

## AGRICULTURAL GROWTH PROGRAM

(P113032; IDA CREDIT 04783; IDA GRANT H6000; MDTF TF 099729, GAFSP TF011306)

### Joint Review and Implementation Support (JRIS) Mission

January 30 to February 17, 2012

### Aide-Mémoire

## I. INTRODUCTION AND ACKNOWLEDGEMENTS

1. The second Joint Review and Implementation Support (JRIS) Mission of the Agricultural Growth Program (AGP) took place from January 30 to February 17, 2012. The Mission consisted of representatives of the Federal Coordination Unit (FCU) of the Ministry of Agriculture (MoA) and the Agricultural Transformation Agency (ATA)<sup>1</sup> as well as key Development Partners (DPs) including the Canadian International Development Agency (CIDA), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the Embassy of the Kingdom of the Netherlands (EKN), the Spanish Agency for International Development (AECID), the United States Agency for International Development (USAID) and the World Bank (WB).

2. **Mission Objective and Organization.** The main objective of the Mission was to review implementation progress on all components of the project and provide implementation support. The Mission included presentation of quarter progress reports by the CUs and subsequent discussions on the reports, discussions with Focal Persons (FPs) in IAs at federal, regional and woreda levels, AGP Steering Committees (SCs) and Technical Committees (TCs) as well as kebele-level representatives including youth, women and farmer associations. The field trip included the visit of fifteen AGP woredas in all four AGP regions (four woredas in each, Amhara, Oromiya, and Southern Nations, Nationalities and Peoples Region (SNNPR) and three woredas in Tigray)<sup>2</sup> and about two kebele in each of these woredas. De-briefing meetings were held in each woreda and in the four AGP regions.<sup>3</sup> An overall wrap-up meeting was held on February 17, 2011, chaired by H.E. Wondirad Mandefro, State Minister, MoA. This Aide-Mémoire summarizes the findings and agreements of the Mission, including next steps. *It was discussed and agreed with H.E. State Minister Wondirad Mandefro to disclose this Aide-Memoire.*

## II. OVERALL ACHIEVEMENTS AND IMPLEMENTATION PROGRESS

3. **AGP Structure.** The AGP is a Government-led program designed with financial and technical support from various DPs. In addition to the commitments and contributions already made before the first JRIS from the World Bank Board, AECID, CIDA, and UNDP, the EKN made commitments in the amount of EUR6m to the AGP multi-donor trust fund (MDTF); the EKN-funded the Capacity Building for Scaling-up of Evidence-based Best Practices in Agricultural Production in Ethiopia (CASCAPE), which was launched in April 2011, and started implementation on the ground. ACIDI/VOCA was selected for the crop and honey part of the value chain aspects of sub-component 1.3 financed by

<sup>1</sup> Representatives of AGP-AMDe and CASCAPE also joined the mission.

<sup>2</sup> Amhara: Dejen, Enemy (East Gojam Zone), Jabi Tehnan and Bure (West Gojam Zone); Oromiya: Gassara, Agarfa, Sinana (Bale Zone) and Kofele (West Arsi Zone); SNNPR: Enemor'na Ener, Endegegn (Gurage Zone), Misrak Azernet and Merab Azernet (Silte Zone); Tigray: Raya/Azebo, Ofla and Endemehoni (Sothorn Zone).

<sup>3</sup> In Amhara region, the JRIS was done in close coordination with a review of the Ethiopia Nile Irrigation and Drainage Project (ENIDP), a large (US\$180m) project with essentially the same objective as the AGP, but focusing on few large-scale irrigation schemes around the Lake Tana.

USAID; this part is now called “AGP-AMDe”; the selection of the contractor for the livestock value chain part is still under procurement. Finally, the Grant Agreement for the US\$50 million grant by the Global Agriculture and Food Security Program (GAFSP) and supervised by the World Bank was signed on February 16, 2012 and became effective. Through this grant, the Agricultural Transformation Agency (ATA) is now a formal implementing agency (IA) of the AGP. The documentation of the US\$1.5 million technical assistance grant by the GAFSP led by FAO is also close to being submitted to the GAFSP Secretariat. This GAFSP grant will focus on (i) livestock production with an emphasis on fodder production and improved watershed management; and (ii) Integrated Pest Management (IPM). USAID is also financing the full baseline conducted by the Central Statistical Agency (CSA) and the International Food Policy Research Institute (IFPRI). Total Government, beneficiary and donor contributions including the AGP-aligned CASCAPE is now around US\$350 million.

4. **Achievement of Development Objectives.** The AGP’s Development Objective is to increase agricultural productivity and market access for key crop and livestock products in targeted woredas<sup>4</sup> with increased participation of women and youth. Given the early stage of implementation, impact in terms of (i) increase in agricultural yields; and (ii) increase in real value of marketed agricultural inputs, cannot be measured yet. However, the AGP is well designed to achieve its target and, given overall commitment and low, but accelerating implementation progress, achievement of AGP Development Objectives is rated Satisfactory.

5. **Implementation Progress.** The overall progress for the first 6 months of Ethiopian Fiscal Year 2004 (July 8, 2011 to January 7, 2012) was well below the plan for this period. Total use of funds (of all Government-implemented parts) in the first 2 quarters of EFY04 was ETB61.9 million or 18 percent of the target for the reporting period. Significant differences exist between IA, regions, and woredas, and between project components and activities. While achievement compared with the plan is low, the Mission recognizes the significant progress made during the past six months. It believes that the plan had been unrealistic and that a faster implementation would have led to significant implementation problems of quality. Fund use is expected to accelerate further over the next months and the Mission strongly encourages a focus on the quality of the investments rather than fund use. Overall Implementation Progress is rated Moderately Satisfactory, i.e., satisfactory with moderate shortcomings mainly related to weak planning.

### III. AGP MANAGEMENT

6. **Institutional Set-up and Staffing.** AGP Steering Committees (SCs) and Technical Committees (TCs) continue to function well, though frequency of meetings is not always as planned. The biggest challenges for the implementation of the AGP are the overall capacity limitation and the high turn-over of public employees, leading to significant disruption of the work or inability to implement parts of the program. High staff turn-over is a fundamental problem through the government system and cannot be solved by program-specific measures alone, but requires civil service reform. Nevertheless, some mitigating measures can and should be undertaken by the AGP, in particular: (i) *stringent control of within Government reassigning of AGP FP, as practiced by Oromiya*; (ii) *outsourcing of tasks, including training and capacity building, to reduce the workload of the Government staff*; (iii) *requiring of overlapping assigning of outgoing and incoming employees*; (iv) *strong AGP documentation and hand-over notes*; (v) *hiring of selected additional AGP contract staff, e.g., for AGP Focal Persons in all*

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<sup>4</sup> The original number is increased from 83 to 84 woredas as the Mission agreed to accommodate the split-up of Guangua woreda of Awi Zone in Amhara into Zigum and Guangua.

woredas or FPs in the regional Bureaus of Water Resources (BWRs); and (vi) considering the establishment a mobile team at zonal level, especially in the larger regions.

7. **Capacity Building.** Given the limited capacity in the Government system to implement such ambitious program as the AGP, strong attention has to be given to the aspect of capacity building. In fact, the issues discussed above on strengthening the institution, transportation, communication are all crucial in this regards. Moreover, particular attention should be paid to the human capacity building activities undertaken by the AGP. While a lot of resources are put into training and workshops, the Mission did not get a good sense of the topics, quality and outcome of these activities, including in terms of behavioral change of training beneficiaries and results. *The Mission recommends that (i) capacity building including training be given by or in partnership with professional institutions such as universities, civil service colleges, ATVETs, etc.; and (ii) that independent impact evaluations be done for all capacity building activities under the AGP.*

8. **Transportation and Communication.** Problems of transportation and, to some extent, communication as identified during the first JRIS continue to be problems. While the Ministry of Finance and Economic Development (MoFED) still has not approved the procurement of the required one vehicle for each AGP woreda, procurement of vehicles for regions and zones and of motorcycles is well advanced; and USAID provided 19 additional vehicles intended for AGP woredas. *The motorcycles and vehicles should be given to the various levels as quickly as possible; and further efforts should be made to procure the remaining vehicles for AGP woredas.* Communication should also be further increased through (i) efforts already under way such as the development of a AGP “pocket guide” for various implementers; (ii) *the better use of an AGP website; and (ii) sharing of plans and progress with communities through public disclosure at the kebele level. Communication also requires better access to ITC including cell phones for M&E officers.*

9. **Revision of AGP Implementation Manual (PIM).** The PIM was revised (i) to reflect the inclusion of the ATA as a new IA into the AGP and (ii) to clarify, strengthen or revise the following PIM Annexes: Financial Management; Procurement; Monitoring, Evaluation and Learning; Community-level Participatory Planning (CLPP); and Environmental and Social Management Framework (ESMF). The revised PIM including Annexes were cleared by the Bank and adopted by the MoA for the AGP. *The federal and regional CUs now need to translate the PIM and its Annexes, or at least all sections relevant for woredas, kebeles, and communities, into local languages and disseminate them widely throughout the system.*

10. **Planning.** Weaknesses in planning as observed during the first JRIS have continued over the past six months. *There is an urgent need to now determine all details of the current Ethiopian Fiscal Year 2004 (EFY2004) necessary for implementation, including in detailed training and procurement plans.* In order to avoid the mistakes made during the EFY04 planning process, more attention and time should be given to the process for EFY05; and the federal and regional CUs should provide clear guidance and support to the woredas, kebeles and communities. More detail on this point is also provided below, especially under Component 1. *The Mission recommend to not expand to all (100%) of kebeles during EFY05 and/or to carefully sequence implementation plans over the coming years with small plans for EFY05, given the capacity limitations, that the ‘new’ kebeles are often more remote than the 40% already targeted during EFY04, and the fact that transportation is a major obstacle in most woredas. The FCU agreed to discuss this with the RCUs.*

11. **Monitoring, Evaluation and Learning (ME&L).** The full baseline survey for the AGP impact evaluation conducted by CSA and IFPRI is delayed, but the field survey and data entry has been completed and a first draft report is expected by April 2012. Monitoring of AGP activities by AGP IAs is done on a regular basis, disaggregated by gender, and Federal and Regional quarterly reports are of good quality. *Key ext steps for fully operationalizing the ME&L system are: (i) provide strong linkages*

*between physical and financial monitoring; (ii) ensure that M&E Officers spend 1/3 of their time in the field; (iii) finalize simple M&E guidelines in local language and reporting formats; (iv) conduct trainings and refresher trainings including through partnerships with professional training institutions; and (v) conduct trainings (including refresher trainings) for woredas, IAs, DAs, on M&E and revised guidelines; and (vi) build partnership with professional institutions to provide training on word, spreadsheet, report writing and other as need arise.*

12. **Gender and youth.** Participation of women and youth varies significantly across activities and Regions. Gender Specialists (GSs) have been recruited at the federal level as in all RCUs, though only quite recently so that there are still great opportunities for strengthening their role. Women's Affairs Bureau and Offices are part of both the SCs and TCs, and the Mission recommends that GS and Women Affairs' Bureaus and Offices be capacitated to strengthen gender mainstreaming and that gender issues be put frequently on the agenda of these meetings and that gender and youth aspects and given particular attention during planning and monitoring/overseeing activities. AGP-specific Gender Mainstreaming Guidelines are in a process of being prepared by the FCU; and training in gender mainstreaming has been carried out or planned to be carried out during the 3rd quarter. Establishment of women and youth groups was strong (about one third each), but the participation of women in youth groups and in mixed groups was often low and requires attention. *The Mission started conceptualizing an intervention focusing on strengthening women's engagement in non-farm economic activities in specific AGP woredas, proposed to be financed by the Japanese Social Development fund (JSDP) and closely aligned with AGP. A strong concern is the lack of planning for specific support women groups and women in mixed groups. Moreover, targets for women participation in capacity-building activities are generally not applied, although government targets (30%) exist; and, while gender training is being done, not all training activities include gender-mainstreaming elements.*

13. **Financial Management (FM).** The supervision mission included the review of the project in the areas of budgeting, accounting, internal controls, funds flow, financial reporting and external audit. *The following points need to be addressed to insure that the system is sufficient enough to give assurance that the funds are used for the intended purpose: (i) closely monitor budget utilization as overall budget utilization has been very low. Proper variance analysis of budget against actual performance should be used as a management tool to identify challenges and the necessary mitigating measures; (ii) distribute revised AGP manuals to finance and procurement process owners and internal auditors; (iii) contract assistant accountants for all regions (including Tigray); (iv) reduce cash at Bank and on hand balance; and (v) properly capture community (mainly in kind or labor) contributions and prepare simple formats to facilitate this process.*

14. **Procurement.** Procurement and slow procurement planning was often cited as the main cause of implementation delays. *While the Mission believes that the core problem is one of overall planning, it underlines the need of joint planning and procurement planning. The Mission identified a number of other weaknesses, including proper filing at the woreda level, and intentions not to follow the agreed-upon Guidelines but current government practices, in particular for roads (see below). The Mission clarified that any deviation from the Guidelines would have to be well justified based on evidence.*

15. **Safeguards.** The required safeguard specialists at the federal and regional CUs are in place; and in all regions visited training on the Environmental and Social Management Framework (ESMF) was given to all concerned regional and Woreda experts. Planned sub-projects were observed to have been screened for their environmental and social impacts in all the regions except Amhara. To Mission provided the following recommendations to further strengthen the system: *(i) translate revised ESMF into local languages and publicly disclose, including at the woreda and kebele levels; (ii) provide training on the revised ESMF as well as the Small Dam Safety Guideline; including in coordination with FAO to provide guidance on the development of Pest Management Plans; (iii) ensure that infrastructure sub-projects have quality environmental and social assessments as part of their proper*

*feasibility studies and designs; (iv) ensure that voluntary provision of land, where it occurs, is properly documented and cannot exceed 10 percent of the land of any household.*

16. **Coordination with other Projects.** Besides AGP-aligned projects like CASCAPE that work fully under the AGP umbrella, other Government- and/or DP-financed projects or programs with objectives related to that of the AGP or supporting activities that support AGP objectives exist in all AGP regions and in practically almost all AGP woredas. The coordination of these activities to make use of complementarities and synergies is, therefore, a critical task of the SCs, TCs, and ARDPLACs at various levels.

#### IV. PROGRESS BY TECHNICAL COMPONENTS 1 AND 2

17. **Overview Component 1 Agricultural Production and Commercialization.** Although there have been some delays vis-à-vis the annual plan, the Mission found implementation of activities under this component to be progressing well. This is particularly encouraging given that logistical support from the Project has not yet reached the woredas. Existing delays are mostly due to late development and approval of procurement plans and, in some cases, shortage in woreda staffing or turnover and overlapping activities at woreda level. *In this regard, it may be worthwhile to provide support to woreda implementation capacity by establishing a mobile team at zonal level.*

18. **The CLPP Training.** Refresher training on CLPP has been provided. However, it has not been taken down to the kebele level and revision of community plans have been delayed in some instances and not undertaken in others. Moreover, there is limited understanding on how budgets for kebeles are determined or that there is full transferability between support to groups and investment in rural infrastructure. Clearer guidance on the allocation of the budget for community level plans needs to be provided by the Federal AGP PCU – with no earmarking among CLPP activities. *Refresher training on the revised CLPP manual should be given and, where revision of community plans has been delayed, this should now be done as part of next year’s planning.*

19. **Institutional Strengthening and Development (Sub-component 1.1).** ARDPLACs have been established in most AGP woredas, but important stakeholders have not been represented everywhere, including research and universities, CSOs and the private sector. The strengthening of key public advisory services has progressed well but unevenly across activities, and it is important that this activity advanced quickly and including all FTCs and other institutions. The Mission observed that training activities, although commendable in terms of quantity, have not been very effective and recommended that an assessment be made to assess the effectiveness of the training programme of the AGP. Under the activity to establish and capacitate farmers’ organizations, a Memorandum of Understanding (MoU) between MoA and the Federal Cooperatives Promotion Agency (FCA) has now been signed and a work programme is developed.

20. **Scaling up of Best Practices (Sub-component 1.2).** Many ‘best practice’ have been identified (30 in Tigray; 74 in Amhara, 42 in Oromia and 30 in SNNPRS) covering a range of technologies and/or management systems. However, from the list of ‘best practices’ highlighted it appears that there is no common understanding or definition of the term ‘best practice.’ The relatively large number of activities being considered as ‘best practices’ also highlights the need for credible screening and validation arrangements. *It is recommended that the processes under this sub-component be strengthened, including through the collaboration with the EKN-financed Capacity Building for Scaling-up of Evidence-based Best Practices in Agricultural Production in Ethiopia (CASCAPE) project.*

21. **Market and Agribusiness Development (Sub-component 1.3).** The activity to support agribusiness along key value chains is only now starting. The USAID-financed activity focusing on crop and honey value chains, called “AGP-AMDe” and implemented by ACDI/VOCA is finalizing the

recruitment of its teams in the four AGP regions. The parallel activity for livestock value chains is still under procurement. *The Mission recommends a further strengthening of the linkages of the AGP-AMDE with other AGP IAs and activities.* The activity “supply systems of key inputs strengthened” has also made some progress, but a further improvement of implementation quality and acceleration is required.

22. **Overview Component 2 Small-scale Rural Infrastructure.** Implementation progress of this Component has been significantly slower than that of Component 1. This is largely due to the longer time required for preparing infrastructure projects, and partly with a delayed full engagement of the relevant regional line agencies, in particular the Bureaus responsible for water resources and the regional roads authorities. Moving forward, the Mission has considerable concerns about the quality of implementation.

23. **Small-scale irrigation (Sub-component 2.1.1).** The Mission noted that many of the existing designs being used to prepare bidding documents for small scale irrigation schemes are not up to the required standard, including involvement of communities and establishing and strengthening Water User’s Associations, assessment of water resource availability, environmental and social assessments, technical design, and economic feasibility. These shortcomings are due to the excessive work load imposed on Bureaus and an insufficient system to ensure quality control. *It was therefore agreed to (i) review, including with the help of consultants hired by the FCU, the first few SSI designs of each regions before works are being contracted; (ii) to finalize the design and fast-track technical support proposed by the EKN and CIDA.* The activity for promoting household-level / micro-irrigation has started with training on the use of tube well drilling techniques and money maker trade pumps, lead by the MoA, and is expected to get accelerate including with the support from the ATA.

24. **Soil and water conservation supported (Sub-component 2.1.2).** The Mission was strongly encouraged to observe the tremendous emphasis that the government and many communities are giving to watershed-based soil and water conservation throughout the country. Noticeable changes were observed in a number of areas, most visibly in Southern Tigray, with increased vegetation and water availability. It is, therefore, surprising that this sub-component received comparatively little attention. *There is substantial potential to improve the performance of this sub-component, including through (i) the full integration of the Participatory Watershed Management Manual (Annex III of the AGP PIM) into the local planning process and the strengthening of activities under this sub-component; (ii) stronger coordination and collaboration between BoWRs (in charge of SSI) and BoAs (in charge of watershed development).*

25. **Feeder Road Development (Sub-component 2.2.1) and Market Center Development (Sub-component 2.2.2).** Delays observed for this sub-component is mainly due to unclear understanding of how to handle procurement of works and unclear demarcation of responsibilities as who should do the procurement between regional and woreda offices, as well as the heavy workload of skilled labor especially given the URRAP. In addition, the mission saw some sub-standard roads being implemented in Tigray. *Moving forward, the following key agreements were reached: (i) regions shall use the Design Manual for Low Volume Roads, issued in April 2011 by the Ethiopian Roads Authority (ERA); (ii) regions and woredas should adhere to the Bank’s procurement Guideline for procurement of services, works and goods; (iii) regions and, where necessary, the FCU, need to implement a system of quality control.* Planning of physical markets is more advanced in some regions. The Mission stressed, among other things, the need to avoid involuntary necessary wherever possible and to learn from already existing markets in the country and to strengthen market management arrangements and market designs.

## V. NEXT STEPS

<b>Topic</b>	<b>Key Actions</b>	<b>(by) When</b>	<b>Who</b>
Institutions	Recruit additional staff (irrigation specialists, replacements of vacated positions, etc.)	Mar 2012	FCU, RCUs
	Establish Zonal mobile teams in Amhara, Oromia and SNNPRS	Apr 2012	RCUs
	Strengthen outsourcing in particular of training and capacity-building	continuous	FCU, RCUs
Planning	Finalize and approve revised and refined annual work plan for remainder of EFY04	March 2012	woredas, RSCs, FSC
	Provide guidance including translated CLPP Manual and budget envelope to woredas, kebeles, communities	Mar 2012	FCU, RCUs
Women and Youth	Increase women beneficiary participation in all activities, in particular training (30%)	continuous	FCU, RSUs, woredas
M&E and Learning	Finalize simple M&E guidelines in local language and reporting formats for Woredas, IAs	Mar 2012	FCU, RCUs
	Conduct (refresher) trainings for woredas, IAs on M&E and revised guidelines; provide training on word, spreadsheet, report writing	Apr 2012	FCU, RCUs
FM	Distribute the revised FM Manual to IAs at all levels and to FPs at all IA, incl. internal auditors	Mar 2012	FCU, RCUs
	Conduct AGP awareness creation workshop/training for internal auditors and/or follow-up	Mar 2012	FCU, RCUs
	Finalize and submit the 1 <sup>st</sup> interim audit report	Apr 2012	FCU
Procurement	Strengthen procurement at local levels, including procurement planning and filing of documentation, through dissemination of revised procurement manual, training and other capacity-building measures.	Apr 2012	FCU, RCUs
	Strictly follow procurement plans and guidelines, including for rural roads, and request No Objections when justified.	Apr 2012	FCU, RCUs
Comp. 1	Strategize the capacity needs assessment of key public advisory institutions such that they include human, material, managerial and management capacity needs	May 2012	FCU
	Ensure assessments of effectiveness of the AGP training programs	continuous	FCU, RCUs
	Strengthen linkages with AGP-AMDe and other stakeholders along value chains	Apr 2012	FCU, RCUs
Comp. 2	Establish firm quality control system for all activities including review of first SSI schemes of each region before contract signing	Apr 2012	FCU, support from EKN, other DPs
	Finalize design and provide fast-track and longer-term TA support for SSI sub-component	Apr 2012	MoA, EKN/CIDA
	Float road design tenders, and construction tenders for selected already designed roads	Apr 2012	RRAs