



<b>1. Project Data :</b>	
<b>OEDID:</b>	C1956
<b>Project ID:</b>	P000704
<b>Project Name:</b>	Peasant Agricultural Development Project I (PADEP)
<b>Country:</b>	Ethiopia
<b>Sector:</b>	Other Agriculture
<b>L/C Number:</b>	C1956
<b>Partners involved :</b>	None
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<b>Reviewed by :</b>	Yves Albouy
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<b>Date Posted :</b>	02/10/1998

**2. Project Objectives, Financing, Costs and Components :**  
PADEP, supported by a credit for US\$85.0 million equivalent was approved in FY89 and closed two years behind schedule in FY97. A total of US\$3.6 million was canceled. The appraised cost of the project was US\$118.6 million and the actual cost was US\$87.8 million. The primary objectives of the project were to increase the production and productivity of foodgrains and peasant incomes in the rural sector . These objectives were to be met by improving the management and delivery of agricultural services, improving the technology available to farmers, and improving incentives for producers . The project included specific components for strengthening the Ministry of Agriculture (MOA), expanding capacity to develop and test improvements in agricultural technology, strengthening delivery of extension services, improving the supply and distribution of fertilizer, and supporting analysis of pricing policy and grain reserves. Over 70 percent of project financing was allocated to the purchase of fertilizer and the rest to strengthening support services .

**3. Achievement of Relevant Objectives :**  
Implementation of the appraised project was adversely affected by civil strife in 1990-91. Peace was restored and a transitional government established in 1992, and PADEP was revised. The revised project was affected further, however, by restructuring and downsizing of the MOA and the regionalization of staff and decision making authority during 1992-93. Despite these difficulties, and thanks to the two-year extension of the project period, PADEP achieved most of its main objectives . Prior to 1995, PADEP was limited by civil strife to procurement of fertilizer, vehicles and equipment, which was largely successful . After 1995, PADEP focused more on institutional strengthening and overall performance was mixed .

**4. Significant Achievements :**  
The most significant achievement of PADEP was procurement and distribution of some 242,000 tons of fertilizer which had the potential to contribute to an estimated 1.2 million tons of grain production between 1989 and 1995. At the same time, the government pulled back from local distribution of agricultural inputs and strengthened the Agricultural Input Supply Corporation, which took a more market-driven approach . Production credit was provided to farmers through banks and credit institutions and loan recovery rates appear to be respectable .

**5. Significant Shortcomings :**  
PADEP failed to implement a monitoring and evaluation system, as planned . As a result, the most important project achievements are estimates based on first principles and broad coefficients of what was potentially possible . No estimates are provided of how grain productivity and peasant income have improved . No economic rate of return is estimated in the SAR or the ICR. Several project-supported activities are reported on in the ICR only in terms of inputs or numbers of activities undertaken, not in terms of results . Activities addressed at women in development were unsatisfactory .

<b>6. Ratings :</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome:</b>	Satisfactory	Satisfactory	

<b>Institutional Dev .:</b>	Substantial	Modest	OED rates impact not outcome, i.e. OED's rating is more demanding. All project institutional development activities started late, i.e. year 5 of 7. Much was accomplished, but institutional development activities were less numerous than planned and their impacts are unclear in the ICR.
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

### 7. Lessons of Broad Applicability :

First, recognizing that decentralization can support increased ownership and accountability, decentralization without complementary local capacity building can be counterproductive . In this case, the project lost momentum for about two years when regionalization was applied without prior regional capacity building . Second, the project was extended for two years, but only one year at a time . This created uncertainties which affected adversely implementation. Given the difficulties from which the project was recovering, i.e. two years of civil strife followed by a process of rapid regionalization, a single two-year extension might have been beneficial .

### 8. Audit Recommended? Yes No

**Why?** While project outcome is marginally satisfactory and OED and the ICR agree on most main ratings, PADEP represents an opportunity to assess how rural development can be implemented in a difficult environment, when socialist principles of planning and implementation are replaced by more market -centered approaches, and administration is being decentralized . This could contribute to OED's study of rural development . An audit might also seek to assess actual improvements in productivity brought about by improvements in input supply and extension.

### 9. Comments on Quality of ICR :

Despite the weak M&E base provided by the project, the ICR is satisfactory, i.e. it has done the best it could with what was available and it is possible to rate performance . It includes the borrower's ICR and the aide memoire of the ICR mission. The plan for future operations is, however, rudimentary . Given the focus of PADEP, its relationship to the active National Fertilizer Project could have been made clearer .