663-11-140-162 (1)
PD-AAB-942-C1

I. PROJECT IDENTIFICATION

1. PROJECT TITLE

ADA DISTRICT DEVELOPMENT PROJECT (ADDP)

APPENDIX ATTACHED: ☐ YES ☒ NO 14p.

2. PROJECT NO. (A.O. 1055.2) 663-11-140-162

3. SUBMISSION: ☐ ORIGINAL ☒ REV. NO. 1 DATE 9/75

CONTR./PASA NO.

4. RECIPIENT (specify): ☒ COUNTRY Ethiopia ☐ REGIONAL ☐ INTERREGIONAL

5. LIFE OF PROJECT: BEGINS FY 1972 ENDS FY 1977

II. FUNDING ($000) AND MAN MONTHS (MM) REQUIREMENTS

FUNDING BY FISCAL YEAR	A. TOTAL $	C. PERSONNEL (1) $	C. PERSONNEL (2) MM	D. PARTICIPANTS (1) $	D. PARTICIPANTS (2) MM	E. COMMODITIES $	F. OTHER COSTS $	G. PASA/CONTR. (1) $	G. PASA/CONTR. (2) MM	H. LOCAL EXCHANGE CURRENCY RATE: 1 US $ = 2.05 (U.S. OWNED) (1) U.S. GRANT LOAN	(2) COOP COUNTRY (A) JOINT	(2) COOP COUNTRY (B) BUDGET
1. PRIOR THRU ACTUAL FY	1551	1482	231	16	6	28	25	1367	195			1151
2. ORIG. FY 1976	295	251	58	39	22		5	251	58			454
3. BUDGET FY L.Q.	12	12	2					12	2			
4. BUDGET FY 77												520
5. BUDGET FY												
6. BUDGET FY												
7. ALL SUBS. FY												
8. GRAND TOTAL	1858	1745	291	55	28	28	30	1630	255			2125

9. OTHER DONOR CONTRIBUTIONS: None

(A) DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT

Mission Clearances:
F&A: RACobb PRG: BRiley

III. PREPARATING OFFICE CLEARANCE

1. DRAFTER: Peter W. Shirk — TITLE: F&A — DATE: 9-22-75

2. CLEARANCE OFFICER: Burton M. Gould — TITLE: A/Director — DATE: 9/23/75

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

3. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF	SIGNATURE	DATE

5. APPROVAL AAs OR OFFICE DIRECTORS — SIGNATURE — DATE — TITLE

6. APPROVAL A/AID (See A.O. 1055.2 V.1 C) — SIGNATURE — DATE — ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

I. Background and Purpose of Amendment

The purpose of this revision is to reflect changes in the scope and magnitude of inputs and their requisite outputs in the Ada project now adjudged necessary to achieve the desired End of Project Status.

The revised nature of project inputs and outputs reflected herein is the outcome of an in-depth mutual evaluation performed by representatives of the Ethiopian Government's Ministry of Agriculture and of the USAID Mission. During the course of this evaluation it was agreed by both parties that the Ada project as then constituted was too costly in terms of capital inputs and management overhead and that there was great danger that any innovations successfully demonstrated by the Ada project would in turn be too costly for replication elsewhere in Ethiopia using Ethiopian Government resources solely. In addition it was felt that the Ada project was not sufficiently integrated into the NPID/MOP structure.

The goal and purpose of the project as envisionaged in the original PROP remain unchanged. The project goal is to make measurable progress toward the modernization and monetization of peasant subsistence agriculture by the development of institutions and infrastructure for improving the socio-economic status of small farmers. The purpose of the project continues to focus on the development and testing of new technology, local institutions and delivery mechanisms which are financially, technically and administratively replicable in other areas of Ethiopia by the GOE and which will help small farmers increase productivity, and increase income. (See logframe attached). Changes which are being made at the input and output levels include the addition of a research component, a reduction in the number of local centers, a reduction in Ethiopian project personnel, and a decrease in the number of U.S. contractors. Capital equipment requirements have been revised downward, and loan funds originally intended for the purchase of this equipment are being deobligated. U.S. and GOE financial contributions under the modified plan have been revised downward to reflect those changes.

Changes in the design of the Ada project are occurring at a time of considerable change in the entire rural spectrum in Ethiopia. During 1975, the Ethiopian Provisional Military Government (EPMG) initiated several new programs which affect the nature of the project. The Land Reform Proclamation of March 1975 broke the centuries-old power of the landlords over

tenants, and consequently eliminated the need for tenant farmers to pay large portions of their crop as rent. Under the proclamation, no farmers may henceforth own more than 10 hectares. Peasant associations are to be established which may ease problems of developing viable cooperatives. Government plans are in process for the expansion of non-formal education throughout rural Ethiopia and for eventual provision of other services in the rural areas as well.

The National Land Reform objective includes directing of farmer's associations into cooperative credit and marketing, and experiments in production cooperation. Thus, the experimental structure of the Ada project along with the Marketing/Credit and Extension Units provide direct support to the GOE land reform strategy.

AID has a mandate from Congress to sponsor development programs which contribute to moving the poor majority of the world's population above the poverty level of existance. Since the objectives of this project and the activities described in this amendment continue to focus on increased production and income for the small farmer, whose average annual income is well below $150.00 per year, the project as designed is clearly in concert with the aims of the congressional mandate.

II. Changes in Project

A. Restructuring of the Ada Project

From project inception through November 1974, the Ada Project operated as a semi-autonomous unit of the Ministry of Agriculture. There was virtually no coordination with the Extension and Project Implementation Department (EPID) of the Ministry of Agriculture, which serves as the coordinating and implementing body for the nation-wide Minimum Package Program (MPP). Hence, there was no clear linkage between the planning, management and outputs of the Ada Project and the national MPP effort. In November 1974, the Ada Project was put under the direction of EPID, as were all other comprehensive agriculture projects in the country. Now, under direct leadership of EPID, Ada has become an experimental arm of the MPP (see Section D).

B. The Nature of the Experimental Approach to be used by the Ada Project

There are numerous constraints which have limited the Ethiopian Government's ability to reach the majority of Ethiopia's peasant farmers with programs capable of increasing farmer productivity and income. These constraints, which are addressed more fully in the DAP, include lack of access, lack of properly qualified planners, managers, field implementing staff, lack of adequate storage, marketing, credit, and the inevitable funding limitations.

As redesigned, the Ada project is aimed at developing low cost methods, utilizing farmer self-help, to overcome some of the constraints. Labor-intensive farm-to-market roads and simple primary storage units are being constructed. Water supplies are being built. New approaches to local level input planning and delivery are being attempted in an effort to reduce the per-farmer cost of delivering improved seed, fertilizer, pesticides and extension advice. To the extent that Ethiopian Government staff previously assigned to the Ada project have proved to be in excess of the numbers required to accomplish project objectives, these excess personnel have been transferred out of the project.

C. Summary of Project Outputs

1. Local Centers

The number of project farm centers has been reduced from the twoorigiinally planned to seven. Warehouse and office construction planned for each project center has been completed at five of the center sites. Building construction is scheduled for completion at all seven project centers by the end of FY 1973. A planned central warehouse will not be constructed unless storage capacity at local project centers proves to be insufficient. Additional storage space may be rented at Debre Zeit if required. The formerly planned workshop and services building will not be constructed.

2. Farmer's Associations and Cooperative Development

Cooperative development, a major component of the project, will experiment with various approaches to cooperative formation. The project activities will include training of committee members in cooperative principles, establishment of and assistance in management of farmer's associations. The associations will gradually take over the marketing and credit activities of the project, and the financing and management of the center warehouses. Since the land reform proclamation in March 1975, one ~~hundred~~ thirty-two farmer's associations comprised of 15,000 farm families (virtually the entire farming population of the Ada Woreda) have been organized in the project area. Each association collectively plows, plants, cultivates and harvests a given hectarage of agricultural land.

Cooperative development by the Ada Project under the supervision of EPID will be supported, in part, through funding provided by SIDA for the MPF cooperative activities. Local costs and expatriate personnel financing is to be provided by SIDA for the EPID Cooperative Unit which is tied to the EPID Phase II proposal scheduled for completion in early November 1975.

3. Credit

Farmers will be provided credit for acquisition of seeds, fertilizer, small tools and implements through Agriculture and Input Marketing Services (AIMS) in accordance with regular EPID procedures. For commodity loans to farmers, a revolving fund financed from host Government sources has been made available by the project. Supervision of the use of all inputs and assistance in the application of improved farming practices, technology and innovations will be provided through U.S. contractors and Ethiopian technicians. Upon submission of a 25% down-payment, seeds, fertilizer, and insecticides were provided in FY 1975 by the project as credit-in-kind to small scale farmers in the project area. 450 tons of fertilizer and 30 tons of seed were distributed to farmers in FY 1974. 1,735 tons of fertilizer and 60 tons of seed were distributed in FY 1975. This year (FY 1976) the down payment requirement has been waived in order to stimulate timely planting and to minimize delays in input procurement resulting from elimination of traditional agricultural input supply channels through the implementation of land reform.

Credit Distribution Summary

Item	FY 1974	FY 1975
Number of Farmers	412	1,095
Total Hectarage	1,114	3,082
Average Credit Farmer US$	51	70
Average Hectare/Farmer	2.70	2.81
Total Credit	US$21,297	US$76,397

Credit distribution projections for FY 1976 encompass provision of fertilizer and seeds to 1,500 farmers. Plans for distribution of credit in kind during FY 1975 were modified to provide seed and fertilizer to farmer associations formed through the implementation of land reform, which in turn assume responsibility for redistribution of inputs to their respective members. FY 1977 projections of credit distribution in terms of number of farmers participating have not been formulated due to uncertainty regarding the effectiveness of farmer associations as re-distribution agents. However, by March 1977 the AMOP plans to process applications from 150 farmer associations and individual farmers who are farming plots assigned to them by associations. Agricultural inputs will be composed of three types of fertilizer, seeds, with the addition of insecticides and farm implements.

It is anticipated that by the end of the project, FY 1978, credit extended to Ada farmers may reach US$125,000 per year.

4. Marketing

Experimentation with various marketing strategies for farm produce is a major project activity. Warehouses at each of the seven project centers will be utilized as integral components in the demonstration and promotion of sound marketing procedures. The project will experiment with three grain marketing concepts:

(a) market information and weighing services for the farmer's associations. Associations are given the option of storing grain in the warehouse for a fee;

(b) a grain purchase-rebate system; and

(c) a commodity loan program.

5. Extension

Agricultural extension will for the most part follow the original plans. During FY 1978 the project will aim at providing extension services to 3,300 farmers within the project area, concerning topics of general farm management, acquisition of inputs, and application of fertilizers and improved seeds. Dissemination of information concerning agricultural extension activities will be accomplished by conducting three field days at each of the seven project sites. A home economics program has already been started and will be continued. The agricultural extension unit will operate through one hectare fenced demonstration fields at each of the seven local centers, each staffed with one extension agent and one assistant agent. During FY 1977 two additional one hectare fenced demonstration plots will be put into operation. Three field days will be held at each of the demonstration fields. Farmers will be encouraged through their respective farmer associations to participate in extension activities conducted during field days. During FY 1977 extension services will be provided to a minimum of 4,000 farmers. In addition to general extension activities the local unit will perform fertilizer and variety field trials and experiment with cultivation methods, soil conservation methods, and improved implements in cooperation with the Bahre Zeit Research Station.

The original plan of providing agricultural extension through demonstrations by model farmers at project centers has been replaced with demonstrations through farmer associations. Fifteen sites within each project center measuring approximately 10 x 30 meters each are being selected for demonstrations of alternative farming practices. The sites are being set up within fields currently being cultivated by the farmer's associations in order to emphasize, through improved

product quality and volume, the advantages of selected agricultural technologies and inputs. Demonstration sites are selected to provide a wide geographic distribution within project centers in order to enable exposure of extension techniques to the largest possible segment of the farming population.

6. Road Construction

A road net-work consisting of 105 kilometers of all-weather road connecting all seven project centers with Debre Zeit is scheduled for completion by FY 1977. The project will experiment with different road designs and maintenance techniques. Ada road construction will aim at producing roads which match EHA category B rural road minimum specifications. Labor intensive construction methods, as well as capital intensive methods will be used. Detailed cost accounting will be kept in order to compare the feasibility and costs of the two methods. To date, 33 kilometers of all-weather road have been constructed and 175 kilometers of dry-weather road have been repaired.

7. Well Construction

Four wells have been drilled in FY 1975. Another four wells are planned for construction in FY 1976. Additional wells will not be considered until the well maintenance capability of each local community has been established. Experimentation with hand dug wells, ponds, and river diversion will continue.

D. Linkages Between the Ada Project, EPID, MSU/IDE Research and USAID

Most of the administrative services of the project including administration, legal services, information and public relations and procurement will be integrated into the Common Services Division (CSD) of EPID. Separate accounts and financial records for the Project will be kept by the CSD. The cost for bookkeeping will be carried by the Project.

There will be only one planning and evaluation officer attached to the project. He will be responsible to the Planning, Evaluation and Liaison Division of EPID but will have advice and guidance from the MSU/IDE Research Team.

All official and formal relationships of the Project with USAID will be conducted thru EPID; i.e. the USAID Project Officer for ADDP will not have direct relationship with the project in matters involving project management and administration. However, the USAID has reserved the right to be continuously informed about the progress of the Project and to assure the effective utilization of USAID resources.

EPID relationships with the MSU/IDR Research will be established through the planning and evaluation officer. Through this linkage annual activities and work plans of the MSU/IDR team will be reviewed and approved by EPID. Expansion of MSU/IDR research into areas adjacent to ADDP, or other MPP areas will be coordinated by EPID.

E. MSU/IDR Research

The Government of Ethiopia (GOE) considers research to be an integral component of the ADDP. Given the multiple objectives of the Ada Project and the need to evaluate the impact of the project on the agricultural production incomes, employment, and income distribution, the IDR of Addis Ababa University and the Department of Agricultural Economics of Michigan State University have entered into a cooperative research agreemant to undertake research on the socio-economic impact of the Ada Project during the 1975-76 calendar years. The MSU/IDR research will be enhanced by the modification of the Ada Project. With the project under more direct EPID leadership MSU/IDR activities will have more immediate relevancy and linkages to MPP. The research is being conducted in 5 of the 7 Ada Project centers and involves a total of 150 farm families. The research will cover a 13 month period of weekly interviews with each participating family.

The research results will be used by the management of the Ada Project as well as the EPID. The methodology developed by the Ada research team will be useful in the Ministry of Agriculture evaluation of agricultural sector projects.

The MSU/IDR team will determine the seasonal demand for labor, evaluate farm incomes, study alternative production systems and mechanical and biological technologies. The MSU/IDR team will have joint responsibility for developing adequate data as needed to meet the requirements of the plan of operation.

The data will be analyzed with budgeting and programming techniques to determine substitutability and/or complementarity between factors of production.

Particular attention will be devoted to exploring the opportunities for efficient labor intensive technologies on farms through analysis of data collected by the research team.

The final step will be to analyze the effects on private and social profitability of alternative government policies which alter the relative prices of capital and labor.

F. Summary of Project Inputs

1. USAID

(a) The U.S. technical services component of the project has been reduced from six to four technicians (Production Agronomist, Credit/Marketing/Cooperative Specialist, Research Agronomist, Small Tools Engineer). The position of Project Deputy was eliminated. The engineering and financial contract technicians have been replaced by Ethiopian specialists. The responsibilities of the credit technician and the marketing technician were combined under one position which along with the extension Agronomy position is also being staffed by U.S. contract personnel. The remaining two technicians, a production agronomist and a small tools engineer, have been assigned to the Debre Zeit Experiment Station where they will serve the ADDP as well as the MPP and other agricultural development projects in close collaboration with the agronomic section of EPID. The services of short term consultants will be provided through the USAID assistance grant.

- The Production Agronomist - Assists the Debre Zeit Experiment Station in conducting pulse variety trials and fertilizer response studies and collaborates with the ADDP in conducting field trials of sorghum, wheat, teff, beans and chickpea varieties. He assists in experimentation with alternative cultivation practices for use by farmers in the Ada District Development area.

- The Credit/Marketing/Cooperative Specialist - is assigned to initiate cooperative education programs, assist in the formation of farmer associations, experiment with cost sharing arrangements, study constraints to establishment of farmer associations and cooperatives, establish and test methodologies for operation of farmer associations and cooperatives, and initiate and assist in the implementation of new and on-going credit and marketing activities.

- The Extension Agronomist - Develops procedures for the use and training of local extension agents in extension programs, assists in selection of improved seed production, supervises the development of improved seeds, and collaborates with the Debre Zeit Experiment Station in assisting extension agents establish plots for demonstration of field variety trials. He also assists in the introduction and testing of new and improved farm implements, and collaborates in developing and testing experimental approaches for distribution of inputs and dissemination of improved techniques to Ada District farmers.

-The Small Tools Engineer- Is assigned to recommend various improvements to farm implements for use in the project area utilizing, in part, data generated from other Ethiopian agricultural projects. He will test the effectiveness of new implement designs and assist the extension unit of the Ada Project introduce improved implements and techniques into the project area. He is also assigned to assist the MSU/IDR research component conduct analysis of small scale industry to produce farm implements which are suitable and marketable in the Ada Woreda.

-Consultancy Services - Are provided to assist the GOE Ministry of Agriculture evaluate Ada Project activities and objectives in the context of a changing social order and to assess the various packages of innovations that are expected to be forthcoming for dissemination to small farmers during this period. The consultants will also help examine the future of the Ada Project by exploring methods by which the project may best develop new methodologies for rural development in Ethiopia.

(b) USAID contribution to the MSU/IDR research component consists of funding one MSU agricultural economist who serves as research coordinator, and development grant funding for the services of short term consultants, supporting staff and operating costs, allowances, and international travel.

MSU Budget	$107,467
IDR Budget	76,324
Total	$183,791

(c) Fifty percent funding of project local costs through the Ada loan (663-H-021) will terminate at the end of FY 1975. USAID Agricultural Sector Loan funds will be used for local costs beginning in FY 1976. These funds will be programmed on an annual basis through normal EPID budgetary procedures with the Ministry of Finance.

(d) USAID Budget for Life of Project

(1) USAID Loan Component - 021

The AID loan for the life of the Ada Project was signed for an amount not to exceed $1,300,000. However, the modified plan of operation has resulted in a reduced estimate of loan fund expenditure. It is estimated that a total of $731,138 will be available in early FY 1976. As these funds will not be needed by the project, they will be deobligated and re-programmed to meet other Agency requirements.

Foreign Exchange		U.S. $
Authorized per Loan Agreement	660,000	
Total authorized for disbursement	303,862*	
Increased cost - 3 Trucks	10,000	
Sub-Total unutilized by Ada Project		346,138

* 309,977 - Total Authorized for Disbursement
- 6,115 - Refund
303,862

Local Costs		U.S. $	
Authorized per Loan Agreement		640,000	
Disbursed	224,468		
Estimated Future Expenditures: 4th Quarter FY 75	30,532		
Total authorized for Disbursement		255,000	
Total unutilized		385,000	
Sub-Total Available Reprogramming		385,000	385,000
			$ 731,138

(2) USAID Grant Component

Original Ada Project funding through development grant was initially projected to be $1,711,000. Ada Project modifications have reduced estimated original grant expenditures slightly to approximately $1,674,000. However, with the inclusion of MSU/IDR research to the Ada Project activities in FY 1975 and FY 1976 an additional $184,000 have been programmed for a revised Ada Project Development Grant total of $1,858,000. The following table reflects revised USAID grant funding for the project.

Revised Project Grant Funding
(U.S.$000)

	Total	U.S. Personnel D-H	U.S. Personnel Contract	Participants	Commodities	Other Costs
FY 1971	426	-	426	-	-	-
FY 1972	102	29	62	-	10	1
FY 1973	135	38	62	5	14	16
FY 1974	512	48	441	11	4	8
FY 1975	376	-	376 a/	-	-	-
FY 1976	295	-	251 a/	39	-	5
IQ	12	-	12	-	-	-
GRAND TOTAL	1,858	115	1,630	55	28	30

a/ Refer to FY 1977 Annual Budget Submission for Contractor Funding components.

(e) Government of Ethiopia (GOE) Contribution

1. Personnel Changes

Ethiopian Staff	Prior to Modifications	Revised in FY 1975
Senior Staff	14	7
Middle Management	28	18
Support Staff	91	78
TOTAL	133	103

2. GOE Budget (U.S. $)

	Capital Costs	Recurring Costs	Sub-Total
FY 1972	25,860	24,061	49,921
FY 1973	8,030	158,812	166,842
FY 1974	166,690	288,821	455,511
FY 1975	131,560	347,902	479,462
FY 1976	165,365	288,667	454,032
FY 1977	284,403	235,424	519,827
TOTAL	781,908	1,343,687	2,125,595