign exchange, employment and raw materials to the various sectors of the economy.

With the World's largest population growth rate of about 3-4 percent per annum, Africa's population was projected to increase to some 900 million by the year 2010. If Africa is to achieve any meaningful development, it must improve its agricultural performance from the present level of 2 percent per annum to something between 4-5 percent per annum. In the quest for economic recovery, agriculture must therefore provide the lead since it is the most important source of income needed to improve food supply and reduce poverty.

The United Nations Food and Agriculture Organisation (FAO) has warned that the number of undernourished people in Africa will top 300 million by the year 2010[1]. Meanwhile, in Nigeria, a country of about 88.5 million people (1991 General Census), it was estimated that about 52 million people consumes too little food to meet the body's energy and nutritional needs. What the situation requires therefore, was a quantum jump in food production.

Like most African governments, the Nigerian government now makes contingency plans and applies appropriate measures to mitigate the effects of disasters on the food situation. One of such measures relates to the World Bank agricultural financing.

The World Bank was the largest multilateral source of development financing that provide loans for development in all fields of human endeavour. In recent times, agriculture has become an increasingly important sphere of its activities, consequently, the largest share of the Bank's lending has been committed to this sector.

The World Bank lending to Nigeria started in 1971, and since 1988, agricultural loans have dominated the Bank's total lending.

The largest share of the Bank's agricultural loans to Nigeria has been to the Agricultural Development Project (ADPs). The Kaduna State Agricultural Development Project is one of the oldest ADPs and is hereby used in the study as a base for evaluating the performance of the World Bank assisted agricultural projects in Nigeria.

## .2 STATEMENT OF THE PROBLEMS

This study was to find out the extent to which World Bank agricultural financing affected the development of agriculture in Nigeria and its impact on the society.

Critics of the World Bank had accused it of engaging in over-ambitious projects without any consideration of its impact on the recipients. Consequently, they believe the bank cannot justify its involvement in Nigeria and tag the Bank as "Banking on the poor".

Another problem was that very little is known on the objects and achievements of the World Bank in Nigeria by a majority of the public, since, information relating to the Bank, where available are circulated among very few individuals in the government and related agencies.

## 1.3 OBJECTIVES OF THE STUDY

The objectives of this study was to evaluate the World Bank's agricultural financing in Nigeria and show how it affects the farmers and the society. The study will also examine the contributions, patterns and benefits of the Bank's agricultural financing in Nigeria, particularly, as it affects the Agricultural Development Projects with particular attention on the Kaduna State Agricultural Development Project and then determine whether the Bank could truly justify its involvement in the agricultural development of Nigeria.

Finally, based on the findings of the study, conclusions would be drawn and recommendations advanced.

## 1.4 SIGNIFICANCE OF STUDY

The need to produce more food in view of the expanding population was directly related to the need to invest more in agricultural activities. Therefore, this study on the

agricultural financing by the World Bank in Nigeria would investigate the extent to which the Bank's assistance has contributed to the development of agriculture with the hope that it will stimulate public interest and investments in this sectors.

A large percentage of Nigerians are ignorant of the Bank's activities, probably because the Bank's assisted products and services do not carry its labels. This study would therefore assist to inform the ignorant and to enhance their appreciation of the Bank's activities, contrary to the general assumptions that the World Bank assisted Projects are government-sponsored projects.

To its critics, this study will provide the platform for better understanding of the World Bank's scope of operations and constraints and perhaps, remove the existing misunderstanding.

Finally, I am sure this study will stimulate further research in this important field, and I hope it will help in the advancement of learning and knowledge.

## 1.5 SCOPE AND LIMITATIONS

This study examines the World Bank and the agricultural development financing in Nigeria for the period of five years (1992-1996). The Agricultural Developmemt Projects which have dominated the World Bank Financing during the period under review forms the main subject of discussion with specific

attention on the Kaduna State Agricultural Development Project, which was established in 1985, designed to achieve increased agricultural productivity and the upliftment of the living standards of the rural dwellers.

A number of limitations were sure to be encountered in a study of this nature, notably those bordering on material resources and inadequate data.

## 1.6 RESEARCH METHODOLOGY

The method of study adopted was to gather data from the farmers on the field and from past evidences obtained from the World Bank, the Agricultural Development Projects and the Kaduna State Agricultural Development Project.

The primary data were obtained through unstructured interviews with some farmers and staff of the Kaduna State Agricultural Development Project (KADP) both at the headquarters in Kaduna and zonal head office in Maigana.

The secondary data (which forms the bank of the data) were obtained from the documents such as the World Bank Annual Reports, the Central Bank of Nigeria Annual Reports and Statement of Accounts, the Kaduna State Agricultural Development Project Annual Reports and Bulletins, Periodicals, Books, Journals, Magazines, Newspapers e.t.c.

The collected data were summarised and subjected to critical analysis using the percentile arrangement technique to give relevant information on the contributions of the World

Bank in Nigerian agricultural development.

## 1.7 PLAN OF THE STUDY

This project is arranged in five chapters. Chapter one is an introduction, while Chapter Two reviews related literatures. Chapter Three is the reseach methodology while Chapter Four presents the data analysis. Chapter Five contains the summary, conclusion and recommendations.

Reference

1. "FAO at 50" The Democrat Newspaper, October 25 1995. p.3

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 INTRODUCTION

This chapter reviews related literatures on the World Bank, its roles and agricultural financing, its lending practices, its strategies, project management, agricultural development financing and the World Bank agricultural financing in Nigeria.

### 2.2 THE ROLE OF THE WORLD BANK

The concept of development financing emerged only after the formation of the World Bank in 1944. The World Bank remains the largest multilateral sources of development financing in the world today. It provides loans for development projects in key economic sectors such as agriculture, energy, industries and transportation. Of all these sectors, agriculture has received the greatest attention in recent years.

The importance of agriculture in the economic development of low income countries has been recognised increasingly in recent years and a number of reasons have contribted to this changes. Rapid population growth had focused attention on the need to expand food production. At the same time, the sucesses recorded in having dramatic increase in crop yields through the use of new agricultural technology has demostrated that agriculture offers excellent investment opportunities.

It was the world food crisis of the early 1970s which brought the recognition of the importance of agriculture in the economic development of low income countries. Unfortunately, even as recently as 1992, according to the World Food Programme, "nearly 60 percent of total shipments of the World Food Programme food aid came to the countries of Sub-Saharan Africa"[1]. These countries lack the necessary capital and other vital inputs for their development.

## 2.3 THEORIES OF AGRICULTURAL DEVELOPMENT.

During the last few decades, economic doctrines with respect to the relative contributions of agricultural and industrial development to national economic growth, have experienced a sharp transition. There has been a departure from an earier "industrial fundamentalism" to an emphasis on the significance of growth in agriultural production and productivity for the total development process.

Consequently, a number of theories have emerged as the best way to achieve agricultural development. Four of these are easily identifiable:

(1) The conservative model

(2) The urban industrial impact model

(3) The diffusion model

(4) The high pay - off input model.

The most revolutionary theory was the High pay-off input model which was developed in the 1960s. According to the theory, agricultural technology is highly "location specific".

It noted that most new techniques developed in advanced countries are not directly transferable to less developed countries due to difference in climate and resource endowment. These techniques must, therefore, be further developed to make them appropriate for the less developed countries.

The use of this model which was developed by Theodore W. Schulz in 1964 has led to the development of high productivity grain varieties suitable for the tropics, notably rice, maize, corn and wheat. These varieties were found to be highly responsive to industrial inputs such as fertilizers and more effective soil and water management. The agricultural policies based on this model proved capable of generating sufficiently high rate of agricultural growth.

This model provided a basis for overall economic development consistent with modern population and income growth requirements.

## 2.4 AGRICULTURE AS A KEY TO ECONOMIC DEVELOPMENT IN AFRICA

Agriculture has been the backbone of Africa's economy, with most of Africans still in rural areas and earning their living cultivating family farms. According to Mc Narama R. S. (1990), "although Africa's agriculture has grown over the last three decades, by about 3 percent per annum, but it has not kept up with the population growth". He further stated that "agriculture, however, still contributes 34 percent of Gross Domestic Products (GDP), 40 percent of exports and 70 percent

of employment"[2].

If Africa is to meet its food requirements and generate the financial resources needed for its overall development programmes, it simply must improve its agricultural performance. Since the majority of the rural dwellers depends on agricultural activities for providing the main source of their income and employment, its development plays an important role in lifting the population out of poverty and dependence.

Agriculture nonetheless has not been given the top priority it deserves by most African countries. Policies in different countries have kept farm prices low, encouraged labour and capital to move from rural areas to the cities, promoted cheap imports of food and neglected research and did not promote investments in the agriculture.

In Africa, economic growth and achieving greater external balance requires agricultural growth, however, increased agricultural production alone cannot lead to overall economic development. The need to curtail or manage the population growth rate requires equal attention.

The urgent need for food and the extremely low level of efficiency in agricultural production demands that most of the labour force and land resources in Africa be employed in agriculture. If these were accomplised, agricultural production would be enhanced, especially if in addition, modern farming techniques are also integrated into

agriculture.

## 2.5 THE WORLD BANK GROUP

The World Bank is a multilateral lending agency consisting of four closely associated institutions, namely:

(i) The International Bank for Reconstruction and Development (IBRD).

(ii) The International Development Association (IDA)

(iii) The International Finance Corporation (IFC)

(iv) The Multilateral Investment Guarantee Agency (MIGA)

In July 1944, delegates from 44 nations meeting in Brettonwoods, NewHampshire, USA, established the World Bank. The term "World Bank" refers to two legally and financially distinct entities, that is, the International Bank for Reconstruction (IBRD) and Development and the International Development Association (IDA). The International Finance Corporation (IFC)and the Multileteral Investment Guarantee Agency (MIGA) are affiliates of the World Bank.

Each was established to fulfil a distinct function but all are devoted to the same general objective of assisting the developing member countries to further their economic and social progress.

The IBRD and the IDA have the following functions:

a) Lending funds

b) Providing economic advice and technical assistance, and

c) Serving as a catalyst to investment by others.

The International Bank for Reconstruction and Development is the arm of the Bank which issues market-rate loans and also provides training and technical advice to help the developing member countries.

The International Development Association which was established in September 1960, supports the same type of projects as those financed by the IBRD, managed by same staff and has the same review procedure, the difference being that the loans (known as credits) are interest free and having only a small annual service charges. Repayment of the principal stretches over 35 years, and only countries with per capita income below 540 US dollars are eligible for IDA's assistance. According to the World Bank (1992) "more than 50 low-income countries with more than 2.5 million people are eligiable for IDA lending"[3].

The International Finance Corporation was established in July 1956. It works with investors around the World, mobilising capital for promising private sector ventures held back for inadequate financing. The IFC provides advisory service to more than 30 countries, concentrating on corporate restructing, capital market development and other steps to strengthen the private sector. ,THe IFC intends to stimulate the development of local capital markets and to promote international flow of private capital.

The Multilateral Investment Guarantee Agency (MIGA) was established in April, 1988. It was to encourage Foreign Direct Investments (FDI) in developing countries by protecting

investors from non-commercial risks, especially risks of wars, repatriation, expropriation, breach of contract, civil disturbances etc.

The objective of the World Bank was to help raise the standards in developing countries by channeling financial resources from the developed countries to the developing countries.

The Bank emphasises lending for projects that could directly affect the lives of the poor people of less developed countries. Consequentlly, the largest share of the Bank's lending goes to agriculture and rural development.

### 2.5.1 THE LENDING PRACTICES OF THE WORLD BANK

The world Bank's capital is subscribed by its 156 member countries. However, the Bank finances its operations largely through borrowing on the world capital markets. Other sources of the Banks finances are its retained earnings and the flow of repayments from earlier loans.

The Bank lends long-term to creditworthy countries nearly at conventional rate of interest. The IDA was set up to assist the countries whose balance of payment prospects do not justify their borrowings on conventional terms, the capital they need. Its Article of Agreement states that "it is to provide finances on terms which are more flexible and bear less heavily on the balance of payments than those on conventional loans"[4]. The IDA therefore, lends for 50 years,

charges no interest and makes only a small service charge to cover its expenses.

**Lending Standards:**

In making a loan, the Bank was obliged under its Article of Agreement to "pay due regard to the prospect that the borrower, and if the borrower is not a member, the guarantor, will be in a position to meet its obligations under the loan". The Article further "enjoins the Bank to act 'prudently' in the interest of both the borrowing countries and of the members as a whole"[5].

A loan is only granted on the basis of its importance and the ability of the borrowing country to service such a loan.

**Terms of Lending:**

The Bank normally make medium and long-term loans with the principal repayment beginning at the end of a grace period and thereafter spread over the life of the loan. In establishing the length of its loans and the grace period, the Bank follows the principle that the terms should be related to the characteristics of the particular project and also to the prospective balance of payment situation of the borrowing country. The grace period was designed to run until the project becomes operational and starts to yield economic benefits, while the calculation of the amortisation period takes into account the estimated useful life of the project.

**Interest Rate Charges:**

The guidelines for charging interest rates on its loans has undergone several changes over the years. Between 1976 and 1980, a fixed interest of 7.95 percent was charged on all IBRD loans. In 1980, this policy was changed to one that provides for a spread of 0.5 percent - 1 percent above the current cost of the Bank's borrowing and the lending was adjusted at least once a year. By 1982, the variable lending rate system was introduced, which provides for a six month adjustment to the lending rate, adding a spread of 0.5 percent to the cost of borrowing.

According to the World Bank annual report (1993), "the lending rate has steadily declined from 11.3 percent in January 1982 to 7.6 percent for the first semester and 7.43 percent for the second semester in 1993"[6].

In determining this rate, due regard is given to the trend of the Bank's earnings, the maintenance of an adequate ratio of Bank earnings to interest requirements on funded debts, the maintenance of a favourable rate of return on capital and reserves and the accumulation of adequate reserves. Interest on loans are charged only on the part of the loan which has actually been disbursed.

**Loan Repayment:**

The maturity period of most IBRD loans ranges from 15 - 20 years with a grace period of 3 - 5 years. The principal amount as well as the interest on the loans are repayable in

the currencies lent.

Since July 1980, the repayment obligation of the borrower in various currencies are determined on the basis of a currency-pool system, designed to equalise exchange rate risk among borrowers. According to the World Bank annual report (1993), "the targeted currency-pool loan is a multi-currency obligation with at least 90 percent of the pool maintained in the ratio of 1 US dollar to 125 Yen to 2 Deutche mark equivalent". However, continued the annual report, "the new loan programme called the single-currency loan will offer US dollars, Japanese Yen, Deutche mark, French franc and Pound sterling, or a combination of these currencies and its interest rate will be tied to six-month LIBOR (London Interbank Offered Rate) in each loan currency"[7].

## .6 THE WORLD BANK IN AGRICULTURAL FINANCING:

As the World Bank's structure changed, so did the projects it financed. From the 1940s to the 1960s, the Bank funded mostly dams, highways and other massive projects. But it then realised that the benefits of such large projects did not adequately reach all members of the society. The Bank then began to support projects that raise productivity and living standards of the rural and urban poor. In 1960, only 9 percent of the World Bank loans went to agriculture and 22 percent to industry. By 1991 however, 16 percent of lending went to agriculture and 8 percent to industry. In addition,

the types of projects funded by the World Bank have also changed. In the case of agriculture, the Bank not only funds traditional large irrigation networks, but it also supports projects that bring improved seeds, agricultural advice, financial credits and feeder roads to rural farmers.

The World Bank provides agricultural loans in various forms especially through direct agricultural lending. Also, a substantial proportion of the lendings in other sectors also benefits agriculture indirectly.

### 2.6.1 DIVERSIFICATION OF THE WORLD BANK AGRICULTURAL FINANCING

The world Bank's direct lending for agriculture has accelerated rapidly since the 1960s. The Bank's investments in other sectors which support agriculture indirectly have gained prominance over the years, especially the transportation sector. In 1994, the Bank's lending to this sector amounted to 1,388 million US dollars and 2,109.5 million and 3,168.7 million US dollars in 1995 and 1996 respectively[8].

The trend in the Bank's lending for agriculture, particularly since the 1960s, has been the diversification beyond basic irrigational infrastructures into on-farm activities, technical services, and related rural development. The Bank also became heavily involved in storage, marketing, seed multiplication, forestry and fishery projects.

Individual projects of all types are becoming more

comprehensive in nature, with emphasis on rainfed rather than irrigated agriculture. The share of other sub-sectors notably, agricultural credits has also increased over the years.

### 2.6.2 TECHNICAL ASSISTANCE

Technical assistance is the process of helping the borrowing country to properly manage development. This process was the hallmark of the World Bank's mandate. The Bank funds a few projects each year devoted exclusively to provide advice and training.

Accordingly, the Bank's Economic Development Institute (EDI) trains people from borrowing member countries to create and carry out development programmes.

The Bank's technical assistance, which was previously confined to broad advice on planning and organisation, has increased with the increased emphasis on agriculture. It now provides assistance in the areas of policy reforms, institutional development and capacity building.

The Bank's technical assistance which are provided in the normal course of financing has more than doubled in the past decade. It amounted to about 2.7 billion US dollars in 1992 occuring mainly in the area of institutional development.

The establishment of the Food and Agricultural Organisation (FAO)/International Bank for Reconstruction and Development (IBRD) Cooperation Programme in 1964 was a "specific response to the need for assistance in project identification and preparation"[9], according to the World Bank

publication, Policies and Operations (1971).

### 2.6.3 PROJECT MANAGEMENT

The agricultural sector was one of the most difficult to manage. Sponsors such as the World Bank have particular difficulty in agreeing with the borrowing countries on a satisfactory project lending programme.

The Bank requires its staff to occupy certain key positions in each project it sponsors for effective supervision of the loan. This was often a point of friction between the Bank and the borrowing countries.

## 2.7 THE IMPACT OF THE WORLD BANK'S AGRICULTURAL FINANCING

The key developmental goals of the World Bank's agricultural financing revolve around increased production and exports, employment and fair distribution of income.

Although the Bank's lending has been increasing, it still represents only a fraction of the total investments in the developing countries. The impact of the financing was however, greater than might be implied by such figures, this was because capital transfers are in the form of foreign exchange. Furthermore, the Bank carefully considers the development value and appropriate design of the project it finances.

The overall impact thus extends beyond the capital transfers. For instance, the involvement of the Bank in project formulation and implementation has led to improvements

not only in farming practices, but frequently also in government policies.'

Some ways in which the Bank's agricultural projects work has had impacts far beyond the projects being financed as stated by the World Bank Operations: Sectoral Programs and Policies (1972), and indicated below:

(i) Introduction or expansion of new techniques in agriculture

(ii) Institution building (particularly credit institution)

(iii) greater attention to particular aspects of project preparation, and

(iv) Changes in taxation and other fiscal measures.[10]

## 2.8 AGRICULTURAL DEVELOPMENT FINANCING IN NIGERIA

Before 1964, financing agricultural services in Nigeria was entirely borne by the then regional governments. Since then, however, the Federal Government has been actively involved, in addition to the regional and later State governments.

Government's financing has been through direct allocation and the involvements of public corporations, such as the Nigerian Agricultural and Cooperative Bank (NACB) and the Agricultural Credit Guarantee Scheme (ACGS).

Since the 1970s, the World Bank has also been a major source of agricultural financing in Nigeria, its involvement has been through the Agricultural Development Projects (ADPs).

## 2.9 THE POSITION OF AGRICULTURE IN THE NIGERIAN ECONOMY

Agriculture is the main source of sustainance in Nigeria, despite the present position of petroleum in the economy. Prior to the discovery of crude oil, cash crops were Nigeria's main source of foreign exchange. Then, about 80 percent of the population were dependent, for their livelihood, on the land and it was the major source of government's revenue as well.

The oil wealth however changed this position drastically though not entirely. The annual growth rate of agricultural production declined from about "9 percent in the 1960s to 3 percent in the early 1980s per annum, and by 1996, it was about 2.3 percent.[11]

The immediate consequence of this gradual decline is food crisis, and its magnitude can further be appreciated by the decline in the contributions of agriculture to the national economy, for instance, "while agriculture contributed 67 percent of the Gross Domestic Products (GDP) in 1950, its share in 1980 was 18 percent. In the early 1990s, agriculture accounted for only about 5 percent of the Gross Export Earning (GEE) and 60 percent of non-oil export."[12]

The decline in agriculture has had grave consequences in efforts to tackle the contemporary issues of hunger and poverty.

The Operation Feed the Nation (OFN),[13] the Green Revolution, the National Accelerated Food Production Programme

(NAFPP), and the National Agricultural Land Development Authority (NALDA), were impressive programmes with laudable aims, but the translation of these policies into more food for the growing population has largely remained a dream.

Successive Nigerian governments have invested large sums of money on agriculture through the development plans, annual budgets and specific programmes such as the Directorate of Food, Roads and Rural Infrastructures (DFRRI), the River Basin Development Authorities (RBDAs), the Strategic Grains Reserve Programme (SGRPs), Agricultural Research Institutes and the Agricultural Development Projects (ADPs).

The performance of the agricultural sector remains dismal despite all these efforts for many reasons, notably, natural desasters, ill-defined programmes and poor management.

Furthermore, the gradual decline in the number of farmers, the primordial land tenure system, prejudices against the adoption of new farming techniques, post harvest wastages, uncoordinated government policies, unaffordable or unavailable new technologies etc all have contributed to the poor state of agriculture in Nigeria today.

The World Bank realised that the rural farmer remains very important to the agricultural sector, thus, its recent investments have been such that would enhance the productive capacity of these farmers. This forms the basis of the Agricultural Development Project strategy.

## 2.10 THE WORLD BANK AGRICULTURAL FINANCING IN NIGERIA

The World Bank's agricultural lending to Nigeria started in the early 1970s. Earlier, its loans had been for infrastructural development projects in power, transport, energy etc. The first loan for agricultural development was the 7.2 million US dollars cocoa rehabilitation project in the former Western region in 1971. This opened the way for the Bank's agricultural financing in Nigeria, and by 1996, the World Bank has a "cumulative total of about 9,048.5 million US dollars in loans and credits for 182 projects in various sectors of the economy".[14]

The World Bank loans have been used for projects in various agricultural sub-sectors such as livestock development, tree crop development, and forestry plantations. In addition, the Bank has financed the Fadama Development Programme, the Integrated Smallholder Development Scheme, the Agricultural Industries, Research and Training and Agricultural Credit Institutions. Perhaps the area that has received the largest share of the Bank's lending is the area of development through the Agricultural Development Projects.

The World Bank loans usually constitute the largest share of the total cost of each project it supports while the remaining costs are borne by the government of the borrowing countries. The loan agreement specifies how the funds from various sources should be used. Generally, the loans which form the bulk of the foreign exchange component, pays for

capital development as well as salaries for the international staff. The Federal government's contributions partly finances capital development cost and also part of the costs of input procurement. The States on their part normally provide the operating expenses and the salaries of local staff.

## 2.11 THE AGRICULTURAL DEVELOPMENT STRATEGY

The World Bank Agricultural Development Projects remained a prominent organ for the agricultural extension services and rural developments. The institutionalisation of the ADPs in Nigeria was one of the strategies which have emerged as a possible means of achieving increased agricultural productivity. The strategy lies on small scale rural farmers as the focal point in incremental food production.

In its annual report (1993), the World Bank states that its strategy for Africa was to "create the conditions that could, over time, allow the objectives of the long term perspective study for the sector to be exceeded".[15]

The ADPs management does not engage in any direct productive activity with the possible exception of seed multiplication. The ADPs provide conducive infrastructural environments which together with an efficient input distribution system, provide the necessary driving force for the millions of farm families in each project area.

According to the KADP annual report (1993), the activities of the ADPs include: "the construction of lowcost agricultural feeder roads, earth dams, tubewells, boreholes,

farm centres/shops, credit facilities, storage facilities etc, as well as the provision of physical inputs like fertilisers, seeds, agricultural implements and agro-chemicals."[16]

Another major innovation in the ADPs strategy was the built-in mechanism for identifying, preparing, implementing and monitoring the technical, organisational and financial needs of the ADP programmes. Three institutions were set up for this purpose: The Agricultural Project Monitoring, Evaluation and Planning Unit (APMEPU), the Federal Agricultural Coordinating Unit (FACU) and four regional Federal Agricultural Support Units (FASU).

The first sets of ADPs were designed in the early 1970s as pilot schemes. These are the Funtua, Gusau and Gombe ADPs and they later became the State-wide ADPs, and by 1993, there are 31 ADPs in Nigeria with each in the 31 States of the federation including the Federal Capital Territory.

The performance of the ADPs since inception has been exemplary and forms the subject of analysis in Chapter four of this study with particular attention on the Kaduna State Agricultural Development Project.

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# CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 INTRODUCTION

This chapter presents the methodology employed in the course of this study. It provided the kinds of data used and their sources as well as the technique for the analysis. Finally, a brief background on the Kaduna State Agricultural Development Project was given.

### 3.2 DATA COLLECTION METHOD

This study was a case study whereby it focuses on a particular subject matter (in this case; the Kaduna State Agricultural Development Project) with the advantage of providing depth to the study.

The types of data employed are a mixture of primary and secondary data. Both were used for their reliability and flexibility. The primary data were obtained from an unstructured personal interviews with the Principal Planning Officer of the KADP at the project headquarters in Kaduna and the Public Relations Officer of the Zonal head office in Maigana. Some farmers around the Maigana dam were also interviewed as well as other farmers on the banks of river Kubani in Zaria.

The result of these interviews became invaluable as it provided an important background on the operations, problems and prospects of KADP, and the information gathered from the

interviews complimented the data extracted from documents.

The secondary data (which forms the bulk of the data in this study) were from historical evidences, such as journals and annals from the World Bank, the Central Bank of Nigeria and the Kaduna State Agricultural Development Project.

The most important documents from the World Bank and the Central Bank of Nigeria are the annual reports, some of which were obtained from the University library and others from private collections, while the KADP annual reports and journals were from the Project headquarters in Kaduna and Zonal head office in Maigana.

## 3.3 DATA ANALYSIS TECHNIQUE

The time scope of the study was five years (1992-1996), thus, relevant data were extracted from each of these documents over the five years period under review, summarised and then arranged in various tables chronologically. Each table was given appropriate heading and the data were analysed using the percentile arrangement method in view of the objective of the study.

## 3.4 THE KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT

The Kaduna State Agricultural Development Project started as an off-shoot of the Funtua Agricultural Development Project. Unable to strike a deal with the World Bank on a State-wide investment, due to differences of opinion, the then Kaduna State government ran the project as the Kaduna State

Integrated Rural Development Authority (KSIRDA) from 1980 to July 1985. However, by December 1984, after the differences which led to some disagreement with the Bank were sorted out, the loan of 122 million US dollars was sanctioned.

In the last quarter of 1987, the former Kaduna State was split into two, the new Kaduna State and Katsina State. Consequently, the project was also split into two, with Kaduna State (See Appendix A) having Zone III (Maigana) and Zone IV (Samaru). Two additional Zones were created: Birnin Gwari in 1990 and Lere in 1992.

On the assets and liabilities sharing, according to the KADP quarterly journal, the new Kaduna State Agricultural Development Project was awarded the "liability of 13.2 million US dollars from the 25.7 million US dollars already drawn and 44.9 million US dollars of the undrawn balance"[1].

The principal objective of the project was to carry out an integrated agricultural and rural development of Kaduna State with a view to increasing the productivity, income and standard of living of rural families by providing range of services, which according to the KADP's quarterly journal had been re-designed as follows:

(A) Agricultural Services: A programme to increase production of crops of small farm holders including:

i. Introduction of improved farming practices
ii. Undertaking of applied research
iii. Agro-forestry development
iv. Soil conservation and land-use planning

v. Livestock development

vi. Seed multiplication

(B) Rural Infrastructure Services:

i. Engineering programmes of construction, maintenance and repair workshop.

ii. Road construction and maintenance

iii. Rural Water Supply programme

(C) Commercial Services:

I. A programme under Farmers' Supply Company (FASCOM) for:

i. Regular supply of farm inputs and implements

ii. Promotion of lowcost agro-processing and storage

II. A programme for the establishment of cooperative Financing Agency (CFA).

(D) Institutional Support Services:

I. A programme to assist the Ministry of Agriculture and Natural Resources to strengthen its capacities to formulate agricultural sector policy and carry out strategic planning.

II. A programme for the strengthening of project management capabilities.[2]

### 3.4.1 FUNDING THE KADP

The KADP had a five-years developmental period, beginning from 1985 with a life span of 25 years, with the World Bank (IBRD), the Federal Government of Nigeria (FGN) and the Kaduna State Government (KDSG) forming its financial structures.

The KADP quarterly journal (Oct. 1993) disclosed that out of the total project cost of 194 million US dollars, the IBRD contributed 122 million US dollars representing 63 percent of the total project cost, covering 100 percent of foreign exchange and 36 percent of local costs". The journal further stated that "the Bank's loan was lent at an interest rate of 10.08 percent and repayable within sixteen (16) years with four (4) years of grace. The Federal government contributed 39 million US dollars representing 20 percent of total project cost, while the remaining 33 million US dollars representing 17 percent of total cost was financed by the Kaduna State Government, which further shared the burden with farmers. Thus, the KDSG effectively contributed 24 million US dollars representing 12 percent of total cost while the remaining 9 million US dollars representing 5 percent is being borne by the farmers in the project area".[3]

The IBRD's loan of 122 million US dollars was made to the Federal government which lent same to the Kaduna State government on the same terms and conditions under a subsidiary loan agreement drawn between the Federal government and the Kaduna State government.

### 3.4.2 THE ORGANISATION OF THE KADP

The Kaduna State Agricultural Development Project was organised into three (3) main management levels, (see Appendix B) these are:

i. The Executive Committee

ii. The Project Management Unit

iii. The Zonal Management Unit

The Executive committee, which is usually chaired by the State's Chief Executive, has the primary responsibility of policy making, coordination and the operational aspects of the project.

It has as its members the Commissioners of Agriculture and Natural Resources, Finance and Economic Planning, Justice and Attorney General, Works and Transport and Special Duties. Others are the Secretary to the State Government and Head of Service, the Director General, Department of Land and Survey, the Regional Head, Federal Agricultural Coordinating Unit (FACU), the Director, State Agency for Rural Development, the Managing Director, Farmers' Supply Company (FASCOM), the General Manager, Niger River Basin Development Authority, and the Programme Manager, Kaduna State Agricultural Development Project (KADP).

The Project Management Unit, located at the project headquarters in Kaduna, forms the apex of the management operations of the project. Headed by the Programme Manager, it is divided into five key divisions, (see Appendix C).

Each of the four zones in Samaru, Maigana, Birnin Gwari and Lere, has a zonal management unit under a Zonal Manager. The main function of the Zonal Management Unit was to advice on the annual work programme and ensure the

coordination of zonal programme activities with the local council officials of the zones.'

### 3.4.3 THE KADUNA STATE FARMERS' SUPPLY COMPANY (FASCOM)

The Farmers' Supply Company is a State-owned Company set up to ensure satisfactory procurement and distribution of farm inputs, such as farm implements, chemical fertilisers and the other chemicals.

As part of the World Bank's loan agreement, FASCOM, which was already in existence, was to be strengthened and maintained by the Kaduna State government to the satisfaction of the World Bank.

FASCOM's Board of Directors consist of the State Commissioner of Agriculture as the Chairman, the Director General, Ministry of Agriculture, a representative from the State Ministry of Finance, a farmers' representative from each zone, the Programme Manager, KADP, and the Managing Director, FASCOM as members.

All inputs are sold by FASCOM for cash, and distributed through the farm service centres to ensure adequate access to a point of sale for the majority of farmers.

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# CHAPTER FOUR

## DATA PRESENTATION AND ANALYSIS

### 4.1 INTRODUCTION

This chapter analyses the performance of the Agricultural Development Projects and the Kaduna State Agricultural Development Project between 1992 - 1996. The analysis involves presenting data in various tables and using the percentile arrangement technique analysed in view of the objectives of the study. The findings of the study are also presented in this chapter.

### 4.2 THE BACKGROUND OF THE AGRICULTURAL DEVELOPMENT PROJECTS (ADPs)

The first set of World Bank-assisted Agricultural Development Projects were the : Funtua, Gusau and Gombe ADPs. They completed their five years development phase in 1979, and upon their perceived success, they were later re-established as State-wide projects. The Funtua ADP became the Kaduna State ADP, the Gusau ADP became the Sokoto State ADP, while the Gombe ADP became the Bauchi State ADP. Nigeria now has an ADP in each State of the Federation including the Federal Capital Territory.

### 4.3 FINANCING THE AGRICULTURAL DEVELOPMENT PROJECTS

Funds provided for the projects were used to finance both capital and recurrent expenditures. But for the purpose of this study, only the capital expenditures are examined, since

it is considered more important for such projects as the capital funds used to provide key physical project requirements.

Between 1992 and 1996, the total expenditure for all the ADPs amounted to N4,008.53 million. As presented in Table:4:1 below, the highest contribution was by the IBRD which amounted to N2,439.9 million or 60.8 percent of the total capital expenditure. The Federal Government (FGN) contributed N322.2 million or 8 percent of the total capital expenditures, while the State Governments contributed N1,072.9 million or 26.8 percent of the total capital expenditures. Other sources such as the farmers and internally generated funds, accounted for the N173.6 million balance or 4.3 percent of the total capital expenditures.

TABLE 4.1 CAPITAL EXPENDITURES OF ADPs (N million)

| Source of Funds | 1992 | 1993 | 1994 | 1995 | 1996 | Total |
|---|---|---|---|---|---|---|
| IBRD/IFAD | 155.16 | 247.24 | 241.86 | 804.72 | 990.92 | 2439.90 |
| FGN | 59.16 | 34.50 | 68.01 | 80.00 | 80.50 | 322.17 |
| STATES | 136.61 | 104.42 | 129.83 | 296.00 | 406.01 | 1072.87 |
| Others | 59.68 | 4.20 | 2.31 | 36.80 | 64.60 | 173.59 |
| Total | 410.61 | 390.36 | 448.01 | 1217.52 | 1542.03 | 4008.53 |

Source: CBN Annual Reports (1992 - 1996)

The breakdown of the capital expenditures in Table 4.1 above showed that the highest expenditures was in 1996 with N1,542.03 million while 1993 had the lowest expenditures of N390.36 million.

Except for the IBRD, all other sources in 1993 showed a marked decline from those of 1992 and 1994.

The justification for the substantial amount invested in the ADPs can best be assessed by its physical impacts, such as the infrastructural facilities provided, farm inputs supplied and the quantity of food produced.

## 4.4 INFRASTRUCTURAL FACILITIES PROVIDED BY THE ADPs

The most important infrastructural facilities in the ADP approach are the rural feeder roads, dams, boreholes and tubewells and the farm service centres.

During the period under review, a total of 18,259 kms of rural feeder roads were constructed and maintained by the ADPs. As presented in Table: 4.2 below, the highest figure for the period was the 6,790 kms of road in 1995 or 37.2 percent of total roads constructed and maintained, while the lowest figure was 1,443.8 kms in 1993 or 7.9 percent of total.

TABLE: 4.2 INFRASTRUCTURAL FACILITIES PROVIDED BY THE ADPs

| YEAR | ROADS (Kms) | DAMS/BOREHOLES/ TUBEWELLS (No) | FARM SERVICE CENTRES (No) |
|---|---|---|---|
| 1992 | 4,199.7 | 5,523 | 893 |
| 1993 | 1,443.8 | 5,121 | 597 |
| 1994 | 2,747.0 | 5,190 | 383 |
| 1995 | 6,790.2 | 5,523 | 722 |
| 1996 | 3,078.7 | 2,232 | 583 |
| Total | 18,259.4 | 23,589 | 3178 |

Source: CBN Annual Reports (1992 - 1996)

Within the period under review, a total of 23,589 dams/boreholes/tubewells were constructed or drilled. As Table: 4.2 above presents, the highest numbers of dams/boreholes/tubewells constructed was in 1992 and 1995 with 5,523 in each year or 23 percent of total while the lowest was in 1996 which amounted to 2,232 or 9.4 percent of total. Water supply was very useful for livestock, irrigation and for human consumption.

The farm service centres are also very important in the integrated agricultural development strategy. During the period under review, the total farm service centres constructed and established amounted to 3,178 with the highest numbers of centres constructed in 1992 amounting to 893 while the lowest number was in 1994 totalling 383. The need to increase the number of the service centres cannot be overemphasised since it was becoming a forum whereby farmers are introduced to new farming methods and the proper application of farm inputs.

## 4.5 FARM INPUTS SUPPLIED BY THE ADPs

The farm inputs supplied by the ADPs include: chemical fertilisers and improved seeds. Fertiliser is perhaps the most important input under the strategy, thus, the procurement and distribution of fertiliser was given priority as manifested by the establishment or reorganisation of the Farmers' Supply Company (FASCOM) in most States. The

establishment of the Cooperative Financing Agency (CFA) for the States was also in line with and in view of the importance placed on input supplied by the ADPs.

Between 1992 and 1996, the ADPs in Nigeria supplied a combined total of 2,979.2 tonnes of fertilisers to farmers nation-wide, as presented in Table: 4.3 below. A total of 117,170 hectare of land was planted with improved seeds. In addition, other small farm infrastructures such as ploughs, water pumps, drainages, rural electrification etc were provided.

TABLE 4.3 FARM INPUTS SUPPLIED BY THE ADPs

| YEAR | FERTILISERS (000 TONNES) | SEED MULTIPLICATION (000 Ha) |
|---|---|---|
| 1992 | 667.0 | 10.4 |
| 1993 | 225.6 | 89.9 |
| 1994 | 344.7 | 14.6 |
| 1995 | 1,410.0 | 1.03 |
| 1996 | 331.9 | 1.24 |
| Total | 2,979.2 | 117.17 |

Source: CBN Annual Reports (1992 - 1996)

All these farm inputs enumerated above combined to improve both the quality and quantity of crop yield per hectare of cultivated land. This improvements were made possible not only through the availability of inputs, but also through their proper utilisation.

## 4.6 CROP PRODUCTION BY THE ADPs

All the efforts in agricultural projects were geared towards enhancing the food crop production. The increased

tempo of activities in this area resulted in appreciable increase of produce by farmers within the ADPs areas.

In the period under review, 1992 stands out as a year of high crop production in relative term, followed by the year 1996. As presented in Table: 4.4 below, except for cowpea, all other crops had their highest yields in 1992. There was, however, an irregular proportional yield. Groundnuts had the greatest variation, amounting to 1991.8 tonnes in 1992 and then decreased to 8.4 tonnes in 1993.

TABLE: 4.4 **MAJOR CROP PRODUCTION BY THE ADPs**

| | 1992 | 1993 | 1994 | 1995 | 1996 | TOTAL |
|---|---|---|---|---|---|---|
| Maize | 3434.2 | 220.8 | 428.8 | 286.5 | 357.1 | 4727.4 |
| Sorghum | 2919 | 3.3 | 8.0 | N.A* | 596.9 | 3527.2 |
| Rice | 773.4 | 12.7 | 21.8 | N.A | 137.3 | 945.2 |
| Cowpea | 657 | 871.2 | 161.5 | 240.3 | 94.12 | 2024.12 |
| Cassava | 4745 | 411.1 | 47.8 | 46.4 | 2226.6 | 7476.9 |
| Yam | 8946 | 163.4 | 1978.2 | 1926 | 1579.3 | 14592.9 |
| G/Nut | 1991.8 | 8.4 | 138.8 | 65.3 | 74.38 | 2278.7 |

Source: CBN Annual Reports (1992 - 1996)

*NA means Not Available.

At this point, it has become necessary to examine the national production figure of these crops for comparison. This would enhance further assessment of the contributions of the ADPs to the national crop output.

The figures for the national output for the period under

review are given in Table: 4.5 below and a comparison with those of the ADPs showing percentage of contributions of ADPs to national crop output are presented in Table: 4.6.

TABLE 4.5 ESTIMATED NATIONAL OUTPUT OF MAJOR AGRICULTURAL CROPS (000 TONNES)

| | 1992 | 1993 | 1994 | 1995 | 1996 | TOTAL |
|---|---|---|---|---|---|---|
| Maize | 5006 | 5768 | 5810 | 6346 | 6852 | 29782 |
| Sorghum | 7265 | 4185 | 4346 | 4437 | 4548 | 24781 |
| Rice | 3303 | 2500 | 3185 | 3500 | 3400 | 15888 |
| Cowpea | 1232 | 1354 | 1332 | 1411 | 1471 | 6820 |
| Cassava | 17404 | 19034 | 20339 | 21437 | 22316 | 100539 |
| Yam | 9609 | 13624 | 16956 | 19305 | 23166 | 82660 |
| G/Nut | 2017 | 1166 | 1361 | 1297 | 1323 | 7164 |

Source: CBN Annual Reports (1992 - 1996)

TABLE 4.6 ADPs CROP PRODUCTION AS A PERCENTAGE OF NATIONAL OUTPUT

| | 1992 | 1993 | 1994 | 1995 | 1996 | TOTAL |
|---|---|---|---|---|---|---|
| Maize | 68.8 | 38.3 | 7.4 | 4.5 | 5.2 | 15.87 |
| Sorghum | 40.18 | 0.08 | 0.18 | - | 13.21 | 14.2 |
| Rice | 23.4 | 0.51 | 0.68 | - | 4.04 | 5.9 |
| Cowpea | 53.3 | 64.3 | 11.95 | 17.0 | 6.4 | 29.67 |
| Cassava | 27.3 | 2.2 | 0.24 | 0.22 | 9.98 | 7.44 |
| Yam | 91.1 | 1.2 | 11.67 | 9.98 | 6.8 | 17.65 |
| G/Nut | 98.8 | 0.7 | 10.2 | 5.03 | 5.6 | 31.8 |

## 4.7 ADPs AND NATIONAL PRODUCTION

The ADPs made considerable contributions to the national crop output within the period under review, as presented in Table: 4.6 above. In some cases, these contributions are exceptional, for instance, the ADPs contributed 98.8 percent of the national crop output of groundnuts, 91.1 percent of yams and 68.8 percent of maize in 1992.

However, some other crops showed decline and contributed poorly, for example, in 1993, ADPs contributed only 0.08 percent of national sorghum production, 0.22 percent of cassava in 1995 and 0.7 percent of groundnuts in 1993.

The total percentage contributed by the ADPs are maize, 15.87 percent; sorghum, 14.2 percent; cowpea, 29.67; yams, 17.65 percent, Groundnuts, 31.8 percent; while rice and cassava showed just marginal contributions of 5.9 percent and 7.44 percent respectively.

The contributions of the ADPs to the agricultural development has been mentioned, the next part will focus attention on the Kaduna State Agricultural Development Project, and its contributions.

## 4.8 THE PERFORMANCE OF THE KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT (KADP)

The Kaduna State Agricultural Development Project is one of the many World Bank-assisted agricultural projects in Nigeria. An offshoot of the pilot Funtua ADP, the KADP became

operational in 1985 and after the bifurcation in 1987 of the then Kaduna State, the KADP was reorganised and continued its activities under the new Kaduna State.

In accordance with the terms of the agreement with the World Bank, the KADP was being funded by three sponsors: the IBRD; FGN; and the KDSG, in the ratio of 63:20:17. The initial figure shows a total capitalisation of 200 million US dollars with the IBRD contributing 122 million US dollars; the FGN 38.8 million, the KDSG 32.98 million US dollars while the balance of 6 million US dollars was to be realised from contributions by other sources.

During the period under review, a total of N630.21 million was committed to the KADP by its sponsors as presented in Tables: 4.7, 4.8, 4.9 and 4.10 below, as against the budgeted sum of N707.3 million.

An analysis of the contributions shows that the IBRD contributed the largest share of over N481.2 million or 76.4 percent of the total capitalisation, the FGN contributed N23.1 million or 3.67 percent while the KDSG contributed N118.9 million or 18.86 percent of the total capitalisation. The balance of N7.1 million or 1.13 percent of the total capitalisation was sourced internally. When compared with the initial ratio of contribution i.e 63:20:17, both the IBRD and the KDSG performed well while the FGN contributed far less than expected.

TABLE 4.7 KADP FUNDING BY THE IBRD (N MILLION)

| YEAR | BUDGETED | ACTUAL | PERCENTAGE OF ACTUAL FUNDING |
|---|---|---|---|
| 1992 | 144.3 | 55.9 | 11.62 |
| 1993 | 99.2 | 109.1 | 22.67 |
| 1994 | 101.7 | 60.6 | 12.59 |
| 1995 | 93.8 | 149.1 | 30.99 |
| 1996 | 81.3 | 106.5 | 22.13 |
| Total | 520.3 | 481.2 | 100.0 |

Source: KADP Annual Reports (1992 - 1996)

TABLE 4.8 KADP FUNDING BY THE FGN (N MILLION)

| YEAR | BUDGETED | ACTUAL | PERCENTAGE OF ACTUAL FUNDING |
|---|---|---|---|
| 1992 | 15.6 | 4.0 | 17.33 |
| 1993 | 12.0 | 5.1 | 22.4 |
| 1994 | 9.5 | 6.0 | 25.97 |
| 1995 | 7.5 | 3.9 | 16.88 |
| 1996 | 7.5 | 4.1 | 17.42 |
| Total | 52.1 | 23.1 | 100.0 |

Source: KADP Annual Reports (1992 - 1996)

TABLE 4.9 KADP FUNDING BY THE KDSG (N MILLION)

| YEAR | BUDGETED | ACTUAL | PERCENTAGE OF ACTUAL FUNDING |
|---|---|---|---|
| 1992 | 21.8 | 8.0 | 6.73 |
| 1993 | 16.0 | 15.0 | 12.62 |
| 1994 | 19.0 | 21.3 | 17.9 |
| 1995 | 37.3 | 31.8 | 26.75 |
| 1996 | 40.8 | 42.8 | 36.0 |
| Total | 134.9 | 118.9 | 100.0 |

Source: KADP Annual Reports (1992 - 1996)

TABLE 4.10 KADP FUNDING BY OTHER SOURCES (N MILLION)

| YEAR | ACTUAL | PERCENTAGE |
|---|---|---|
| 1992 | 1.2 | 16.9 |
| 1993 | 1.4 | 19.72 |
| 1994 | 1.6 | 22.54 |
| 1995 | 1.1 | 15.5 |
| 1996 | 1.8 | 25.34 |
| Total | 7.1 | 100.0 |

Source: KADP Annual Reports (1992 - 1996)

## 4.9 THE PROBLEM OF FUNDING

The three major sponsors of the KADP were unable to fulfil their commitments with regards to fundings. Tables: 4.7, 4.8, 4.9 and 4.10 above presents the level of funding by

each sponsor. Out of the budgeted sum of N520.3 million, the KADP actually received N481.2 million (92.5 percent) from the IBRD. The FGN provided N23.1 million against the N52.1 budgeted or 44.34 percent, while the KDSG provided N118.9 million or 88.14 percent of the N134.9 million budgeted. The actual amount obtained from other sources was N7.1 million. The reason for the shortfall of fundings especially from the World Bank was the usual delays occasioned by the bureaucracy and formalities involved in making States and Federal government officials signatories to the accounts of the project. Also disturbing was the problem of exchange rate deterioration. The Federal government also funds rival projects concurrently thereby stretching its budgets to bits and piecemeals for a project as viable as the ADPs. This problem and the non-payment of counterpart funding by the State government had hindered the recurrent activities and project implementation.

4.10 ALLOCATION OF FUNDS

In accordance with the project loan agreement, the IBRD loans have been used to finance all the foreign exchange components of the project, such as the procurement of farm inputs from abroad, importation of plants and machinery as well as payment of fees and charges of foreign personnel and consultants. In addition, part of the Bank's loan have been used to finance cost of certain local components of the project like buildings, feeder roads and water supply.

The funds acquired from the Federal government and the Kaduna State government have been used exclusively for local expenditures. This category of expenditures include the cost of local emoluments, buildings, maintenance, repairs, supplies and land acquisition.

Due to delays and inadequate fundings, the project implementation has often been delayed while the IBRD financed equipment and manpower have been grossly under-utilised. The KADP also has the problems of the non-payment of staff allowances, inadequate office and residential accommodation and transport facilities, medical facilities, training etc. Poor funding also causes delays in the Bank's reimbursement of various local expenses which requires government pre-financing. The saving grace, however, was that the IBRD has been regular in payment, thereby, reducing to a minimum the problems of procuring farm inputs and payments for international services.

TABLE: 4.11 KADP's GENERAL SUMMARY OF EXPENDITURES (N MILLION)

| YEAR | EXPENDITURES | PERCENTAGE |
|---|---|---|
| 1992 | 79.215 | 12.83 |
| 1993 | 131.779 | 21.34 |
| 1994 | 87.170 | 14.12 |
| 1995 | 145.808 | 23.61 |
| 1996 | 173.579 | 28.10 |
| Total | 617.551 | 100.0 |

Source: KADP Annual Reports (1992 - 1996)

The highest expenditure as presented in Table: 4.11 above is N173.579 million in 1996 or 28.10 percent of the N617.551 million cumulative total for the period under review, while the lowest expenditure was in 1992 with a total of N79.215 million or 12.83 percent of total expenditures between 1992 and 1996.

## 4.11 THE ACHIEVEMENTS OF THE KADP

Since its inception and through the years, the KADP has been registering success and commendable achievements. These achievements could be viewed from the perspective of the followings: rural infrastructures, technical services provided, land planning and development, monitoring and evaluation, Farmers' Supply Company (FASCOM), the Cooperative Financing Agency (CFA) and the Fadama Development Programme.

### 4.11.1 RURAL INFRASTRUCTURES

During the period under review, the department of rural infrastructures constructed a total of 421.1 kms of roads, maintained and rehabilitated another 213.2 kms, it also constructed 164 water works, 3 dams, 23 open wells and 575 boreholes[1].

### 4.11.2 TECHNICAL SERVICES DEPARTMENT

This department is made up of agronomy, livestock, land planning and development, fadama development and extension services. It was responsible for introducing modern farming techniques for adoption by rural farmers to enhance their farm

inputs. The department liases its activities with other agricultural research institutions such as the Agricultural Extension and Research Liaison Services (AERLS) and the Institute of Agricultural Research (IAR) both of the Ahmadu Bello University, Zaria.

During the period under review, this department visited a total of 1,193,387 farmers, established 63,458 Small Plots Adaptive Technologies (SPATs) and provided 647.77 tonnes of seeds. In addition, 95,684 visits were made to livestock farmers in which a total of 330,464 farmers were actually met. A total of 247,023 fruit tree seedlings were raised and sold and another 1,504,285 forestry tree seedlings were raised and sold while 9,397 meters of water courses were planned[2].

4.11.3 PLANNING, MONITORING AND EVALUATION

This department is made up of four main divisions, namely: the Planning division, the Management Information System (MIS), the Evaluation and Special Studies division, and the Data Processing division.

The Planning division provides planning support for the project activities, while the Management Information System provides for sound decision making and prepare monthly, quarterly and annual reports. The Evaluation division measures and reports performance impact on the target population. The data processing division services all departments on data processing needs, and organises monthly review meetings, collect and report market prices of

agricultural commodities in both rural and urban markets.

4.11.4 FADAMA DEVELOPMENT PROGRAMME

During the 1950s, the World Bank's lending for irrigation was primarily for the construction of dams and main distributory canals. Governments, farmers and local enterprenuers were responsible for financing the complimentary investments required to take advantage of the improved water supply without further assistance from the World Bank. However, it was found that in many cases, such as the Maigana Dam in Kaduna state, although progress on the major construction was generally satisfactory, the complementary development was delayed, thereby eroding the benefit of the capital intensive work. This was often attributed to the lack of coordination between various agencies involved in the development of irrigated agriculture and the scarcity of appropriate financing.

In recent years, the Bank has therefore given particular attention to these complementary developments during project preparation and appraisal.

The drought and other water scarcity phenomena had great effects on food production and have thus influenced the development of irrigated agriculture.

According to Dr. Jacques Diouf, the one-time Director General of the United Nations Food and Agricultural Organisation (FAO), "a crucial element must be the development of irrigation," he further stated that "no stable

agricultural production is possible without adequate control over water supplies"[3].

The fadama irrigation service section of the KADP has been working as a sub-unit under the technical services department. At the headquarters level, its activities include the formulation of policy guidelines, programme planning and design, preparation of budgetary proposal, workplan, procurement schedule proposal and strategies for the execution of the overall fadama irrigation activities involving CFA and Unified extension systems.

As presented in Table: 4.12 below, 239 tubewells and 61 washbores were drilled, 21,712 metres of channels were constructed while 25 potential Fadama areas were identified during the period under review.

The benefits of these services are enormous considering the arid climate within which the KADP was located. Farm products such as wheat, maize, banana, sugarcane, tomatoes, carrots, and other vegetables are cultivated in large quantities.

TABLE: 4.12 FADAMA DEVELOPMENT SERVICES PROVIDED BY THE KADP

| ACTIVITY | 1992 | 1993 | 1994 | 1995 | 1996 | TOTAL |
|---|---|---|---|---|---|---|
| Tubewells drilled (No) | 56 | - | 97 | 78 | 8 | 239 |
| Washbores drilled (No) | 33 | - | 25 | - | 3 | 61 |
| Channels Const. (Metres) | 300 | 9,579 | 4,717 | - | 7,116 | 21,712 |
| Fadama areas Identified (No) | - | - | - | - | 25 | 25 |

Source: KADP Annual Reports (1992 - 1996)

4.11.5 THE COOPERATIVE FINANCING AGENCY (CFA)

The KADP established the Cooperative Financing Agency (CFA) in 1989 with the major objective of securing finances from available sources to cater for the needs of the affiliated cooperative societies.

Under the Fadama Development Programme, the CFA provided the necessary support to its members in their input procurements and distributions. Such inputs include, irrigation water pumps, tubewells, washbores, credit facilities and agro-chemicals. The CFA's major activities in both the Fadama Development and rain-fed programmes include the following:-

i. Savings deposit mobilisation

ii. Credit administration

iii. Input distribution

iv. Livestock production

v. Produce market

For the period under review, a total of 160 cooperatives were revitalised and the sum of N875,621.00 was mobilised while 895 tonnes of fertiliser was distributed. In addition, 600 irrigation pumps were distributed and the sum of N3,326,000 was disbursed as loans to the farmers while N1,153,000 was recovered which represented 35 percent of total loans disbursed[4].

4.11.6 THE FARMERS' SUPPLY COMPANY (FASCOM)

The Farmers' Supply Company is the commercial arm of the KADP. It is primarily involved in procurement and sales of farm inputs and machinery.

In the period under review, a total of N16,357,324 worth of fertilizer was sold, while another N6,661,573.93 worth of agro-chemicals were sold. Agricultural implements and machineries sold amounted to N36;905,554.40, while spareparts and improved seeds and vegetable seeds sold, were worth N1,209,811.97 and N786,528.45 respectively.[5]

The performance of FASCOM since inception in 1981 has been satisfactory. It has been making profits as well as satisfying its target population. However, this has not been without certain problem. Lately, the procurement and distribution of fertilisers was becoming a major concern. Despite this short comings, the FASCOM can still serve as the "cash cow" for the KADP if properly managed.

## 4.12 THE PROJECTS IMPACT ON THE FARMERS

The major crops grown in this area include: maize, sorghum, cowpea and millet. Others are groundnuts, cotton, wheat, rice and various types of vegetables.

A breakdown of the tonnage of the various crops produced in the 20,200 $Km^2$ arable land of the State by the KADP shows impressive output of some of the traditional crops. The production of these crops during the period under review was high, with more than half a million tonnes of maize produced representing 33.3 percent of total ADPs output and 5.3 percent of national outputs., Sorghum, rice and groundnuts also had high yields. However, the output for cassava which was 141,697.76 tonnes for the period under review represented only 1.9 percent of total ADPs output and 0.14 percent of national output.[6] (Refer to Tables: 4.4 and 4.5 above).

With the introduction of new farming techniques and modern agricultural inputs, the KADP has contributed to the agricultural development of not only the project area but also beyond. Farm produce from the project area are found in markets all over the country. The KADP has become a rallying point for current and prospective farmers in need of inputs, advice and other modern farming techniques.

Quantifying the impact of the KADP alone would not paint the best picture of the organisation, since, in addition to the quantity of food produced, the products have both psycological and physiological impacts on the farmers and the

society. The Society now has access to fresh farm products with their nutritional values intact.

These laudable achievements are sometimes overwhelmed by some problems.

## 4.13 THE PROBLEMS OF THE KADP

The KADP, like any organisation of its size and complexity has its problems. While some of these problems are unique, some are imposed on the organisation by the environments.

The major problems facing the KADP are those of inadequate counterpart funding and bureaucracies associated with obtaining the funds from the IBRD. These inadequacies ultimately affects the day-to-day administration of the organisation.

Furthermore, the perennial problems of the procurement and distribution of the farm inputs, especially, chemical feriliser has become an issue that deserves urgent attention. The farmers are often left with no alternative than to source these vital inputs from the open markets, contrary to the ADPs strategy.

Another problem was that of the inadequacy of operational vehicles at the project headquarters and at the zones. Most vehicles have broken down and the organisation has been struggling to maintain those roadworthy. As a result, project officials are unable to discharge their duties effectively.

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5. Source: The KADP Annual Reports (1992 - 1996)
6. Source: The KADP Annual Reports (1992 - 1996)

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 SUMMARY

In an attempt to evaluate the performance of the World Bank-assisted agricultural projects in the development of agriculture in Nigeria, the Agricultural Development Projects (ADPs)-being the major beneficiaries of such assistance - were used as a yardstick to measure the achievements of the World Bank projects in Nigeria, for the period 1992 to 1996. For the purpose of this, particular attention was paid to the Kaduna State Agricultural Project (KADP).

Since the beginning of its involvement in Nigeria, the World Bank had committed a total sum of 7,048.5 million dollars to the economy with about 50.2 percent of this amount, that is, 3,541.4 million US dollars in the agriculture and rural development sector. (Source: World Bank Annual Report 1996).

For the period under review, the World Bank Committed a total sum of 3,180 million US dollars into the Nigerian economy, of which in conjuction with the Internatinal Fund for Agricultural Development (IFAD) committed about N2,439 million to the ADPs while the KADP received a total sum of N481.2 million or 19.73 percent of total ADPs funding. (Source: World Bank Annual Reports and CBN Annual Reports 1992 - 1996.)

### 5.1.1 FINANCING THE ADPs IN NIGERIA

The ADPs are jointly financed by IBRD/IFAD, the Federal government of Nigeria and the State governments. During the period under review, a total of N4,008.53 million was allotted to the ADPs in Nigeria. A breakdown shows that IBRD/IFAD contribution was N2,439million or 60.8 percent of the total fundings. The Federal government's contribution N322.17 million, which was 8.0 percent while the States contributed N1,072.9 million or 26.8 percent of the total. The balance of N173.6 million or, 4.3 percent was sourced internally. (source: CBN Annual Reports 1992 - 1996).

### 5.1.2 FINANCING THE KADP

The total cost of financing the KADP at inception was 194 million US dollars which was to be contributed at a ratio of 63:20:17 by the IBRD, the FGN and the Kaduna State Government. The amount contributed was 122 million US dollars by the IBRD, 39 million US dollars by the FGN and 33 million US dollars by the KDSG. (Source: KADP Quarterly Journal (October) 1993).

However, during the period under review, only N630.2 million out of the N707.3 million budgeted was actually received by the KADP. The IBRD contributed N481.2 million or 77.2 percent, the FGN contributed N23.1 million or 3.7 percent while the KDSG contributed N118.9 million or 19.1 percent of the total. The balance of N7.1 million which represented 1.12 percent of total was managed internally.

(Source: KADP Annual Reports 1992-1996).

5.1.3 ACHIVEMENTS OF THE ADPs

The ADPs strategy relied mainly on the rural smallscale farmers who produce the bulk of the nations agricultural needs. The strategy therefore is to adopt a more integrated approach towards the development of agriculture through the provision of infrastructures along with the introduction of modern farming methods and a variety of farm inputs.

Within the period under review, the ADPs constructed a total of 18,259.4 kms of road, 23,589 dams/boreholes/tubewells and 3,178 farm service centres/shops. A total of 2,979,200 tonnes of fertilizers were distributed and 4,727,400 tonnes of maize was produced. Besides that, another 945,200 tonnes of rice and 14,592,900 tonnes of yams were produced. (Source: CBN Annual Reports 1992-1996).

5.1.4 ACHIEVEMENTS OF KADP

In the area of infrastructures, the KADP performed below expectations. During the period under review, only a total of 421.1 kms of road against the target of 1,186.16 kms were constructed, while another 213.2 kms of roads were rehabititated against the target of 686.6 kms. As for water supply, 3 dams, 23 openwells and 575 boreholds were constructed against the target of 8 dams, 462 openwells and 1,394 borehole. (Source: KADP Annual Reports 1992-1996.)

The technical services department visited a total of 1,193,387 farmers, established 63,458 SPATs, raised and sold 1,504,285 forestry tree seedlings and planned 9,397 maters of water courses.

The Fadama Development Programme drilled 239 tubwells and 61 washbores. It also constructed 21,712 meters of channels and identified 25 potential fadama areas. (Source: KADP Annual Reports 1992-1996).

The Cooperation Financing Agency (CFA) revitalised 160 Cooperatives, mobilised savings worth N875,621.00, provided loans worth N3,326,000.00 and 600 irrigation pumps to farmers as well as 895 tonnes of fertilizers. (Source: KADP Annual Reports 1992-1996).

The Farmers' supply company (FASCOM) supplied N6,661,573.00 worth of agrochemicals, N36,905,504.00 of agricultural implements and machineries, and N786,528.45 of improved seeds and vegetable seeds. The FASCOM also supplied spare parts valued at about N1,209,811.97 and N16,357,324.00 worth of chemical fertilizers. (Source: KADP Annual Reports 1992 - 1996).

### 5.1.5 PROJECT IMPACT ON FARMERS

The impact of the KADP on the farmers can best be measured in terms of the performance of the farmers within the project area. Thanks to the KADP, the farmers are now aware of, and utilise improved farming techniques. Through the provision of rural infrastructures, farm products are now nearer to the markets and in fresh conditions.

The benefits of the KADP go beyond the farmers alone, the society can now obtain fresh farm produce at relatively cheap rates. In addition, seasonal weather changes are no longer barriers in obtaining certain previously seasonal crops, thanks to the irrigational facilities.

### 5.1.6 PROBLEMS OF THE KADP

By its very nature, the KADP is prone to numerous problems. These range from those within its structures to those that are enviromentally imposed.

Some of these problems are: inadequate funding, lack of operational vehicles, scarcity of farm inputs, inconsistent government policies and a very volatile socio-economy. These problems are capable of destroying this viable venture, thus, the need for urgent action to address them.

## 5.2 CONCLUSION

The involvement of the World Bank in the Nigerian agricultural activities has contributed in no small ways to the successes recorded in this sector over the years. The Bank's assistance was mainly financial and technical.

Assistance from the World Bank has been on the increase in real terms, however, as a result of other socio-economic factors, intended benefits are not fully attained. Nevertheless, contrary to the opinion of its critics and judging by its contributions over the years, the World Bank cannot be "Banking ON the Poor," infact, it is "Banking FOR the Poor."

## 5.3 RECOMMENDATIONS

The benefits of the World Bank assisted agricultural projects in Nigeria cannot be fully appreciated as a result of the expanding population, high interest rates, inflation and the unfavourable foreign exchange rate.

The Kaduna State Agricultural Development Project has a twenty five (25) years lifespan which will expire by the year 2010. Ironically, the year 2010 is the year the United Nations Food and Agriculture Organisation (FAO) predicts that at the present population growth rate, the Nigerian population will top 190 million. The enormity of the challenges ahead cannot therefore be ignored.

It is in view of this and based on the findings of this study, that the following recommendations are hereby advanced and addressed to the Federal government, the Kaduna State government and the management and staff of the Kaduna State Agricultural Development Project.

### The Federal Government of Nigeria

1. The Nigerian economy to a very large extent depends on agriculture, therefore, the Federal government must pay attention to this and other related sectors in its drive towards national development.
2. Priority must be given to the Agricultural Development Projects (ADPs) in annual financial allocations and national development plans, because of the viable position of these

projects.

3. The Federal government should as a matter of principle avoid duplicating agricultural projects and refrain from creating and funding rival projects.

4. The Federal government should endeavour to settle its share of counterpart funds timely and adequately and also address the problem of bureacratic bottlenecks with regards to the IBRD's remittance.

5. There is urgent need for the Federal government to intensify its supervisory role on the ADPs and work out an efficient formula for the procurement and distribution of chemical fertilizers.

The Kaduna State Government

1. The State government should release adequate counterpart funds in time.

2. The State government should utilise its internal funds sourcing mechanisms maximally. The farmers, the CFA and FASCOM must be mobilised for more productivity.

3. The agricultural sector should be reorganised so as to stimulate public interest and investment.

The Kaduna State Agricultural Development Project

1. The KADP should publish its activities regularly and make these publications accessible to the public.

2. The management and staff of the KADP need to inculcate the culture of maintenance and also be prepared to face the challenges ahead.

3. Further research is required in this important field of the economy.

Nigeria can join the likes of Singapore, South Korea, Taiwan and Malaysia. These "Asian Tiger Countries" were beneficiaries of the World Bank loans in the past are not only able to improve their economies, but are today major players in the international trades as well.

Studies have shown that at present, about 50 percent of the Nigerian population live below poverty line with an average caloric intake of about 20 percent below the Food and Agriculture Organisation (FAO) World average. A daunting prospect for the challenges ahead. Happily, the potential for reversing this terrible trend exists in the World Bank-assisted agricultural development strategy as exemplified by the achievements of the Kaduna State Agricultural Development Project.

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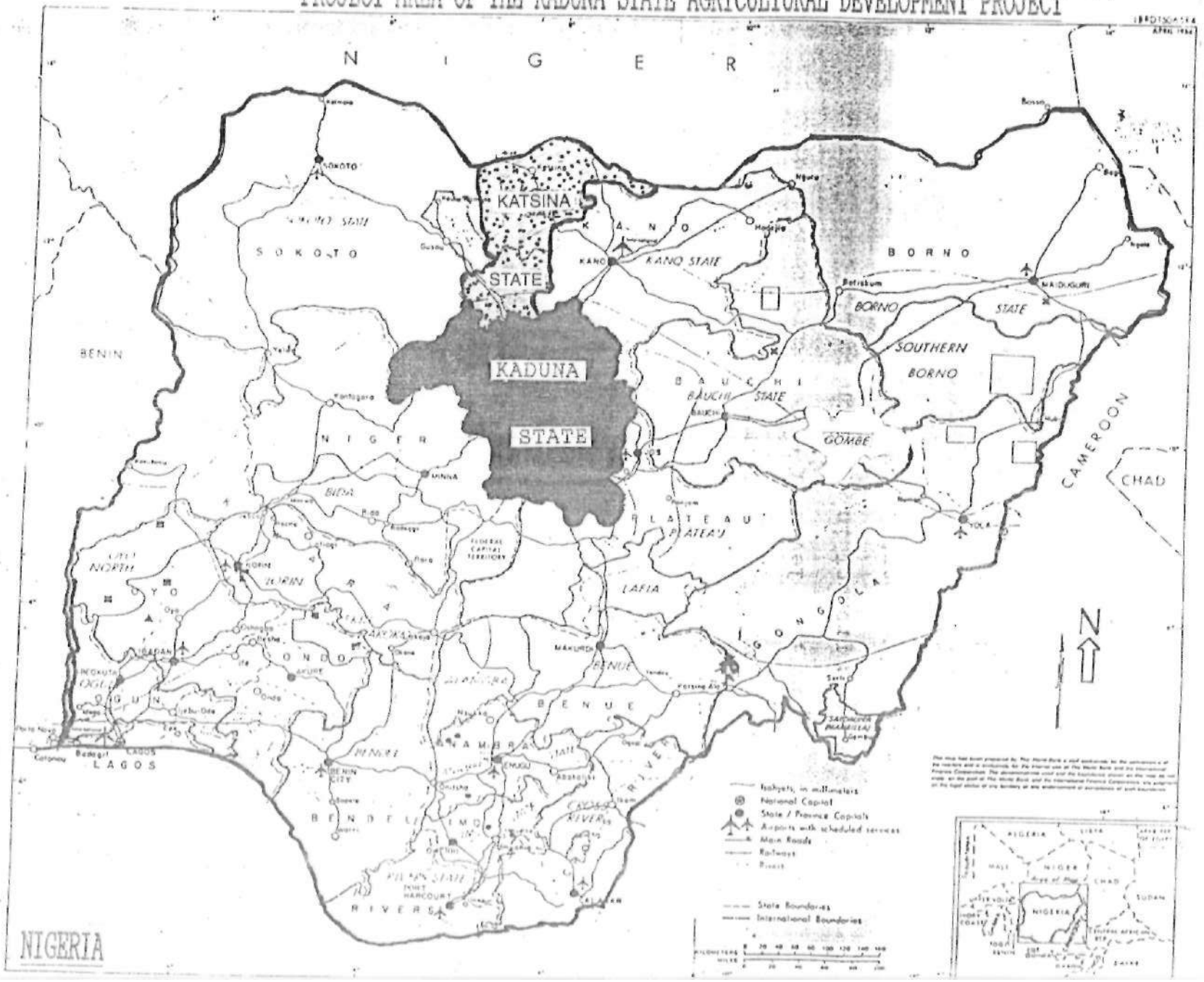
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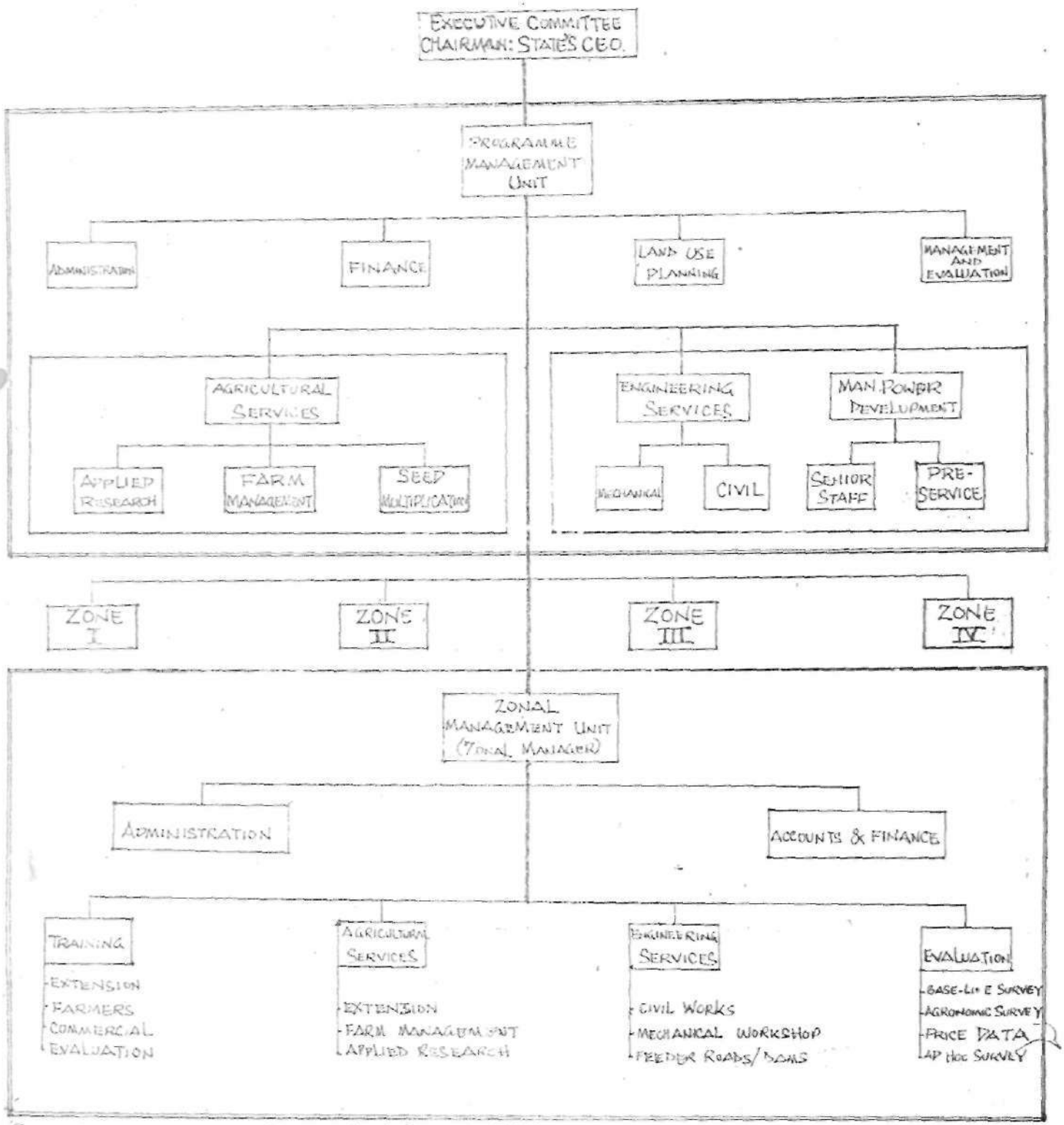
# APPENDIX A

## PROJECT AREA OF THE KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT



# APPENDIX B

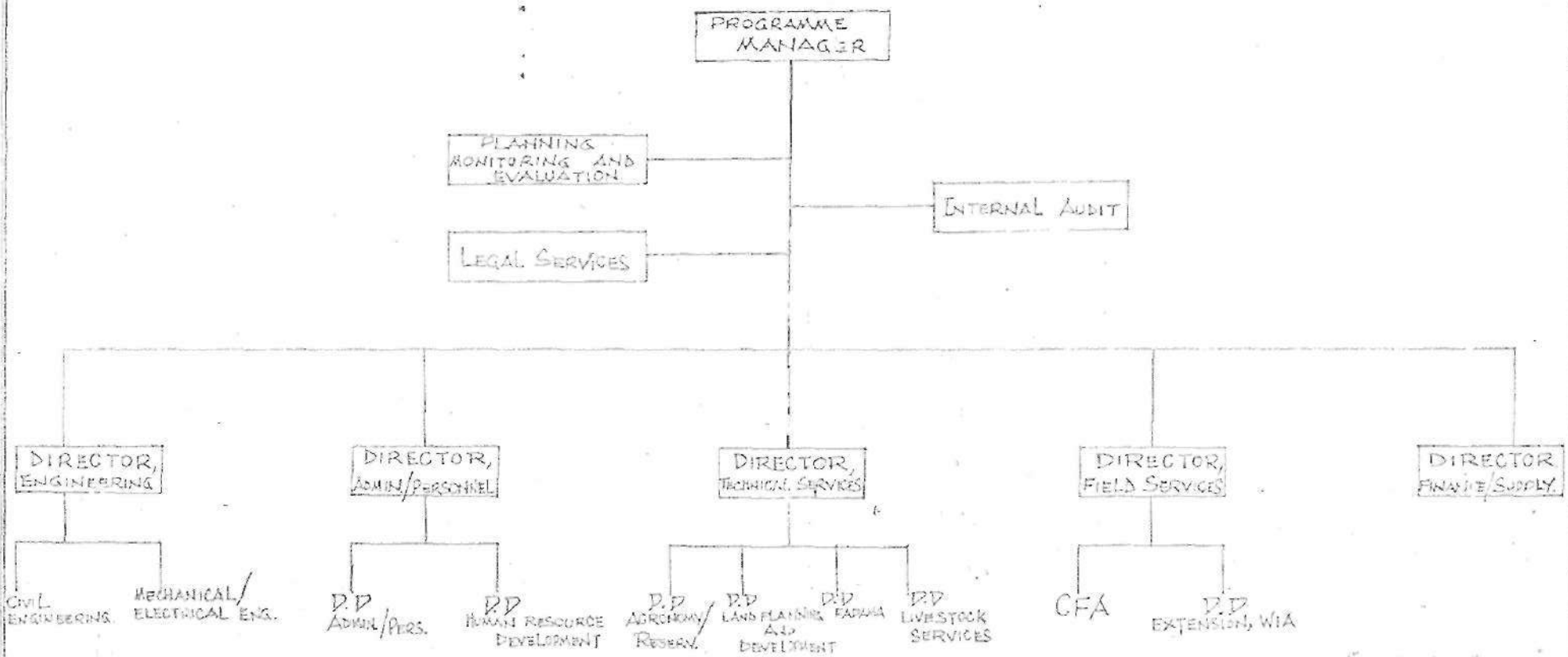
## ORGANISATION OF KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT




Source: World Bank Staff Appraisal Report, KADP.

# APPENDIX C

## THE PROJECT MANAGEMENT UNIT OF THE KADUNA STATE AGRIC. DEVELOPMENT PROJECT:




D.D – DEPUTY DIRECTOR
CFA – COOPERATIVE FINANCING AGENCY
WIA – WOMEN IN AGRICULTURE

SOURCE : THE KADP BULLETING – 1993