

2 PAR

6/27/74
UP

PD - AAK - 409 - D1

663-11-750-116

(7)

11/24/71

6/4/74

ETHIOPIA

74-4

ECONOMIC AND FINANCIAL PLANNING

1970	1971	1972
		372,500
1,212,000		

12/25/71

zero

- 1. Willie Shaner (Host Country Contract)
- 2. Vincent Lowenberg (Host Country Contract)
- 3. Stewart Bryant (Host Country Contract)
- 4. Robert Freeman, Jr. (Host Country Contract)

- Contract No. 663-133
- Contract No. ORKX 01/102
- Contract No. 11-6
- Contract No. 12/020

- X 1. Press EFD to complete general economic and other reports as soon as possible after Teams leave Ethiopia. For 1975 General Economic Report.
- X 2. All target EFD agencies should provide adequate long-range manpower/training plans to justify any future post-graduate training. Before signing of next Prog for such training.
- X 3. Before any financial commitments are provided by USAID, the relevant divisions of the Ministry of Finance should improve its performance at increasing EFD revenues, and (b) the Ministry of Commerce, Industry and Training should improve its performance at encouraging private investment and exports. Before signing of such training.

BEST AVAILABLE DOCUMENT

July 27, 1974

Walter Welflow

John L. Williams

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	D. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (%)				
	UNSATISFACTORY		SATISFACTORY			OUTSTANDING		LOW		MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5
1. Willis Shaner						X						X
2. Vincent Lowenberg		X										X
3. Stewart Bryant			X									X
4. Robert Freeman, Jr.						X			X			

Comment on key factors determining rating
 High ratings in Section C because Nos. 1 and 2 advised IEG central agency concerned with development budget, and No. 3 advised IEG agency which spent 13.5% of IEG Development Expenditures in FY 1973, and 6.4% of total IEG budget. No. 4 was concerned with the presently small and insignificant insurance industry. The ratings in Section B determined jointly with IEG supervisors. The OPEX staff training as envisioned in the PROP was not successful, especially the unrealistic feature of counterparts replacing OPEX. The preparation of procedures/standards manual by OPEX was apparently effective element of staff training.

3. PARTICIPANT TRAINING						X								X
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Comment on key factors determining rating PROP funding and man-months of training targets for FY '72-'74 were achieved. 95% of participants who returned by 4/74 achieved their academic goals. 94% are still employed as planned. 37% of those returned by 9/73 were promoted, although some promotions were given for achieving degrees rather than for performance. A constant problem has been USAID/IEG inability to provide AID/W with placement documents by the planned February deadline.

6. COMMODITIES														
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Comment on key factors determining rating
 None.

8. COOPERATING COUNTRY	c. PERSONNEL			X										X
	d. OTHER			X										X

Comment on key factors determining rating
 Most target IEG agencies performed satisfactorily. The revenue division of MinFin, excluding Inland Revenue, performed poorly primarily due to a lack of commitment to increase taxes. The Min Commerce, Industry & Tourism, excluding the Insurance Department, also performed poorly primarily due to a lack of commitment to encourage private investment and exports. Only the Planning Commission Office provided adequate long-term manpower/training plans.

7. OTHER DONORS					X									X
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The UNDP/DAS team in the Ministry of Planning provided good guidance for the IEG determination of training needs and selection of participants. DAS Team was also effective in formulation of the draft 4th Five-year Plan. Other donors (IMR, UNIDO, UN/WHO and IDP) provided helpful assistance but it was not as essential to project success as that of UNDP. Their inputs provided only 1/4 of total IEG team. UNDP accounted 2/3 to 3/4. There were excessive delays in publication of 1970 general economic and agricultural reports.

		74	75	76	
Number of participants who complete their training programs and return to target IEG agencies.	37	53	68-73	83-93	83-93
	51	62			
		64	73	88	88
Percentage Ethiopian economists and statisticians in target IEG agency staffs (including foreign advisors).	Increase percentage (figures not stipulated)				
	1970				
	76				
		84			84
Number of studies completed on important economic problems.	19	20			23
	6				
		16			16

Improved IEG Agency performance due effects advisors.

Technical Agency clearly demonstrated improvement in project management, improved performance by IEG as indicated by success in formulation of Fifth Five-year Program. A.I.C. Insurance Agreement successfully recognized the Insurance Industry.

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IV. PROJECT PURPOSES

a. 1. Statement of purposes currently envisaged.

2. Same as in PROC? YES NO

With respect to goals, expand the capability of financial, economic and commercial agencies. In particular the target agencies are the Prime Minister's Office, the Central Statistics Office, the Ministry of Planning (old Planning Commission Office and Technical Agency), the banks, the Ministries of Finance, Commerce (MCIT), and Community Development (Manpower Section).

b. 1. Conditions which will ensure that these purposes be carried out.

2. Comments on the progress toward these conditions.

1. Target IEG agencies have adequate numbers of trained economists, statisticians and other professionals.

1. AIDB, CBE, NBE, MinFin, MinPlan are fairly well staffed with Ethiopians. Non-degree, on-the-job training of the type provided in the banking system seems to be very successful. However, except for NEE & CBE, all lack experience and will continue to need foreign advisors. Perhaps additional advanced degree training will be necessary for research units. The CSO will need additional trained staff if it is to achieve its Third Plan objectives. The manpower Section of MNCD needs more statisticians. MCIT is weak in many respects.

2. These trained personnel contribute significantly to implementation of Third and Fourth Development Plans.

2. Trained manpower is being utilized, although about $\frac{1}{4}$ of participants complain that their new skills are not utilized enough.

3. There will be improvement in procedures and practices within target IEG agencies.

3. a. Procedures have been improved in OPEX affected agencies: MinPlan, IHA Planning Unit and MCIT Insurance Department.

b. MinFin has improved IEG budgetary practices, but revenue practices have not been improved. CSO and Manpower Section of MNCD have improved to lesser extent. MCIT has done little.

c. Statement of financing goal

To mobilize more financial resources including (1) public domestic (2) public foreign and (3) private; (4) to allocate resources more efficiently, i.e. towards development; and (5) to manage finances more effectively.

d. Will the achievement of the project purposes require a significant contribution to the gross saving goal, given the capacity of the national market? Give evidence.

In the areas of banking, planning and budgeting where the IEG seeks improvement, trained staff and foreign advisors have been essential to IEG achievement of its objectives. In the areas of revenue collection, encouraging private investment and exports, IEG commitment is still the most important need.