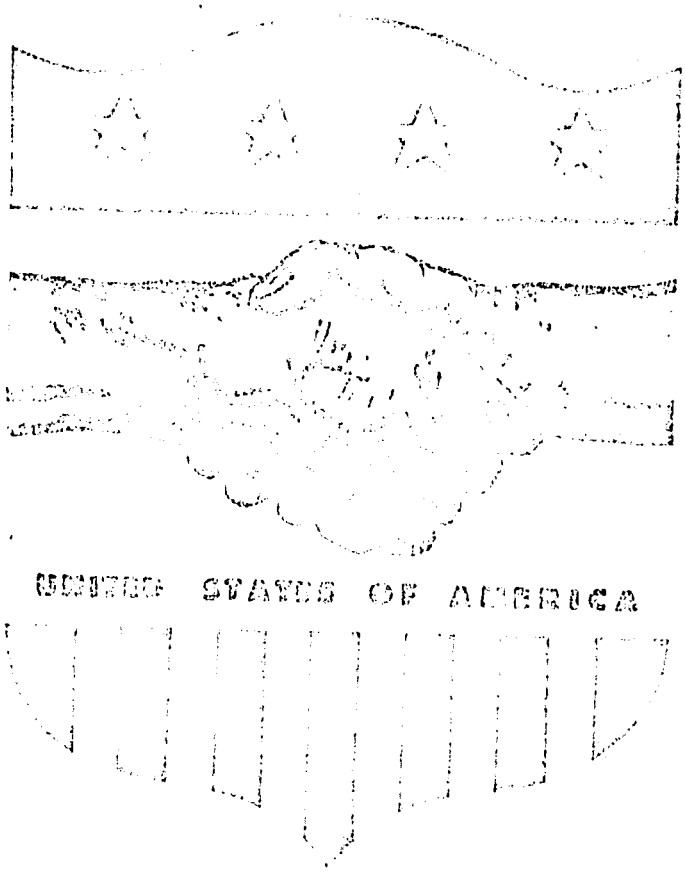
PD-AAX-828

THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

ASSISTANCE PROGRAM TO ETHIOPIA

PAST, PRESENT AND PLANNED ACTIVITIES

1951 THROUGH SEPTEMBER 30, 1978



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I. BACKGROUND

Ethiopia is one of the Least Developed Countries (LDCs) in the world. Within the group of the 25 least developed, as identified by the United Nations, Ethiopia has by far the largest population, numbering about 28 million with a net population growth rate of about 2.5% per annum.

Approximately 90% of the people derive their livelihood from agriculture. Some 85% of the population are peasant farmers living at the subsistence level; 10% are engaged in other traditional activities, and only 5% are in the modern sector. Among the 25 least developed countries, Ethiopia ranks among the lowest in literacy rate, which is below 10%. The school enrollment rate is below 15% of school age children, the number of inhabitants per physician is about 70,000 GNP per capita is approximately US $100. The urban average per capita GNP is about US $383 (737 Birr) and the figure for the rural population is about US $58 (119 Birr).

II. PAST U.S. AID ACTIVITIES

The U.S. Government first became involved in the Ethiopian Economic Development Program in 1951 at the request of the Ethiopian Government. At that time, the basic institutions, trained manpower, and infrastructure to initiate development projects were practically non-existent. Thus, U.S. and other donor economic assistance was mainly concentrated in the development of institutions and infrastructure and on training Ethiopians in the U.S. and other countries. Since its initial involvement, the U.S. Government, through the Agency for International Development and predecessor agencies, has assisted the Ethiopian Government's development program in numerous activities in the fields of agriculture, health, education, relief and rehabilitation, industry, transportation, public safety and public administration, community development, social welfare and housing, communications media and private enterprise.

A great deal of infrastructural development has since taken place in Ethiopia and much of the institutional framework necessary for development projects has been established.

From 1951 through September 30, 1978, the U.S. Government provided through the Agency for International Development and predecessor agencies, approximately US $325 million (667.7 million Birr) in economic assistance to Ethiopia. Of the US $325 million (667.7 million Birr), grant assistance accounts for US $115 million (236.3 million Birr), development loans for US $136 million (279.4 million Birr) PL 480 commodities (concessional sales and grants of U.S. agricultural commodities) accounts for US $61 million (125.3 million Birr) and drought (non-food) assistance US $13 million (26.7 million Birr). The grants include technical services, cash transactions, training, research, consultation, demonstration, emergency aid and commodities, etc. The development loan assistance started in 1959. Most of the soft loans[1/] have gone into airport development, agriculture, malaria control, road development, the construction and equipping of facilities for Addis Ababa University (formerly Haile Selassie I University) at its various campuses, and assistance to the Agricultural and Industrial Development Bank for lending to various enterprises in the private sector.

A few of the more successful projects to which AID has contributed are:

1) The establishment of the Public Health College in Gondar. This college was established by AID and has graduated over 800 students, who staff rural health facilities throughout the country. All USAID and WHO technicians have been replaced by Ethiopians, and the staff of the college is now almost completely Ethiopianized.

2) Construction, equipping and staffing of the College of Agriculture at Alemaya largely through an Oklahoma State University contract.

3) The development of the Malaria Eradication Service now renamed the Malaria Control Service (MCS). Great progress has been made in controlling the incidence of malaria, in spite of problems of transport and terrain. Approximately 6-1/2 million people per year are reached and protected through spraying operations and treatment with anti-malaria drugs. The utilization of under-cultivated land was also made possible. The World Health Organization also provides assistance to MCS.

4) The construction, staffing and equipping of the Awasa Community Development Training Center and the expansion of facilities at the Agricultural Schools in Jimma and Ambo, Vocational Trade School in Addis Ababa and Asmara, the Teacher Training School in Harrar, and the Regional Secondary School in Debre Berhan.

1/ Since 1968, terms for AID development loans have been: repayment over 40 years with a ten year initial grace period. Interest is paid at 2% during the grace period and 3% thereafter. The estimated grant element contained in these terms is 70% when computed using 10% discount rate. Note:- Since 1976, all new US assistance to Ethiopia is on a grant basis.

5) Provision of project loans to the Ethiopian Highway Authority now the Ethiopian Road Authority (ERA) for road construction, for the installation of 34 bailey bridge sections at locations throughout the country and for equipment and repair facilities.

6) AID has also assisted in the development of Ethiopian Airlines under an earlier AID-funded contract with TWA, and has contributed to the improvement of transportation within the country and to points abroad through loans for airport development in Addis Ababa, Asmara, Jimma and elsewhere and jet aviation maintenance and repair facilities.

7) Training programs have been funded for over 1,633 Ethiopian teachers, administrators and technicians who have been trained in the U.S. and other countries. During FY 78, 12 Ethiopians were studying in the U.S. under AID sponsorship.

8) AID has made loans available for the design, equipping and construction of six dormitories, a cafeteria/auditorium at the Addis Ababa University, and two lecture halls, a dormitory and a classroom building at Alemaya. One of the most visible and useful facilities that AID has made available at the Addis Ababa University (AAU) is the John F. Kennedy Library. AID has also assisted in the development of AAU faculty members and in terms of expanding student enrollments through the University General Support Project. The support under this project included: the provisions of American professors and staff, graduate training for more than 121 AAU faculty members and staff in the U.S., and the provision of funding in research and other institution building activities.

9) Since FY 1970, AID has authorized four Agricultural Sector Loans totalling US $40 million (82 million Birr) to assist the Ethiopian Government in expanding its agricultural development programs. The Ethiopian Government's agricultural development programs, supported by these loans include assistance to small peasant farmers through the provision of fertilizer, seeds, extension education, cooperative development, livestock disease control, credit, rural roads and research.

10) PL 480 Title II Food-for-Work programs were introduced in the two northern provinces of Eritrea (in the 1960s) and Tigre (early 1970). The program provided grain as payment to villagers for their work. The program featured participation of village communities in reforestation, road construction and maintenance, water development and other small-scale public works activities. The road work and reforestation have provided vital infrastructure for other rural development activities. In the two provinces, some 2[illegible],000 unemployed or under-employed villagers directly benefited from food payments and approximately 140 village communities participated in the program. Since 1970, approximately 5,800,000 trees have been planted on 4,000 kilometers of terrain in the two provinces. Approximately 650 kilometers of new roads have been built and about 1,000 kilometers of roads maintained.

11) PL 480 Title II commodities support the established Catholic Relief Services (CRS) maternal/child health (MCH) activities in urban and rural areas in order to alleviate the nutritional deficiency of the recipients. In the MCH program the major recipients/beneficiaries are pre-school children, mothers and at risk females. The commodities consist mainly of corn soya milk (CSM), soy fortified sorghum grits (SFSG) and oil. The CRS target group in the country is 11.2 million or 43 percent of the total population. Of this number, the CRS pre-school program, during the Interim Quarter (July-September 1976) reached 86,000 children and women monthly in Asmara and Massawa. The FY 77 program benefited approximately 117,000 mothers and pre-school age children monthly in Eritrea, Addis Ababa and Harrarghe. The FY 1978 program through CRS, covered approximately 35,000 recipients in Addis Ababa.

III. THE CURRENT AID DEVELOPMENT ASSISTANCE PROGRAM IN ETHIOPIA

The current AID economic assistance program in Ethiopia through both the Government and private channels supports and emphasizes integrated rural development, increasing food production, promoting self-help activities and marketing capacity of small farmers, developing needed skills and social services in rural areas. In FY 1978 AID had anticipated new grant obligations for 8 projects designed to have measurable development impact on the above mentioned key sub-sectors of the economy. However, due to delays in approving and signing projects, new funds were committed for only 4 development projects (ORT, LIFE, Pulses and Didesa). The current FY 78 AID bilateral program consists of 5 on-going development assistance projects comprised of:

1) Pulse Diversification and Improvement

This project, initiated in 1975 and implemented by EPID and IAR will continue to improve the institutional and infrastructural framework for increased pulse production by small farmers through research, extension, and seed multiplication and marketing. During the remaining life of the project (FY 1979 - 1981) activities are expected to be reoriented emphasizing pulse research and extension involving active participation and cooperation of the Addis Ababa University, the Institute of Agricultural Research, and the extension service of the Ministry of Agriculture and Settlement. The research structure is expected to generate improved, disease resistant varieties of three major lowland pulse crops and four major highland pulse crops. Currently, the U.S. is providing technical personnel, in-country and academic training abroad, and commodities including seed processing, research and farm equipment.

2) Southern Gemu Gofa Pre-Implementation

This is a pilot project designed to improve the capabilities of local government and the people through their peasant association to plan, manage and evaluate rural development activities. This project will terminate in December 1978 and its expanded activities will continue under the long-term follow-on project, Southern Gemu Gofa Area

Rehabilitation (663-0193) which is scheduled to receive initial AID funding in early FY 79. Under the pilot project, AID provided a short-term consultant and funding for commodities, training, construction and credit. U.S. assistance for the long-term project, will essentially be similar but will increase the level of inputs. Funds will be provided at the province level for implementing local projects such as health clinics, schools, roads, wells, storages, etc. and intensive short-term third country, in-country and on the job training will be supported.

3) Upper Didesa Development Project

This project which received its initial AID funding in the fourth quarter of FY 78, will assist with the settlement of about 6,800 farm families on 17,500 hectares of uninhabited land in Upper Didesa Valley on the border of Wollega and Illubabor Administrative Regions during a four-year period. The U.S. assistance to the comprehensive settlement and rural development program will include financing technical assistance, training, agricultural implements, construction, operating expenses and other commodities and services to conduct and maintain roads, a project farm and water supply system; establish an agricultural machinery pool and storage and marketing facilities; and initiate an agricultural, credit program, tsetse fly control program and expension services.

4) Malaria Control

AID has for several years been providing capital, technical and local cost assistance to the Malaria Control Services (MCS) which helps control the incidence of malaria among about 50% of the population. In September 1975 a loan in the amount of US $7.2 million (14.8 million Birr) was authorized to finance 100% of the foreign exchange costs of insecticides, drugs, vehicles and spare parts for FY 76-77 as well as 30%-15% of the recurrent costs of the malaria control program for those same years. In FY 1978 the loan was extended to June 1979 in order to allow MCS to use the remaining balance of approximately US $1.9 million (3.9 million Birr) for the integration of MCS and basic health services.

5) Fifth Highway Project

In FY 1973 USAID provided a loan of US $9.3 million (19 million Birr) for highway equipment. The project provides goods and services necessary to improve road maintenance in Ethiopia. All commodities under the project have arrived and are on site, and all services rendered. However, the loan has been extended to April 1979 in order to allow ERA to purchase badly needed additional spare parts with the remaining loan funds.

IV. DISASTER RELIEF AND REHABILITATION

The U.S. Government has granted almost US $40.9 million (84 million Birr) in food and non-food assistance from January 1973 through September 30, 1978 for direct drought relief assistance and recovery and rehabilitation activities in Ethiopia. Of this amount, US $23.3 million (47.9 million Birr) was used to supply and ship grain totalling 87,393 metric tons from the U.S. to the drought-stricken areas of Ethiopia. In FY 74 US $2.3 million (4.7 million Birr) was used to address critical recovery and rehabilitation requirements aimed at assisting those affected by the drought to re-establish productive lives.

In FY 1975 US $8 million (16.4 million Birr) was made available to cover program activities ranging from the construction of high priority relief access roads, stock water ponds, small dams and stream diversions in Southern Ethiopia, to crop protection, accelerated food production in nomadic agricultural settlement areas and surface water ponds in various drought affected locations in the country.

In FY 1976, approximately US $4.1 million (8.5 million Birr) was made available to finance a major road projects in Gemu Gofa province and assistance for establishing an early warning system for famine.

In 1978, the U.S. contributed approximately US$2 million (4.1 million Birr) in cash to PMGSE's emergency truck fund as well as approximately US $1 million (2.1 million Birr) for use in the famine affected portions of Wollo, Tigre, Bale and Sidamo and assistance to the Desert Locust Control Organization.

V. REGIONAL AND CENTRALLY-FUNDED PROGRAMS

AID provides financing for several voluntary organizations (International, American and Ethiopian) working in the areas of maternal/child health and family guidance. These include the Ethiopian Family Guidance Association, the International Planned Parenthood Federation, Family Planning International Assistance, and the Pathfinder Fund.

Assistance is also provided to the Seventh Day Adventist Church Ethiopian Union Mission to support the immunization program for the rural areas of Kembata-Abonsa, Ethiopia, to LIFE through World Education to develop functional literacy materials for adults, to ORT for a rural development project in the Gondar area and to the Catholic Relief Services (CRS) to support the Maternal and Child Health (MCH) activities in Addis Ababa and Wollo/Tigre.

VI. ON-GOING AND NEW PROJECTS PLANNED FOR FY 1979 FINANCING

The FY 1979 bilateral program will continue to fund 4 on-going projects: Pulses, Upper Didesa, LIFE and ORT. New projects planned for FY 1979 include Southern Gemu Gofa Area Rehabilitation as well as the following:

1) Agricultural Sector Development

Under this project, AID will continue to support the second phase of the Government's Minimum Package Program (MPP II) which extends simple, improved farm practices and inputs to farmers and assists them in organizing cooperative marketing. AID support will fund rural access road construction, soil/water conservation, training and applied research, selected farm inputs and operational expenses. USAID's proposed grant for this project is approximately US $21 million (42 million Birr).

2) Institute of Management and Training (IMT)

The program is designed to improve the capability of the Institute of Management and Training in analysing organizational reform and training requirements. This 3-year project will provide a total of 21 person-months of short and long-term off shore training; in-country training for a total of 5,200 persons, commodities and construction costs through the Institute of Management and Training. The total U.S. grant under this project is approximately US $1.9 million (3.9 million Birr).

3) Non-Formal Education

This project will support the Government's nationwide non-formal adult education program to provide low-income groups with appropriate knowledge and skills to enable them to participate effectively in the social, economic and political activities of development. Under this project, AID plans to provide short-term consultants, materials and equipment for the training centers, in-country and third country training including visits to non-formal education projects in African countries, and other logistic support at a total estimated grant of US $1.6 million (3.3 million Birr).

4) Agricultural, Planning Analysis and Evaluation

The proposed four year US $2 million (4.2 million Birr) grant will assist in providing essential analytical skills and techniques to improve the capability of the Ministry of Agriculture and Settlement to plan, prepare, evaluate and coordinate agricultural/rural development projects.

5) Seed Multiplication, Certification and Distribution

Under this project AID plans to provide a grant to the PMGSE up to US $5.6 million (11.5 million Birr) to assist the newly established Ethiopian National Seed Corporation (NSC) to establish a national seed multiplication/certification and distribution program.

VII. UP-COMING ACTIVITIES

In addition to the above on-going and proposed activities, other new AID initiatives for the coming 12-24 months include major assistance packages in agricultural research and Wollo/Tigre/Ogaden rehabilitation.