AID 1020-23 (11-70)

PROJECT APPRAISAL REPORT (PAR)

PD-AAC-032-G1

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1. PROJECT NO.	2. PAR FOR PERIOD:	3. COUNTRY	4. PAR SERIAL NO.
663-55-130-167	11/23-71 TO 2.25.76	ETHIOPIA	76-2

5. PROJECT TITLE

RURAL AGRICULTURAL DEVELOPMENT - 167 (RAD)

6. PROJECT DURATION: Began FY 1972 Ends FY 1977	7. DATE LATEST PROP	8. DATE LATEST PIP	9. DATE PRIOR PAR
	1971	N/A	N/A

10. U.S.(000) FUNDING	a. Cumulative Obligations Thru Prior FY: $ 460	b. Current FY Estimated Budget: $ 401	c. Estimated Budget to completion After Current FY: $ 169

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
NEAR EAST FOUNDATION	HOST COUNTRY
TRANSCENTURY CORP. 20	"

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X) USAID	A. ACTION (X) AID/W	A. ACTION (X) HOST	B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
X			Quantitatively and/or qualitatively define project outputs to be accomplished by USAID financed technicians and incorporate in their scopes of work, for those contracts which are to be renewed (see details Annex II, p.2).	1/
X			Prepare a brief design supplement to the current project paper, in accordance with the project design problems identified in Annex II, which identifies the limited objectives of RAD within the context of the MPP for the purpose of future evaluations of USAID funded inputs through RAD(see Annex II p.4).	12/76

1/ dependent upon renewal dates of contracts

D. REPLANNING REQUIRED: REVISED OR NEW ☐ PROP ☐ PIP ☐ PRO AG ☐ PIO/T ☐ PIO/C ☐ PIO/P

E. DAYS OF MISSION REVIEW

PROJECT MANAGER: TYPED NAME, SIGNATURE, INITIALS AND DATE — PETER W. Stirk

MISSION DIRECTOR: TYPED NAME, SIGNATURE, INITIALS AND DATE — JOHN L. WITHERS John L. Withers

[illegible]	PROJECT NO.	[illegible]	COUNTRY	[illegible]
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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT / CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN: UNSATISFACTORY 1	2	SATISFACTORY 3	4	5	OUTSTANDING 6	7	C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X): LOW 1	MEDIUM 2	3	4	HIGH 5
1. MR. ERIC SORENSON				X				X				
2. MR. KENNETH GOWANS					X			X				
3. MR. LUTHER ROBERTS				X				X				

Comment on key factors determining rating

The services of the 3 U.S. technical experts have only marginally contributed to achievement of the project purpose. This is due to the fact that total USAID inputs compose but a small proportion of the resources directed to the nationwide MPP effort(see Annex I, p. 1). Moreover the U.S. experts were not expected to have a direct impact on MPP objectives, but rather were to provide additional depth to the EPID and thereby promote expansion of the MPP at an accelerated rate. All three technicians have made significant contributions, within their fields of expertise, to the MPP(see Annex K I, p.2). EPID wishes to continue this additional depth and has requested USAID/E provide 12 MM renewals to the contracts of Mr. Gowans and Mr. Sorenson and recruit 24 MM replacement technical services for Mr. Roberts whose contract expires this August.

	1	2	3	4	5	6	7	1	2	3	4	5
6. PARTICIPANT TRAINING					X				X			

Comment on key factors determining rating

USAID support to the MPP I through RAD will terminate in FY-77. Only 3 participants are scheduled to return from master's degree training and assume positions within EPID prior to the end of MPP Phase I. Therefore, the impact on the MPP I stated project purpose will not be great. However 24 participants are eventually expected to be trained through RAD and subsequently assume management positions within EPID (see Annex I, p.4).

	1	2	3	4	5	6	7	1	2	3	4	5
7. COMMODITIES NONE												

Comment on key factors determining rating

		1	2	3	4	5	6	7	1	2	3	4	5
8. COOPERATING COUNTRY	a. PERSONNEL					X							X
	b. OTHER					X							X

Comment on key factors determining rating

Annex
III. p. 4,5

	1	2	3	4	5	6	7	1	2	3	4	5
9. OTHER DONORS				X								X

[illegible]

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II. 7. Continued: Comment on key factors determining rating of Other Donors

USAID support to the MPP has been in conjunction with SIDA, IBRD, FAO, the AID Bank, and the GOE. Total financing of the MPP was projected at 36.6 million dollars. The role of other donors has been crucial in conducting the MPP on a nationwide basis. In excess of 81% of planned project funding is from other donor sources. The primary funding has been supplied by the IBRD/IDA in the form of a development loan totalling 21 million dollars.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage / Rate / Amount)					
		CUMULATIVE PRIOR FY	CURRENT FY TO DATE	CURRENT FY TO END	FY___	FY___	END OF PROJECT
See problems with Original Project Design							
See Annex II	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						

B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:
1. See Annex II	
2.	COMMENT:
3.	COMMENT:

[illegible]	[illegible]	2/25/76	ETHIOPIA	[illegible]

IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? ☒ YES ☐ NO

To assist the GOE to: 1) increase net income of former tenants and small holders through the development of small scale agriculture in selected areas of Ethiopia; 2) increase agricultural production for domestic consumption and export; 3) optimize rural employment; 4) demonstrate the efficacy of the project methodology for replication throughout other areas of Ethiopia.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
a) Cooperatives established to provide credit for inputs, assist in marketing of crops and dissemination of information on innovations and techniques; b) EPID is an effective institution with qualified personnel in each project area operating without foreign assistance; c) net farm income has increased in project areas; d) standard of living among participating farmers has improved; e) research data and information is being utilized to design production programs emphasizing produce with good demand prospects; f) the MLRA has improved security of land tenure for tenants and small holders; g) tax base from agricultural income tax will have increased in project areas.	See Annex III

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To support the GOE Third Five Year Plan, and subsequent plans, which emphasize the modernization and monetization of peasant subsistance agriculture.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Increasing the incomes and production of small farmers in conjunction with development of rural institutions that will supervise sales of inputs and marketing of crops is expected to contribute significantly toward both monetization and modernization of the agricultural sector. Development of methodologies replicable in other areas within Ethiopia will serve to promote nationwide improvement of subsistance agriculture.

RAD Role in MPP as Originally Envisaged

The original role of USAID in the MPP was to provide through the Rural Agricultural Development (RAD) project, technical assistance in response to the Ethiopian Government request. The original project paper describes the following USAID inputs: five contract technicians, commodities in support of contract team, partial funding for MPP operating costs, and financial support for non-formal education. In August 1973 the RAD project was revised to include a participant training component in support of the MPP. The non-formal education component of RAD has been the subject of a separate evaluation and, thus, is not addressed here.

USAID support to the MPP initially was to consist of the services of five expatriate experts, vehicles and budgetary support equivalent to the running costs of five MPPA's. However, the budgetary support assistance from the Swedish International Development Authority (SIDA), proved to be sufficient. In as much as budgetary support from USAID was to be provided indirectly through the Agricultural Sector Loan (ASL), the participation of USAID in the MPP was later reduced to three expatriate advisors, plus funding for participant training, consultants, and minor financing for MPID procurement of local goods and services.

USAID participation was in conjunction with SIDA, MBED, FAO, AfD Bank, and the GOE. USAID funding originally programmed for the first five years of the project amounts to US$1,815,000[1/] while total MPP financing for the same period was projected to be US$36.8 million dollars. It is clear, in terms of financial participation in the MPP, that RAD(i.e. USAID inputs) has played little more than a minor supportive role.

1/ RAD project expenditures per U-203, through FY 1975 total US$349,000.-
Estimated RAD project total cost (as of January 1976) = US$1,839,000.-

Status of USAID Inputs

1. Technical Services

A shortage of technical expertise within the Government of Ethiopia has served as a major impediment to rural development. Technical services were identified for funding by USAID in order to promote the expansion of the MPP at a rate which would have a significant impact on the improvement of peasant agriculture. Specific services of USAID funded technical experts which are felt to facilitate expansion of the MPP are:

(a) Agronomist - Soil and Water Conservation

The U.S. technician has worked closely with EPID staff and supervisors in planning and constructing drainage systems in areas with compact, water logged soils. Through the model farmer approach he has provided expertise in the design and introduction of soil drainage technology, erosion control, fertilization, harvesting techniques and related training programs for subsistence farmers in MPP areas. He has prepared and EPID has published a soil and water conservation text for use in MPP areas training. Technical expertise and supervision is being provided to EPID field staff in the building of forty dams and ponds in MPP areas throughout Ethiopia. Similar assistance is being provided in the planning of irrigation systems and training of extension field staff in irrigation systems.

(b) Agronomist - Entomologist

The U.S. entomologist is assisting EPID develop a survey system to determine types of insects and insect damage affecting crops, and an effective means of disseminating the data to area farmers and to extension

agents. Also using the model farmer approach, he is assisting MPP supervisors and field staff develop and introduce crop protection practices for farmers in MPP areas. He is also assisting in the preparation of a crop protection manual for EPID field agents. He is, in collaboration with the Institute of Agricultural Research (IAR) and other research agencies, working to maximize production per hectare through coordinating crop production data with crop protection techniques.

(c) Agronomist - Horticulture

Technical assistance is being provided to MPP supervisors in expanding the growth of horticultural crops (fruits, vegetables, and spices) through the establishment of 25 nurseries and distribution of improved seeds. The U.S. agronomist is providing technical guidance on improved horticultural technology to model farmers and cooperatives. He provides instruction concerning horticultural activities and participates in the in-service training of extension agents. He coordinates with IAR relative to dissemination of horticultural data to field staff and farmers, and prepares educational documents on horticultural crops for extension agents.

2. Participant Training

RPED, which has responsibility for implementing the MPP, has needed and will continue to need, additional manpower resources of professional caliber in order to effectively implement and carry out the MPP. As the MPP continues to expand, professional manpower shortages become more acute. In FY 1974 funding was provided through RAD for master's degree training of three Ministry of Agriculture and Forestry staff members who have been earmarked to fill key positions in the MPP as agricultural economists, planning and evaluation specialists, and technical experts. Five additional participants were selected in FY 1975 and funded for master's degree training in soil and water conservation, agricultural marketing and credit, and agricultural engineering. In FY 1976 USAID will provide, through the RAD project, funding for 30 MM of continuing participants, 108 MM of new participants at the master's degree level, and 6 MM of short term training. By the termination date of the participant training component of RAD a total of 24 participants are expected to be trained at the master's degree level and occupying management and professional positions within RPED.

Problems with original project design

This constitutes the first evaluation of the Rural Agricultural Development project - Minisma Package Program support. Examination of the project design documents (PROP and Logical Framework) has revealed that in terms of measuring the impact of USAID assistance to the MPP, major problems exist.

Project Resources Vs. Outputs

Neither the PROP nor the Logframe develop sufficient linkages between aggregate resources and that which is to be produced, i.e. there is no plan describing how the inputs are going to lead to outputs. A PERT is provided showing major tasks and a chronological order of events. However, there is no plan of work showing which inputs contribute to which outputs or how a logical evolutionary series of events culminates in desired project objectives. Project design should include how an output is to be produced. In the absence of a plan showing how outputs materialize, there emerges the question of whether the outputs will materialize.

USAID Resources

a. In addition to the difficulty with the linkage between aggregate project inputs and outputs, the project design does not include a description of an output or a series of outputs to be produced from the provision of USAID inputs. For example, there is no stated causal relationship between USAID's major input, technical services, and output generation as described in project design. In the absence of qualitative/quantitative and time phased objectives(outputs), to be generated from USAID inputs, evaluation of the impact of the USAID assistance to the MPP

is virtually impossible. In fact, in order to perform an evaluation a set of measurable criteria must be established. Discussions are currently underway between USAID and EPID to establish quantitatively defined outputs to be accomplished by USAID financed technicians. These discussions are in response to the statements in audit report No. 3-663-76-16 of the RAD conducted September 1975. Where quantitively defined outputs are impractical due to the nature of the technical service or the relationship to project purpose, the scope of work will be identified using qualitative indicators which enable measurement of the degree of achievement of the technical service toward the stated objective.

b. The Rural Agricultural Development PROP does not define the relationship sufficiently between RAD and MPP, with the result that RAD loses its identity within MPP. RAD is a project (at any rate there is an approved PROP) which provides inputs to the MPP which is also a project Again, resources provided by RAD should be designed to produce quantifiable results which are outputs or measurably contribute to outputs. With a design feature that includes quantifiable outputs RAD could, at least, be identified as a sub-project within the large MPP and its effectiveness could be measured.

B. Recruitment

The project design did not incorporate sufficient information concerning time required to recruit technicians. Although the original plan of providing five technicians was modified reducing the total number required to three, the technicians were all scheduled to be on board by the end of FY. 1973. However, the first two did not arrive until early FY 1974 and the third did not arrive until the beginning of FY 1975.

more than two years after signing the project agreement.

Conclusion

As currently conceived Rural Agricultural Development consists of a package of supporting assistance, which in turn provides an indeterminant amount ofadditional depth to the Extension and Project Implementation Department of the Ministry of Agriculture and Forestry. This additional depth ostensibly enables EPID to expand the MPP into new areas at a rate faster than it would have been able to without USAID resources. Whether or not the additional expansion is actually facilitated through USAID inputs is conjectural and quantitatively is immeasurable.

In the event that current plans materialize for support to the MPP Phase II, and the components of RAD are folded into the Agricultural Sector Development Package, it is recommended that the outputs resulting from USAID inputs, within the framework of MPP II, be clearly identified.

In recognition of the project design problems affecting RAD, project redesign including preparation of a PROP revision would be in order. However, in view of the scheduled termination of USAID support through RAD in FY-77, and the fact that the majority of the FY-77 funding will be for participant training(much of it continuing participants) a revised PROP incorporating major project redesign would be of questionable utility. Moreover, future USAID support may be provided through the Agriculture Sector Development Program which includes plans for incorporating the final support components of RAD, as well as the

Ada Project and the Pulses Project. Therefore, project redesign of RAD will not be conducted. However, in order to facilitate future evaluation of RAD and to enable the Mission to assess the accomplishments of USAID financed inputs, a supplemental design statement will be prepared. The design statement will identify the limited objectives to be achieved by USAID inputs and outline the procedure for measuring in the future progress towards these objectives (primarily technical assistance). The statement will be prepared for submission to AID/W for review/approval prior to the initial FY 1977 obligation.

PROGRESS TO DATE

A. The Purpose

The purpose of MAD(i.e.MPP) as stated in the logical frame work, is fourfold:

1. Increase net income of tenants and small holders through development of small scale agriculture in selected areas of Ethiopia.

2. Increase agricultural production for domestic consumption and export.

3. Optimize rural employment.

4. Demonstrate the efficiency of the project methodology for replication throughout other areas of Ethiopia.

B. Conditions Expected At the End of the Project

The conditions at the end of the project which are intended to indicate achievement of the project purposes are (as stated in the original PROP):

1. Cooperatives established to provide credit and assist in marketing of crops.

2. EPID is a viable institution with trained GOE extension and supervisory personnel.

3. Net farm incomes and standard of living increased.

4. Research data formulated and being utilized to design diversified production schemes emphasizing produce with good demand prospects.

C. Current Progress"

1. Cooperatives

Since 1971, MPP areas have been established in 13 of the 14 administrative regions in Ethiopia. The only province in which a MPPA has not been established is Arussi which is exposed to improved agricultural innovations through CADU.

The original plans for project expansion called for ten additional MPPA's per year. During 1973/74 MPPA's increased from 28 to 48 largely due to the additional responsibility assigned to EPID for rehabilitation programs in drought affected areas of Ethiopia. A total of 55 MPPA's are expected to be operational by the end of FY 1976 at which time MPP Phase I will be completed.

The rate of co-operative formation has been below initial expectations. Co-operatives were to have been registered in the third year after the opening of a MPP area. However, since the implementation of the MPP in 1971, twenty five registered cooperatives have been established within MPP areas, with approximate membership of 6,500 farmers, and a total share capital of Eth.$191,858. Pre-cooperatives are in various stages of formation in sixty-two other MPP extension areas. Within the 62 areasthere are 11,460 pledged members with total paid capital of Eth.$177,428.

The thrust of small scale agricultural development has focused almost exclusively on increasing production. The fertilizer and other improved inputs sold through the MPP to small farmers in 1973 resulted in increased production of approximately 380,000 1/ quintals of food grains valued at Eth.$7 million. However, the MPP provides through cooperatives agricultural inputs only. Farmers in MPP areas have been expected to use the traditional

1/ EPID Publication # 21, p. 137

trading channels for marketing their output. Provision of agricultural inputs through the cooperative organizations in the absence of any marketing output program can only be partially successful in achieving the objective of raising the standard of living of the farming population. Farmer's demand for agriculture inputs is contingent to a substantial degree on favorable grain prices and sufficient economic returns. The objectives of the MPP, in terms of small farmer incomes, will probably not be fully realized until significant changes eliminating inequities to the small farmer are made in the national grain marketing system.

MPP Phase II will include a marketing component wherein the Agricultural Marketing Corporation (AMC) will market increasing portions of farm output from the field areas of the MPP, with MPID serving as an agent for AMC with regard to the purchase of produce.

Agricultural Input Sales: Although sales of agricultural inputs have increased significantly during the life of the project, sales goals have not been achieved. Marketing of fertilizers has been roughly 60-70% of project goals, sale of seed has lagged well behind targets, while sale of improved agricultural implements has not been initiated by the beginning of FY 1975. Virtually no pesticides or other chemicals were distributed outside rehabilitation areas to 1974. The reason that agricultural input sales failed to meet project goals, was due the shortage of personnel qualified to initiate project activities that could have an impact on input sales [1/]

1/ MPID Publication No. [illegible], p.[illegible]

Nevertheless, the quantities of fertilizers sold have increased by 75% - 100% each year despite a steady increase in prices charged to the farmers. One quintal of DAP cost (the farmer) Eth.$38.00 in FY 1972; Eth.$42.00 in FY 1973; Eth.$44.00 in FY 1974; and Eth.$50.00 in FY 1975. Despite the increases in the volume of inputs sold, the amount of inputs sold per sales transaction has declined steadily each year. EPID views this as an indication that the MPP is gradually becoming more successful in reaching the smallest farmers and involving them in the input sales program.

3. Extension and Project Implementation Department (EPID)

A study of EPID conducted in early FY 1976 by Dr. John E. Fischer, Agricultural Economist, concluded that "as an institution, EPID is the most successful of all involved in the agricultural development field program in Ethiopia".

EPID's success has been attributed largely to: (1) the economic, technical, and financial feasibility of the MPP; (2) the fact that EPID was given authority commensurate with it's responsibility; (3) capable personnel were assigned, especially in top management positions; (4) budgeted funds for project activities were released as they were needed (which was a departure from the usual practice); activities and commodities required to implement the program were made available in accordance with project requirements.

As EPID continued to demonstrate managerial capability and institutional development it was given additionnl responsibility such as drought relief rehabilitation [illegible] which resulted in expansion of the EPID program. Between 1973 and 1976 the EPID budget increased 300 percent from Eth.$4.9 million to Eth.$17.1. However, EPID has suffered from insufficient trained manpower which is Ethiopia's most serious constraint to development. Nevertheless, it has demonstrated it's capability to coordinate, deliver and expand an effective agricultural program to Ethiopian small scale farmers.

3. Project Beneficiaries

The intent of the MPP is that the benefits of the project will be directed mainly towards the farmers in the lower income brackets. Former tennnt farmers compose a significantly large proportion of those in the lower income brackets. Analysis on the segment of the rural population which has been primarily affected by the MPP is available only for 1973 at the present time.

The farmers participating in the agriculture input distribution system of the MPP in 1973 were classified as follows by land tenure status:

Landowners (including landlords)	84.6%
Landowner/Tenants	10.5%
Tenants	4.9%
Total	100.0%

A study of the percentage distribution of participating farmers by size of area of land cultivated showed that 42.6% of all farmers buying inputs cultivated more than five hectares. Consequently, the evidence available indicates that as of the end of 1973, MPP has not succeeded in benefiting the poorest farmers. The number of landlords participating in 1973 was higher than the number of tenants.

The primary vehicle for improving the standard of living as well, as increasing the income of the peasant population is through dissemination of improved agricultural methodologies and inputs. MPP has been successful in achieving annual increases in the quantity of inputs sold to farmers. (See Agricultural Input Sales.) Nevertheless, the economic impact of the increased use of these inputs and the degree to which they have contributed to raising the peasants standard of living has been limited.

As the model for diffusion of agricultural innovations (which was included in the loan application to IBRD/IDA for MPP) demonstrated, the diffusion process will require 11 years in an average MPP area. Consequently it would be premature to expect the MPP to have a significant impact on the standard of living of the poorest farmers in its field areas after four years of operation in any area, and less than that in most areas. As in any economic innovation/diffusion process, those participating in the early stages are those who are relatively more affluent, who have the disposable income for investing in unfamiliar techniques; while the poorest farmers, particularly the tenants or former tenants will, due to economic constraints and lack of incentives under old landlord/tenant relationships be more reluctant to jeopardize meager capital accumulations.

4. Economic Returns

The IBRD/IDA appraisal report projected that 1980 would be the first year that EPID/MPP would generate positive economic benefits. The incremental production of food grains generated by the MPP in 1974 was valued at about Eth.$5.8 million. In 1973/74 the total operating cost for EPID/MPP was Eth.$5 million.[1/] Using the rough calculation above the project generated positive economic benefits of approximately Eth$0.8 million in 1974, considerably earlier than expected[2/].

5. Research Data

The lack of availability of agronomic research findings for dissemination to farmers under the MPP has limited the number and quality of services EPID could provide. There is an urgent need to expand small farmer research activities carried out by IAR to supplement the data collected on a current basis by EPID itself from its field trials and demonstration plots. During EPID Phase II, a research program emphasizing agronomic studies to be conducted by IAR is being programmed.

6. Land Reform

As a result of the land reform proclamation the constraints to rural development associated with the old land tenure system are now history. It is believed that the new land reform legislation will eventually have a favorable impact on agricultural production as well as the distribution of income in rural Ethiopia.

1/ Does not include fertilizer subsidies which are not part of EPID budget.

2/ EPID publication No. 34, p. 10.

Conclusions

The rapid increase in the number of MPP areas (particularly in 1974) resulted in rather serious deficiencies in overall performance of the MPP. These deficiencies were due primarilly to shortages of qualified personnel at EPID headquarters and in the MPP field areas. The personnel shortages are most severe in the areas of supervisory field personnel and marketing assistants. Negative effects of the shortage of field staff include: insufficient demonstrations of improved techniques to farmers, a lag in the appointment and inadequate use of model farmers; inaccurate accounting which resulted when marketing assistants were required to spread their activities to several project centers; slow progress in the formation of cooperative societies; reduced rate of credit repayment; and dissatisfaction among project personnel due to increased workload, with little possibility for adequate compensation.

Shortages in management personnel have on occasion exerted extreme pressure on the few senior officers at EPID headquarters. Additional managerial talent is prerequisite to any further MPP functional or geographical expansion.

Although the goals established for the MPP have not been totally achieved in the areas of cooperative formation, input sales, promotion of the utilization of agricultural implements and improved storage, the project has succeeded in establishing a nationwide network of rural development field offices and an organizational structure capable of managing them. Since project inception in 1971 a considerable staff has

been recruited and trained, and a significant impact has been made on increasing farm production, mainly through the distribution of fertilizer and (to a limited extent) improved seeds, accompanied by the establishment of a credit program for the purchase of these inputs. An excellent credit repayment rate of over 98% has been achieved.

Despite the considerable financial resources which have been devoted to the MPP, and the inquiries one may raise concerning the relative value of the benefits generated, the MPP Phase I has been successful in achieving inroads against the constraints which have limited agricultural production, suppressed incomes in the rural sector and restricted improvement of the standards of living of the poor majority in Ethiopia.