

AIDE MEMOIRE**9th Implementation Support Mission for****The Ethiopia Rural Capacity Building Project (IDA 42010; TF90085)****August 27, 2011 to September 30, 2011**

INTRODUCTION: A joint World Bank/Canadian International Development Agency (CIDA) review and implementation support mission of the Ethiopia Rural Capacity Building Project (RCBP) took place from August 27th to September 30, 2011.¹ The mission conducted field visits in Benishangul-Gumuz, Oromiya and Amhara Regions, Agarfa and Ardaita Agriculture Technical and Vocational Education and Training (ATVET) Colleges, and the Metema Livestock Quarantine Station construction site. The Mission also held a one day meeting with implementing agencies and Regional project coordinators and undertook intensive consultations with the Federal Project Management Unit (PMU). A wrap up meeting was held with Ato Wondirad Mandefro, State Minister, Ministry of Agriculture (MoA), and Dr. Solomon Assefa, Director General, Ethiopian Institute of Agricultural Research (EIAR). The Mission would like to thank Government of Ethiopia (GoE) counterparts for the cooperation in planning and organizing the Mission and fruitful discussions. This Aide-Memoire summarizes the Mission's findings and agreements reached, which are subject to endorsement by the Bank management.

CONTEXT: The (formally revised) development objective of the Project (PDO) is *to assist the Ethiopian Government to strengthen agricultural services and systems and make them more responsive to clients' needs*. The PDO is to be achieved by (a) strengthening and reorienting agricultural technical and vocational training by making ATVET colleges more responsive to the changing needs, (b) improving the effectiveness of the agricultural extension service, (c) enhancing the capacity of research institutions to generate appropriate agricultural technologies; and, (d) strengthening agricultural markets through the efficient functioning of a commodity exchange and improvements in sanitary and phytosanitary standards to enhance export of livestock.

RCBP is only about a month away from its closing date. Implementation has been proceeding moderately well, but some key activities are still quite far from completion – mostly due to delays in procurement. The GoE has requested the World Bank for an extension of the closing date. The Mission therefore reviewed the RCBP Annual Plan to determine the timeframe required to finalize planned activities. A recurring issue since the mid-term review of the Project has been that the available budget remains insufficient to allow planned activities to be implemented in full. This issue was discussed at the last Federal Steering Committee Meeting of the RCBP and it was agreed that the MoA would request the GoE for a supplementary budget appropriation to ensure that activities started by the Project can be properly completed. Therefore, in addition to reviewing implementation performance, the Mission worked very closely with the PMU to review utilization of the RCBP budget, reallocate IDA and CIDA funding to priority activities and develop a request for funding from the GoE.

KEY FINDINGS: There is continued progress in implementation (although with some slowing down) –the Mission's assessment of implementation progress under each component is summarized below (see Annex 5 for further details). There have also been improvements in financial management, procurement procedures and M&E arrangements.

Component 1 Support to ATVETs: Achievements under this component include development of 53 occupational standards related to the ATVET National Strategic Plan (excluding OS for agri-business even though this is a key area of focus for the ATVET strategy), training of two instructors from each ATVET College on teacher training and learning materials (TTLM) and curriculum development, and the development of eight model curricula related to the new occupational standards. Curriculum and TTLM development is currently underway in all colleges and the project has successfully developed curricula in two additional areas: gender equity and HIV/AIDS control which are being applied in one college each. Developed curricula and TTLM will be reviewed according to the new occupational standards and ATVET strategy with support from Jimma University (JUCAVM) that is being contracted by the Project. This review

¹ The team included Laketch Mikael, Team Leader (AFTAR), Stefan Paquette, Co-Team Leader (CIDA), Mary Breen (CIDA) focusing on Comp. 1, support to ATVETs, Jonathan Cook (FAO/CP) focusing on Comp. 2 and 4 support to Extension and ICT, Ashok Seth and Teklu Tesfaye, (AFTAR) focusing on Comp. 3, support to the National Agricultural Research System, and Esayas Nigatu, (AFTAR) focusing on Comp. 5, Support to Market Institutions. Ingrid Molland, Consultant (AFTAR), Asferachew Abate, Environment Specialist (AFTEN), Desta Solomon and Yasmin Tayyab Social Specialists (AFTCS), Meron Techane, Financial Specialist (AFTFM), Shimelis Woldehawariat, Procurement Specialist (AFTP), assessed arrangements for monitoring and evaluation, compliance with safeguard policies, financial management and procurement respectively. Rahel Lulu, program assistant (AFCE3) provided logistics support.

plays an important role in the implementation of the ATVET National Strategic Plan. However, RCBP support to the process, through JUCAVM, has been greatly delayed and is likely not to be relevant for the current academic year. Dissemination activities on the ATVET strategy including a national workshop to orient major stakeholders on the strategy and OS, printing and distribution related documents, etc. will be carried out within the next two months.

RCBP supports the implementation of the ATVET National Strategic Plan within two federal ATVET Colleges: Ardaita and Agarfa, through Development Innovation Grants. This has however been progressing slowly.

Component 2: Strengthening Agricultural Extension Services: As the project closing date approaches, many although not all activities are close to completion. Some activities have been fully accomplished. Capacity-building of farming training centers (FTCs) including short-term training of development agents (DAs) and community exposure visits at FTCs are now largely complete. Management committees for FTCs are also established and FTCs visited in the Oromiya and Amhara Regions appear to be self-sustaining. Similarly, gender activities such as GE training for DAs, are complete or nearly so. Some activities have been delayed but are expected to be finalized by the end of December 2011. These include training of FTC management committee members and short-term training for woreda staff that backstop DAs. The Project has continued to establish new farmer innovation groups (FIFs) and to strengthen farmer research extension groups (FREGs) but this too is behind schedule. Long-term training continues as agreed under the Project's Annual Plan. There is concern over a high drop-out rate. Also, as will be discussed further below, another concern relates to arrangements to ensure continued support to students who will not complete training within the timeframe of RCBP.

Weaknesses in implementation observed during the last mission have yet to be addressed: (a) Agriculture and Rural Development Partners Linkage Advisory Council (ARDPLAC) meetings have continued to be postponed due to other priorities; (b) establishment of FIF groups is still often with insufficient regard for the guidelines, particularly the gender balance;² (c) the study of DA responsibilities and effectiveness, ARDPLAC performance and cost/benefit analysis of FREGs although under contracting with Haramaya University, is not yet started; and, (d) the shift in emphasis towards documentation of best practices and group strengthening activities for FREGs has not been realized – support to FREGs has largely continued without an exit strategy. The MoA has agreed that these issues will receive particular attention in the coming months.

Component 3 Enhancing Institutional Capacity of the Agricultural Research System: Most activities under the Agricultural Research component – both in terms of promoting institutional innovations within the National/Ethiopia Agricultural Research System (EARS); and, reinforcing capacity for agricultural research are at advanced stages of completion. Regarding support to institutional innovations, the Mission has observed that, (a) the National Agricultural Research Coordination Council (NARCC) and its Secretariat are operational but full consensus on proposed organizational and management arrangements and operational modalities for EARS is yet to be reached by key stakeholders. (b) Good progress has been made in validation/adaption of technologies acquired from overseas under RCBP's technology short-cut window, e.g. high value fruit tree varieties for different agro-ecologies, improved genetic stock of poultry, and active microorganism for different uses. To exploit the full potential of this approach, EIAR needs to develop a strategy for their multiplication and distribution with sustainable sources of funding and a clearly defined role for the private sector. (c) Activities related to gender mainstreaming, including action research are on track. (d) A competitive research grants program is underway. Independent reviews of 30 out of 37 on-going National Agricultural Research Fund (NARF) financed sub-projects at the end of the first year of implementation found 70% of the sub-projects to be either highly satisfactory or satisfactory with the remaining 30% as moderately satisfactory. Similar reviews are planned for the rest of NARF and all Regional Agricultural Research Fund (RARF) financed sub-projects. Nevertheless, many N/RARF sub-projects will not be finished before the RCBP completion. The Mission has agreed on a timeframe for developing and implementing a strategy for institutionalizing the N/RARF supported competitive grants program as part of the EIAR/EARS regular work program with secure sources of funding.

Activities related to capacity building of the research system have largely been completed although there have been budget overruns due to increased costs on imported goods³. These overruns are a cause for concern for the overall management of the Project. EIAR is also taking forward, on a larger scale, the support provided to Agricultural Research Centers in the emerging regions, to help them scale-up, using a multi-stakeholder participatory approach, the introduction

² The Mission also found that in Amhara, all FIF groups have been established in non-project woredas and therefore do not benefit from complementary activities.

³ The cost of imported goods has escalated as a result of currency devaluation and associated duty payments.

of technologies aimed at improving productivity and diversification towards new cash/food crops. Progress in completing irrigation facilities at selected research stations is behind schedule and requires further attention. Long term training of research scientists at PhD and Masters levels continues as planned. As in the case of extension, high attrition rates and lack of clarity on arrangements to ensure continued support to students who will not complete training within the RCBP timeframe is a matter for concern.

Component 4 Improving Information Communication Systems (ICS): The Mission found that in most RCBP woredas, local area networks (LANs) linking different departments of the Offices of Agriculture have been successfully set up but that connectivity with the internet (and through the internet, linkage with Regions Bureaus of Agriculture and the Federal MoA as well as to global networks) has not been achieved as the WoredaNet in most places is not up and running and the dial-up system is over-subscribed. Nevertheless, the Mission understands that, depending on the IT infrastructure available within each woreda, there are alternative options available for establishing connectivity. The PMU and Regional RCBP focal persons are exploring the different options for connectivity. The Mission notes that to ensure connection as soon as possible there is a need for: (a) each woreda to consult with their Ethiopian Telecom branch office to ascertain the most appropriate means of connection to the internet (WoredaNet link, CDMA modem, wireless internet modem, dialup connection or other) and to urgently inform their regional office of their preferred option together with a commitment to allocate an associated monthly recurrent budget; (b) the Federal PMU to consult with Ethiopia Telecom head office to facilitate the process; and, (c) once options are identified, Regions need to move quickly to establish connections, provide associated trainings and thereby complete implementation on this component.

Component 5: Strengthening Agricultural Market Institutions: As indicated in the last mission, under the sub-component in support of the Ethiopia Commodity Exchange (ECX), it is expected that RCBP support towards providing adequate information technology solutions for more effective operation of the ECX will be partial and that the Exchange itself will raise the necessary resources to complete the envisaged investments. Introduction of a system for transmission of price information through SMS and IVR has been completed and installation of price tickers in major commodity markets is progressing well. However, due to delays in procurement, planned installation of IT infrastructure at the Exchange cannot be fully completed before June, 2012 –including delivery, installation, testing and having the supplier redress any issues.

Under the Sanitary and Phyto-sanitary sub-component, the Project has performed well on its support to the ecto-parasite control program which is now completed. The Project also planned to support the construction and equipping of two livestock quarantine stations; one at Metema and the other at Humera, to facilitate the trade in livestock. Work on both stations has been delayed significantly. Regarding construction of the station at Metema, although there had been some earlier progress on this construction, all civil works were stopped pending the development of an abbreviated resettlement action plan (ARAP) to compensate 12 households displaced by the initiative. The Mission finds that there is sufficient progress on the development and implementation of the ARAP to be confident that construction will resume soon and can be finalized around March, 2012. The Mission notes that, while in the last mission it was observed that works beyond the current civil works contract were necessary to make the station fully functional (some structures indicated in the design are missing from the bill of quantities, water and electricity supply have been omitted from the design) no practical measures have been taken to fulfill these remaining requirements. The Mission believes that, with due attention, water and electricity supply can be provided by the time the current construction is finalized. However, no procurement has been initiated for a new civil works contract to add necessary structures that are missing from the current civil works contract. The Mission believes that procurement and delivery of this second phase construction will take up to June 30, 2012. Regarding the construction of the Humera Livestock Quarantine Station, the Mission has learnt that procurement of the civil works contract has been interrupted as the Government has decided to revoke the supervision consultancy contract. The Mission feels that while construction on the Humera Livestock Quarantine Station can be initiated under RCBP, it can no longer be completed under the Project.

Project Management, Monitoring and Evaluation (M&E): The Mission observed weaknesses in the follow-up of RCBP implementation including its financial management and procurement (as is discussed further below) and observed that actions to improve implementation agreed to last mission were only partially carried out (see Annex 2). Generally, there appears to be a slowing down of implementation, and very few project activities will be completed by October 31, 2011 which is the current closing date of the project. The Mission re-iterates that even with the proposed extension date of the Project, there is no room for slippage and the project staff and – more importantly, senior management of implementing agencies (IA) need to give greater attention to ensuring timely completion of project activities and quick accounting of expenditures. The last mission noted that as the Project approaches its closing date, greater effort needs to be made to

retaining Project staff. Yet there is still no progress made to revisit remuneration packages of Regional project staff. The Project continues to suffer from high turn-over in the PMUs at all levels.⁴ Staff turn-over particularly at the end of a project is inevitable; the PMU and IAs should ensure that short term arrangements (assignment of government staff, recruitment of short term TA, etc.) are made to cover any gaps.

Progress in terms of strengthening M&E arrangements has been noteworthy. The quality and timeliness of regular reporting on activity performance for research and extension has significantly improved (financial reporting and updates on the procurement plan remain weak) and the results framework is updated following World Bank requirements. The M&E officer has been very pro-active to ensure greater communication and information flow with implementing agencies. The Mission does, however, note the slow progress in contracting for the studies to evaluate project impact and in initiating a consultancy to document lessons learnt (an activity that CIDA has been considering to undertake). Clearly, the assessment of the Project's impact will not be carried out before the current closing date of the Project. This will now only be possible with an extension of the closing date. Even so, the project cannot afford to encounter further delays to evaluate its impact as the findings of these studies will need to inform implementation completion reports that have a fixed timeline for delivery.

Completion of Project activities: The Mission finds that although implementation is delayed, most RCBP activities are close to completion. With a few exceptions, the Project's remaining activities can be done by end of December, 2011. The exceptions are: (a) long term training; (b) research projects started through the N/RARF competitive grants program; (c) construction of the Metema and Humera Livestock Quarantine Stations; (d) procurement and installation of IT infrastructure equipment to support the ECX; (e) implementation of the ATVET development innovation grants; and (e) M&E activities such as documentation of lessons learnt and evaluation of project impact. As has been discussed above, the Mission estimates that procurement and installation of IT infrastructure for the ECX and full construction of the Metema Livestock Quarantine Station will only be completed in June, 2012⁵ and proposes that the closing date for RCBP Credit No. 42010 and Trust Fund No. 90084 be extended from October 31, 2011 until June 30, 2012. Annex 4 provides a timeline for completion of each remaining activity under the various components of the Project.

Some key activities will continue beyond the RCBP timeframe:

- To support much needed human resource capacity building, RCBP supported 806 professionals in various long term training programs. Of these students, 279 will have completed their studies by October, 2011 and a further 406 will have done so, by March, 2012. 121 students will finish their studies at a later dates extending up to September 2013. Support to late entrants was provided with the understanding that arrangements outside of the Project would be made to cover the costs of long term training after October, 2011 and the RCBP Steering Committee agreed that MoA would request an allocation from MoFED to this effect. The Mission finds, however, that this has not been forthcoming. It therefore recommends that, if the Project closing date is extended, RCBP funds be reallocated to cover the tuition, research, subsistence, and other costs of the 406 students that are expected to finalize their studies by March 2012. The Mission does not propose to extend the Project up to September, 2013 but requests the GoE to commit the necessary funding, about 5.4 million ETB, to ensure that the remaining students are able to complete their studies.
- While RCBP has successfully established a competitive grants program (with its National and Regional Agricultural Research Funds N/RARFs) to support broad based, innovative research projects, some of the awarded research projects will only be completed outside of the project timeframe. This is to be expected as the competitive grants program should to be sustained beyond RCBP. However, a strategy for mobilizing resources from various private and public stakeholders for the competitive grants program has not been put in place. Since the institutionalization of the competitive grants program has been delayed, there are currently no arrangements for funding of the ongoing NARF and RARF research projects after October, 2011. The Mission recommends that RCBP funds be reallocated also to provide funding for N/RARF research projects until a more broadly funded competitive grants program can be set up.

⁴ The position of Extension Specialist is filled, but the Research Coordinator, NARF/RARF manager and one accountant in EIAR have left since the last mission. The Research Coordinator was replaced – but only in mid September, 2011. There has also been turn over at the regional level.

⁵ Given that the IT infrastructure contract for the ECX has been delayed, its delivery and installation is expected in April, 2012. Similarly, the Mission finds that implementation of the ATVET development innovation grants will likely take up to April, 2012 to be completed. Studies related to the evaluation of the Project's impact are still under contracting and are therefore unlikely to be finalized before March, 2012. If the government's ICR is to include findings from these studies, it will need to be carried out in April. Finally, even though the Mission expects construction on the Metema Livestock Quarantine Station to resume in the next few weeks, the delay caused by the interruption of civil works activities from April to October, 2011 will likely extend the completion date of the first phase construction up to March, 2012.

The Mission proposes that MoA request seed funding of 1.5 million ETB from the MoFED so that a competitive grants program with multiple sources of funding, including from government, is established.

- It is noted above that RCBP cannot complete the construction of the Humera Livestock Quarantine Station. Yet, to achieve its objectives in terms of supporting quality livestock exports on the northwestern trade route, it is necessary not only to make the Metema Livestock Quarantine Station fully operational but to also invest in a quarantine station at Humera to restrict traders from avoiding quarantine requirements by diverting to this route. The Mission agrees that this could be started under the Project but emphasizes the need for the GoE to commit to finalizing the construction outside of the project and allocate funding to do so.
- RCBP has established and supported ARDPLACs to enhance research-extension linkages and has also covered the cost of ARDPLAC meetings. This is an activity that should continue beyond the project as a regular Government activity and will be transitioned to the regular program. The Project has supported FREGs also to enhance research-extension linkages. Many of the FREG initiative are still on-going and require further support. The Mission feels that this also needs to be transitioned to the regular Government program and proposes that the MoA request a budget for FREG strengthening from MoFED.

Based on the above, a proposal for reallocation of IDA and CIDA funding has been developed and is provided in Annex 4. Given the need to reallocate Project funding for additional long term training costs and for the competitive research grants program (as well as some escalation in costs of civil works and of imported goods), the Mission finds that funding currently available to the Project remains insufficient to cover the costs of all activities required to complete the Project and achieve its objectives.⁶ The shortfall is about 1.74 million USD, which together with an earlier allocation by MoFED brings the total funding gap to about 2.27 million USD. It is to be recalled that the World Bank and GoE cancelled 13.0 million USD from the Project in 2010 with the understanding that some of these funds would be reimbursed to RCBP if the Project faced a shortage of funds to achieve its development objective. It is therefore agreed that the MoA will request a supplementary budget from MoFED for an additional 30.02 million ETB. The details of this request are provided in Annex 3

Assessment of Fiduciary Issues and Compliance with Safeguards Policies

Financial Management: Although, the Mission finds that, overall, the Project's financial system provides reasonable assurance that IDA loan proceeds and CIDA TF are being used for their intended purposes; it has identified some key areas of concern (discussed in detail in Annex 6). The Mission commends the PMU for the progress made in addressing issues identified last Mission. However, it emphasizes that prompt action is required on the weaknesses indicated below to ensure orderly closing of the project.

- *Weak budget control and monitoring:* Budget monitoring both at PMU and EIAR were found to be rather weak and disorganized, with budget overruns continuing even though there is a financing gap as noted above. As a result the budget for EFY2004 had to be revised as part of the current Mission. The Mission emphasizes that budget should be regularly compared with actual, variances determined, analyzed, and explained, and meaningful corrections made if variances are unavoidable. The Mission was informed that regional coordination offices and IAs assess the monitor use of budget determine variances a quarterly basis. However, reports on the same are not sent to the PMU. It is therefore difficult to say that this exercise is being used as a management tool to determine areas where attention is needed.
- *Inadequate SOE submission from Regions and implementing agencies:* SOE submission of implementing entities has progressed from the previous mission and the amount of unjustified advance has dropped from 70.4 million ETB to 40.78 million ETB in the current mission. Although there is great progress in reducing the receivable balance, given the short remaining time for the project and that recovery on the advance has begun, the balance is of concern. The PMU should intensify its efforts to ensure that advances are settled immediately so that the project does not suffer further from cash constraint.
- *Weak reporting:* IAs provide late and incomplete reports which has affected the accuracy and completeness of IFRs submitted to the Bank. For example, the expenditures of EIAR and the Afar Region were not included in the recently submitted IFR. Although a revised report is received from the PMU, the completeness of reports should be given due attention. In addition, reporting on the Oromiya Region was incomplete as the coordination office did not receive reports from all its project woredas and its report to the PMU was in turn partial.

⁶ Added to this, due to exchange rate fluctuations between the Canadian Dollar and USD, funding obtained from the CIDA co-financing trust fund is less than expected during the calculation of the budgetary shortfall during the last mission.

- *Staffing:* EIAR has only one accountant dedicated to the Project. This is directly affecting the reporting and general financial management of the project. The Amhara region also has a staffing problem which is affecting the collection of SOEs from woredas. This is a critical concern; the PMU and senior management of IAs should ensure that staff are quickly replaced and that short term arrangements are made in the interim.
- *Preparations for project closing:* In view of the upcoming closing of the project, there is a need to ensure and plan for proper closing procedures (as elaborated in Annex 6). As part of this, the fixed asset register for all regions should be prepared and/or updated to ensure that all fixed assets are properly handed over and the internal audit function of regions should be strengthened.

Procurement: The Mission found that procurement activities are progressing well but with delays. Since the project is coming to a close, emphasis should be given to complete procedures for all planned procurement activities as early as possible. IAs with large procurements such as the ECX, ATVET Colleges, APHRD and EIAR as well as the PMU should closely follow up and expedite procurement processes to ensure that all deliverables are received before the closing date of the Project. There are several areas of concern in this regard including the construction work of the Metema Livestock Quarantine Station, various procurements under the development innovation grants of Ardaita and Agarfa colleges (including vehicles and tractors procured by the PMU) and the installation of IT infrastructure for the ECX which need particular attention. The PMU should also speedily finalize procurement of all required consultancy services as there is little time left to actually carry out required technical assistance and studies.

The Mission notes that in addition to finalizing planned procurements in the remaining period of the Project, the PMU and IAs should pay particular attention to procurement filing. In accordance with the RCBP financial agreement, procurement files should be maintained for at least five years after the closing of the project. Thus complete procurement documents should be maintained in a safe and secure place.

Safeguards: RCBP triggers OP/BP 4.01 and OP/BP 4.12 on environmental impact and involuntary resettlement. The Mission finds that there is still no systematic use of the Environment and Social Management Framework (ESMF) checklists for screening sub-project before they are implemented. However, due to the nature of most project activities, no significant environmental or social impacts are observed – with a few exceptions.

- Construction of the Metema Livestock Quarantine Station has displaced 12 households. It was agreed during the last mission that the PMU would develop an ARAP as soon as possible and that, in the absence of this, all civil works funded by RCBP at the site will be discontinued pending its finalization. As agreed, construction at the Metema livestock quarantine site has been halted. The ARAP has now been developed and reviewed by the Bank and its implementation is almost complete. The Mission furthermore found that all save one affected households have accepted the compensation package proposed.
- The Project undertakes various civil works most of which are small structures. The Metema Livestock Quarantine Station however is not small but was implemented without detailed study on the impact of the construction on the environment. The mission also noted that the proposed electric supply and drilling of deep water well did not go through proper environmental impact assessment process. It is recommended that a brief report on environmental and social impacts of the civil works at Metema including electric and water supply and suggested mitigation measures be submitted for the Bank's no objection by October 15, 2011 before work on electric and water supply starts.
- 18 FREGs established in the Benishangul-Gumuz Region have combined to construct a small irrigation canal. The canal was constructed with inadequate consideration of the potential negative environmental and social impacts. The Mission noted that the irrigation has a design problem that puts the canal at a high risk of erosion and siltation and that landslides have already prohibited water flow. The irrigation canal needs immediate action to ensure that the construction will be completed with a proper design and due consideration of potential environmental and social impacts.

Progress towards the PDO: The Mission finds that with the proposed extension of the project closing date, the Project is more or less on track to achieve its development objective. For example, there is evidence of downstream adaptive research involving shorter-term validation, testing and dissemination of improved technologies in concert with extension and farmer groups; and, of significantly more multi-disciplinary and multi-stakeholder research projects. However, a shorter timeframe for technology development, greater coordination within the national agricultural research system (EARS), engagement of multiple stakeholders in setting research priority agenda, and effective identification of clients' needs have not been observed due to the delays in implementation of the reform agenda related to the governance and operational modalities of EARS as well as the long-term nature of institutional changes being sought. Similarly, while

there is still no clear evidence of increased farmer satisfaction with extension services, new innovative modalities for delivery of advisory services, much appreciated by farmers, have been introduced. ATVET colleges are introducing changes in both their education and administrative systems as they implement a new ATVET Strategic Plan but it is too early to assess performance in terms of reduction in student dropout rates and increased satisfaction of clients. The results framework as updated using the Project's regular monitoring data is provided in Annex 9. Achievements of intended results will be further confirmed by impact evaluation studies currently being contracted.

AGREEMENTS REACHED

1. *Request for reallocation and extension:* The Mission proposes a second order restructuring to extend the closing date up to June 30, 2012 and to reallocate IDA and CIDA funds. The details are provided in Annex 4. MoFED will submit a formal request to this effect to the World Bank within a week.
2. *Financing gap:* The MoA will request a supplementary budget from MoFED of 29.02 million ETB to finalize project activities and commit to undertake activities that extend beyond June 30, 2012.
3. *Shift in emphasis under extension:* The Mission reiterates the previous agreement that FREG strengthening should focus on institutionalization/sustainability of FREG groups. And, implementation of FIFs should strictly follow the guidelines sent to all woredas since the last mission with greater emphasis placed on involvement of women (and not only as women only groups).
4. *Institutionalizing competitive research grants program:* The EIAR will urgently develop a strategy for institutionalizing the competitive grants programs currently funded through N/RARFs, seek seed funding from government, mobilize funding from development partners and phase out RCBP support.
5. *Financial Management:* The PMU, implementing agencies and Regional project teams will implement the action plan to address weaknesses in financial management that has been provided, together with a detailed supervision report, in Annex 6. A consultative meeting will be held at the end of October, 2011 to review progress on this action plan.

KEY PENDING ACTIONS/NEXT STEPS

	Action Description	Timeframe	Component	Responsibility
1	Request for supplementary budget of 29.02 million ETB to finalize project activities.	October, 2011	All Components	MoA/MoFED
2	Finalize 2nd order restructuring of the Project (for extension and reallocation of IDA and CIDA TF allocations) and associated amendments to legal documents	By 3rd week October, 2011	All Components	MOFED/World Bank/ CIDA
3	Revisit DIG proposal to accommodate increased costs of vehicles and overrun on book purchases under ISG. As funds permit, help introduce something more innovative and/or experimental.	End October, 2011	ATVET	JUVACM/Ardaita, Agarsa
4	Transition FIFs, FREGs, and support to ARDPLAC to regular extensions activities; including request for budget from government sources to cover related activities, document and disseminate best practices from FIFs and FREGs, investigate reasons behind irregular ARDPLAC meetings and suggest revisions to ARDPLAC guidelines	October to end December, 2011	Extension	PMU, Regional coordinators, Haramaya University
5	Negotiate with Haramaya University to include assess reasons for irregularity in ARDPLAC meetings and provide associated recommendations in their study	Immediate	Extension	PMU/Extension Directorate
6	Review reasons for attrition in long term training	Immediate	All Components	PMU
7	Approve payment levels for pocket money to female diploma students as agreed at the last SC meeting and urgently effect payments.	Immediate	Extension	MoA senior management, PMU
8	Share list of recommended example FREG strengthening activities with all involved in FREG implementation	Immediate	Extension	PMU
9	Assess irrigation scheme constructed by 18 FREGs around Assosa area, recommend and as project resources allow, implement actions to ensure that the construction will be completed with a proper design and due consideration of potential environmental and social impacts.	Starting November, 2011	Extension	PMU Benishangul-Gumuz BoA
10	Develop strategy for institutionalizing N/RARF competitive grants program including identification of funding for finalizing on-going projects	By end December, 2011	Research	EIAR and PMU/Research team
11	Develop strategy and action plan to transfer scaling up activities to extension service; and, for multiplication and demonstration of locally adapted acquired technologies with sustainable funding mechanism and participation by the private sector including cooperatives.	End January, 2012	Research	EIAR and PMU/Research team
12	Submit to WB an EIA report on both the water and electricity supply works for the Metema Livestock Quarantine Station	October 15, 2011	SPS	PMU & APHRD
13	Send vehicle procured for Metema Livestock Quarantine Station to its duty station	Immediate	SPS	APHRD
14	Finalize implementation of the Metema ARAP, share status with WB and resume construction on Metema Livestock Quarantine Station.	October 15, 2011	SPS	PMU and APHRD
15	(a) Seek approval from the Bank to revoke the supervision consultancy services for Metema and Humera Livestock Quarantine Stations (b) Institute an alternative so that construction can continue	(a) Immediate (b) October 15, 2011	SPS	PMU & APHRD
16	Implement FM action plan (see Annex 6)	Starting Oct. '11	All Components	PMU/IAs/Regions
17	Further update RF	October, 2011	All Components	World Bank
18	Work on continued improvements in reporting (activities, financial, procurement)	Ongoing	All Components	PMU
19	Reach decision on support to the study on lessons, develop TORs and recruit appropriate experts to undertake study	Recruitment by end Oct. 2011	All Components	CIDA
20	Close follow up on delayed activities including finalization of all contracting by end December, 2011—some more urgently ⁷	On going	All Components	PMU/IAs
21	Ensure staffing is filled up to end of project, including through short term assignments or TA	On going	All Components	PMU/IAs

⁷ Including (a) JUVACM's support to implementation of DIGs and review of TTLM/Curricula, (b) implementation of DIG at Ardaita and Agarsa colleges, (c) dissemination of ATVET strategy and occupational standards, (d) short term training under the extension component, particularly for FTC management committee members, and SMS training for non project woredas where FIF groups have been established, (e) woreda level internet connectivity for Woreda Offices of Agriculture, (f) FREG strengthening and support to FIFs; (g) follow up on proposed organizational and management arrangements and operational modalities for EARS, (h) development of irrigation facilities at selected research stations, (i) follow up on NARF/RARF awarded projects; (j) procurement, delivery and installation of ECX's IT infrastructure, (k) full implementation of ARAP and completion of Phase 1 construction of Metema Livestock Quarantine Station, (l) supply of water and electricity for the Metema Livestock Quarantine Station, (m) equipping and furnishing of Metema Livestock Quarantine Station, (n) follow-up on studies to evaluate project impact and the government ICR.

DISCLOSURE: The Bank and the GoE confirm their understanding and agreement to publicly disclose this Aide Mémoire. The disclosure of this Aide Memoire was discussed and agreed to with the MoA represented by Ato Wondirad Mandefro at the wrap-up meeting that took place on October 3, 2011, at the MoA, Addis Abeba.

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ANNEXES

- Annex 1: People met during the mission
- Annex 2: Matrix of Status of Agreed Actions from last Mission
- Annex 3: Action Plan and Budget for Remaining RCBP Activities
- Annex 4: Proposal for RCBP Restructuring
- Annex 5: Detailed Assessment of Implementation Performance
- Annex 6: Financial Management Report
- Annex 7: Procurement Review
- Annex 8: Safeguards Review
- Annex 9: Monitoring and Evaluation and Updated Results Framework

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