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Acronyms

APPI	Aggregate Project Performance Index
CAS	Country Assistance Strategy
CBE	Commercial Bank of Ethiopia
EPA	Environmental Protection Agency
ERRC	Emergency Recovery and Reconstruction Credit
ESRF	Ethiopian Social Rehabilitation Fund
FIAS	Foreign Investment Advisory Service
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IDF	Institutional Development Facility
IFC	International Finance Corporation
IMF	International Monetary Fund
LIL	Learning and Innovation Loan
NGO	Nongovernmental Organization
OED	Operations Evaluation Department
PFP	Policy Framework Paper
SAC	Structural Adjustment Credit
SIP	Sector Investment Project

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MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

SUBJECT: Ethiopia-Country Assistance Evaluation (CAE)

With a GNP per capita of US$110 and with the vast majority of its 60 million people living on less than US$1 per day, Ethiopia is one of the poorest countries in the world. A protracted civil war ending in 1991 had detrimental and lingering effects on infrastructure and the provision of basic social services. Despite the turnaround in economic performance since 1991, the country still has the lowest primary school enrollment ratio, the highest known incidence of malnutrition and the lowest road density in Africa. Only 27 percent of the population have access to safe drinking water, while less than 5 percent have access to electricity.

In 1992, the new government adopted an agriculture-led development strategy intended to avoid the biases against rural areas commonly seen in Africa. As a part of this strategy, the Government sought to replace the state-controlled economy with a market economy. It also sought to devolve power to the constituent states rather than centralizing it in Addis Ababa. Supported by the Bank and the Fund, the Government has demonstrated an excellent track record in macroeconomic management. Structural reforms have progressed well, but the initial pace has slowed as issues of sequencing and implementation have become more complex. Real GNP has grown fast, and poverty is likely to have fallen. The Government has mounted strong "sector investment programs" in education, health, and roads, to help augment the foundations for long-term growth and poverty reduction. However, the expectations in the CAS of 1997 regarding private sector development have only partially been fulfilled. Much remains to be done in completing the reforms and sustaining the development momentum.

Over the years, the Government and the Bank have established a relationship of mutual trust and openness, with an intense and often informal policy dialogue. The Bank's policy advice and sector interventions have been relevant to Ethiopia's development strategy. The Bank and the Government restructured the portfolio of seventeen projects started by the previous regime. While their outcomes were often rated satisfactory, their sustainability and their impact on institutional development remained weak. The outcome of the structural adjustment credit in the early 1990s has been rated highly successful. The Bank has played a significant role in developing new-style sector investment credits, which may greatly assist donor coordination. The coverage of economic and sector reports has expanded in the last three years, and their quality has often been appreciated by Ethiopian clients. Their effectiveness could have been enhanced by preparing well-rounded policy documents that integrate the findings of specialized reports and clarify the medium-term goals of the reform program.

The Bank should now focus on: (i) the development of multi-year programs, with road maps for the key reforms, to guide the Bank's assistance strategy; (ii) a strategy for removing the remaining impediments to private sector development, including faster liberalization of the financial sector; (iii) a strategy for promoting institutional development at all levels in a manner consistent with devolution of power to the regions; and (iv) a review of assistance to agriculture and environment. The overall assistance strategy should be sharply focussed on policy reforms, whether or not adjustment credits are considered.

The CAE was sent to the Government but no comments were received. A draft of this evaluation was distributed to CODE in June 1999. This report is now being re-issued for the purpose of public disclosure.

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1. Background

1.1 *Initial conditions.* With a GNP per capita of US$110, and with the vast majority of its 60 million people living on less than US$1 per day, Ethiopia is one of the poorest countries in the world. A long civil war ending in 1991 had detrimental effects on infrastructure and basic social services. Despite the turnaround in economic performance since 1991, the country still has the lowest primary school enrollment ratio, the highest incidence of malnutrition and the lowest road density in Africa. Only 27 percent of the population have access to safe drinking water, while less than 5 percent have access to electricity.

1.2 *Ethiopia's basic strategy.* After the civil war ended, a transitional government initiated a broad range of reforms and adopted an agriculture-led development strategy intended to avoid the biases against rural areas commonly seen in Africa. The reforms sought to replace the state-controlled economy with a market economy, and to devolve power to the constituent states rather than keeping it centralized in Addis Ababa. The transitional government won the national elections in 1995, thus ensuring the continuation of this development strategy. The main elements of the reform program were: (i) maintenance of macroeconomic stability, (ii) competitive and flexible exchange rates, (iii) liberalization of foreign trade, (iv) promotion of private sector development, decontrol of marketing and privatization of state enterprises, (v) the development of agriculture and food security, and (vi) increased access to basic education and health, and to the road network.

1.3 *Progress of reforms.* The reform program has progressed well, with strong support from the Bank, the Fund, and other multilateral and bilateral donors. The program has now become more complex, and there are signs of hesitancy on the part of the government. The first year of the Fund's Enhanced Structural Adjustment Facility (ESAF) lapsed. But nonetheless, the government has demonstrated an appropriate track record in macroeconomic management, and it has also maintained commitment to development goals. It is too early to assess the effects of the current war with Eritrea, but unless military expenditures are cut back substantially the development program will be seriously threatened.

1.4 *Outcomes.* The economic turnaround in Ethiopia has been impressive. During the five years between 1992/93 and 1996/97, the average rate of growth of GDP was 7.2 percent, and agriculture grew at 4.8 percent, partly reflecting a rebound from the low base at the end of the civil war. Macroeconomic stability has been maintained. The real exchange rate is now less than half of what it was before the change of government. Export growth has been significant. On the other hand, the future priorities of reform are clear from the fact that the share of private investments in total gross investments has not yet increased (even though its level has increased somewhat), and foreign direct investments are still negligible (Table 1).

1.5 *Poverty trends.* There are some indications that the strong growth in the economy since 1992 has resulted in less poverty. At present only one nationally representative household survey is available, precluding confident statements about changes in poverty, but a small rural panel survey comparing 1989 and 1994/95, carried out by the Oxford University and the Addis Ababa University, shows that there was a significant decline in rural poverty from 61 percent to 46 percent. Qualitative and informal surveys confirm this trend. Although reliable results from urban panel data are not available, it is likely that poverty has also declined in urban areas.

1.6 *Food security.* In contrast to the past, there have been no famines in the 1990s. Liberalization of grain markets, increased use of fertilizers and other modern inputs, better management of food stocks, and increased availability of foreign aid have improved food security.

1.7 *Governance.* A recent Bank report examined economic governance and corruption in Ethiopia. It concluded that grand corruption is not a serious problem in Ethiopia. Corruption largely takes the form of petty corruption by lower level officials. The government has a multi-faceted program to combat corruption, which addresses governance issues, and fundamental institutional and capacity building requirements. The centerpiece of this program is a reform of the civil service, which is progressing slowly on many fronts.

2. Bank Objectives And Assistance

2.1 *Types of support*. The Bank's strategy in the 1990s, as reflected in the Country Strategy Papers of 1995 and 1997, aimed to support the overall development strategy and the wide-ranging reforms initiated by the new regime. The assistance strategy involved an expanded program of support. In addition to support for traditional investments, the Bank also initiated support for macroeconomic stabilization and general policy reforms, and for broad sector development programs.

2.2 *Volume of financing*. During the 1970s and 1980s, the Bank's lending program was small because of inadequacies of overall policies and difficulties of doing business on the ground. As the new government worked out a sound development strategy during the early 1990s, the Bank, the Fund, and other donors quickly expanded their assistance programs. Commitments of IDA resources jumped with the initiation of an emergency reconstruction credit, an adjustment credit and a road rehabilitation credit, and remained high due to sector-wide credits in water supply, roads, education, and health, as well as a social fund project and a large energy project (Table 2). Disbursements will of course rise with a lag, which in Ethiopia's case can be considerable unless the new-style sector-wide lending prove to be more quick-disbursing than the traditional projects. As a source of finance IDA is expected to become very significant. Leaving aside debt relief, IDA is expected to fill about 36 percent of the financing gap in 1998/99: expressed as a share of medium and long-term loans (i.e. excluding grants, but including IMF resources), the share of IDA will rise to 61 percent.

2.3 *Sector distribution*. The sector distribution of IDA credits has changed in the 1990s, due to the adjustment credit, the sector investment credits in education, health, and roads, a social fund, and a large power generation credit. Most notable is the drop in the share of agricultural projects (from 44 percent to 12 percent), which reflects the bad experience earlier in the 1980s (Table 3). Of the eight agricultural projects which closed during the 1980s, seven had unsuccessful outcomes, confirming the high sensitivity of such projects to the quality of the overall incentive framework. It was appropriate for the Bank and the government to take time in the 1990s to deliberate on appropriate investment strategies in agriculture rather than replenish the project pipeline in a hurry.

3. Bank Assistance To Policy Reforms

3.1 *Post-war reconstruction: ERRC.* After the change of government in May,1991, the Bank initiated a new lending program with an Emergency Recovery and Reconstruction Credit (ERRC). This Bank-coordinated program of multi-donor support, totaling US$650 million, helped reconstruction of war-damaged infrastructure, provided essential medicines, launched a pilot social fund, and jump-started the economy. The ERRC has been rated "Highly Satisfactory" by the OED (on the APPI scale).

3.2 *Adjustment lending: SAC.* The ERRC was followed by a Structural Adjustment Credit (SAC). In the SAC, the government accomplished a large part of the agreed reforms prior to effectiveness, including a large devaluation, implementation of a foreign exchange auction, reductions in the maximum rate of tariff (from 230 to 80 percent) and in marginal income tax rates, and removal of many restrictions in marketing, most export taxes, and most price controls. It also supported the initial steps in the privatization of state enterprises, which proved difficult to implement and caused some delay. On the whole, however, the SAC was successful; it too has been rated "Highly Satisfactory" on the APPI scale.

3.3 *Discontinuation of policy lending.* It was initially envisaged that the SAC would be followed by a series of adjustment credits to support the progress of the reform program. After the SAC, however, the government did not see the need for additional quick-disbursing credits focussed on policy changes. Due to the rise in international reserves after the SAC, the balance of payments justification for such lending weakened somewhat, although a fiscal rationale might still have existed. The basic reason for not following up with additional adjustment credits appears to have been the government's unwillingness to envisage policy-conditioned credits at that time, especially in view of the implementation difficulties under the SAC.

3.4 *Reliance on non-lending services.* In the absence of adjustment lending the Bank has relied entirely on non-lending services as inputs into structural reforms at the macro level. The main vehicle has been the PFP. The policy content of the thirteen non-adjustment credits that are currently active are confined to the sectors to which they belong.

3.5 *Volume and coverage of reports.* Non-lending assistance has gone up during FY95-98, as compared to the initial three years, FY92-94. Sixteen scheduled and unscheduled reports were completed in the FY95-98 period. Their coverage was as follows: public expenditure policies, private sector development, financial sector, poverty alleviation, women in development, exports, and reviews of agriculture, energy, social and transport sectors (Table 4).

3.6 *Usefulness.* The annual series of public expenditure reviews has been a strong feature of this program. The early ones focussed on inter-sector allocations, being very supportive of the government's desire to increase the allocations to the social sectors. The last one discussed feasible budget envelopes, in particular for the social sectors, trade-offs between trade reforms and revenue generation, and priorities of tax reforms. The study on export development was also appreciated by the government. The sector reviews have also been helpful. A client feedback survey conducted in late 1997, indicated that Ethiopian client groups regarded Bank staff as knowledgeable and technically competent, and rated the quality of economic and sector studies favorably (73 percent). As distinct from economic and sector reports, non-lending services also included a "retreat" in 1998, in which the Bank's chief economist and the prime minister personally took part.

3.7 *Deficiencies.* There are some anomalies. For instance, the latest report on private sector development provides an overview of the various regulations, controls, and other forms of public interventions that continue to constrain private sector development in general, and exports in particular, but the sense of alarm that it generates is not evident in other reports. As another example, there is no analysis of the detrimental effects of the continuing trade protection, which is being reduced only slowly. Neither the CAS nor the study on export development note the anti-export bias, and in particular the anti-agriculture bias, that results from the overvaluation of the exchange rate implicit in Ethiopia's tariffs. Moreover, it is difficult to understand what medium-term visions are currently driving the government's reform program-whether the current hesitancy merely reflects caution and risk-aversion, or whether there has been a more fundamental shift away from the original vision of creating competitive markets.

3.8 *An error of omission.* There is no report that puts together the Bank's views on the major reform issues and options in an integrated way, and explores the consequences of weaker or delayed reforms. The government would have benefited from having access to the analytical foundations of what appears in CASs and PFPs. Moreover, as the principal vehicle for high-level policy negotiations, the PFP has the obvious problem of not being continuous. There was a gap of one year after the conclusion of the SAF arrangement in FY96, when the government delayed seeking a new arrangement because of ample reserves. There was another one-year gap in FY98 as the government, the Fund and the Bank could not agree on a policy framework.

3.9 *Economic memoranda.* The last economic memorandum for Ethiopia was produced in 1990, before the new government came into power. An informal note on the phasing of reforms in FY92 helped the ERRC and the SAC. There has not been any reports of that type since. In retrospect, a series of economic memoranda might have been helpful in summarizing the knowledge base and in clarifying the Bank's views of the reform program. In recognition of this the CAS of 1997 had programmed an economic memorandum, which is now in the process of being prepared.

3.10 *Future priorities: private sector development.* In strengthening support for policy reforms, whether through new adjustment lending or through non-lending services, the Bank should place the highest emphasis on private sector development. As defined in the policy matrix of the last CAS in 1997, private sector development should be conceived broadly to include regulatory reforms, relaxation (if not the abolition) of the investment code, development of private markets for land leases of both short and long duration, trade liberalization, elimination of controls on foreign exchange transactions, and financial sector liberalization. The progress benchmarks listed in that CAS for these items have not been fully met in many cases. The frustrations of the private sector color its perception of the usefulness of the Bank. The client survey of 1997, indicated that 88 percent of the private sector group did not think the Bank was adequately supporting private sector development, and no one in that group responded favorably when asked if he/she was satisfied with the Bank (56 percent reacted unfavorably, and the rest were noncommittal). The Bank might consider additional, and more detailed, surveys of the private sector to identify the constraints it most suffers from.

3.11 *Future priorities: the financial sector.* Reforms in the financial sector have been slow and contentious. The Bank's financial sector study considered various options for introducing competition into the banking system, and concluded that the virtual monopoly of the state-owned Commercial Bank of Ethiopia should be abolished through the introduction of foreign banks (at least in lending, not necessarily in deposit-taking), or by breaking it up into three parts. The government has rejected these types of reform options at this time, and has no intention of reducing state control or allowing foreign entry in the foreseeable future. However, as long as the domination of the CBE continues, there will remain a large space for discretionary interventions by the government in trade finance, foreign exchange transactions, and in private markets generally. For example, the apparent progress of liberalizing the lending interest rate has no meaning in the context of state control: the actual interest rate has not in fact increased after the ceiling was removed because the rate continues to be administratively determined by the CBE.

4. Bank Assistance To Sector Reforms And Investments

4.1 *Objectives.* After the change of government in 1991, the Bank put high priority on protecting the past investments it had supported—there were seventeen active projects initiated under the earlier regime. The Bank and the government accomplished this through restructuring these projects over the next several years. The replenishment of the project pipeline was slow, however, as the government quite rightly gave priority to the definition of appropriate sector strategies as a basis for identifying future projects. The Bank assisted the government in preparing sector development programs.

4.2 *Project completions in the 1990s.* All but two of the nineteen credits completed in the 1990s were started in the 1980s. They suffered long delays (averaging 40 months), partly because of civil disturbances before the change of government and partly because of the time it took to restructure them. Weak administrative capacity and overly ambitious project designs also contributed to delays. However, the Bank and the government did succeed in achieving a high rate of successful outcomes, especially in comparison to Africa-wide and Bank-wide standards. Sustainability and the impact on institutional development were rated much lower (as in Africa, and the Bank more generally). It is also noteworthy that the record for the completions during the 1990s represented a strong improvement over the completions in the 1980s. This is seen below (see Tables 5, 5a, 5b, 5c and Table 6, for details).

	APPI scale	*Satisfactory Outcomes (%)*	*Likely Sustainability (%)*	*Substantial Inst. Dev. (%)*
Ethiopia 1990s	6.52	79	53	32
Africa average	5.81	59	31	26
Bank average	6.43	69	47	32
Ethiopia 1980s	-	59	20	25

4.3 *The current portfolio.* The current portfolio, consisting of thirteen projects (Table 6a), has three projects actually at risk and one potentially at risk: the percentage of projects at risk is slightly below the Africa average. Of the three projects actually at risk, the two urban projects were started in 1990 by the previous government. These suffered protracted delays during restructuring as the necessary consensus within the government could not be easily reached. The third is the National Seeds project, which aims at transforming the Ethiopia Seed Enterprise, a state enterprise, into a commercially viable autonomous entity, supported by profitable regional seed distribution centers. The difficulties of doing so raises the question as to whether it would have been better to rely on the private sector for these functions (other functions, such as quality control and seeds certification, are the responsibility of another state agency). The design of this project runs counter to the aims of developing competitive markets.

4.4 *Sector investment projects.* A major feature of the new investments is the introduction of sector investment projects (SIP) to support comprehensive sector development programs in roads, education and health. The social fund (ESRF) credit is also designed in a similar manner. Additional credits of that type are under consideration in other areas, such as energy, food security, and potable water supply. Under these SIPs, the Bank has a leading role in the working groups that coordinate donor activities and annually review expenditure priorities; the Bank is thus in a position to make contributions to operational strategies, and help keep spending in check in line with the recommendations of its latest public expenditure review.

4.5 *Education, health, and roads.* A potential advantage of SIPs is that they allow entire programs to be checked against criteria derived from the basic development strategy. Thus, enhancement of private sector activities in roads has been of major importance in the road sector program. Through its road rehabilitation and road sector investment credits, the Bank has supported a significant expansion of the role of the private sector in construction and maintenance of trunk and rural roads, as well as in freight and passenger transport—many transport enterprises are in the process of being privatized. Privatization is much less prominent in education and health, and relates to activities such as vehicle maintenance, furniture repair and the like. Much more important in education and health is their orientation towards primary education and primary health care, their emphasis on women, and their objective of bringing about decentralized and regionally balanced development. In general, these SIPs have great promise although it is too early to assess their effectiveness on the ground. A potential problem concerns the speed of disbursements; IDA resources are often last to be taken up because other donor resources are usually cheaper, being in the form of outright grants.

4.6 *Energy and telecommunications*. Foreign direct investments are crucial in these sectors since the government does not have the fiscal space to accommodate the resource needs. However, although the government has relaxed restrictions against foreign participation, such investments have not yet materialized. In the absence of foreign investments, the Bank is supporting a hydro-generation project, which is expected to be followed up with a distribution project. The Bank is also supporting the Calub Energy Development project, which has been redesigned to allow foreign investors to develop the gas fields, but no agreements with foreign parties have yet been reached.

4.7 *Agriculture and food security.* The Bank has made significant contributions to the development of rural areas through its early support for decontrol of commodity and input prices, elimination of input subsidies, and the privatization of marketing. The fertilizer component of the Peasant Agriculture Development project and the on-going National Fertilizers project have been successful in introducing appropriate fertilizer mixes, and in improving extension, thereby helping to bring about recovery and growth in agriculture. The sector reviews in agriculture were also useful to the formulation of the basic sector strategy of the government, which is among the best in Africa. But sustainable growth will require effective decentralization of public sector functions to the local levels and across regions, on-the-ground capacity enhancements, and completion of the general policy reforms initiated in the early 1990s. Whether the early reforms have been actually effective or not requires analysis; it is not known for instance how closely movements in domestic prices parallel the movements in the corresponding foreign prices. Moreover, impediments to private sector participation in agricultural exports still remain, marketing is not yet fully free and competitive (even in the case of fertilizers), and the lack of a good market for land leases continue to distort land use patterns.

4.8 *Assistance to agriculture.* The decline in lending to agriculture should be reviewed in view of its central importance to the government's development strategy. Although a project for promoting food security in drought-prone areas is being prepared, which is likely to have a sector-wide focus like the SIPs, there is ample scope for additional lending and non-lending assistance, especially in land administration, micro-credit, and pastoral development.

4.9 *Poverty*. The Bank is supporting direct actions to reduce poverty through the programs on education, health, and roads, and the social fund project. The urban and the potable water supply projects are also directly assisting the poor. A Welfare Monitoring System is being set up under the social fund project to assist the monitoring of the social impact of poverty-reducing initiatives. The general poverty orientation of the Bank's current portfolio is satisfactory. Nonetheless, the poverty orientation perceived by Ethiopian clients was low in 1997, with only 15 percent responding favorably to the question about the Bank's impact on the status of the poor.

4.10 *Women in development.* Gender bias is pervasive in Ethiopia, although the government is sensitive to this issue and is proactive in assisting women. There are institutional constraints at the local levels, particularly at the district and village levels, where women play little or no role in the preparation of plans and delivery of developmental assistance, such as extension services, distribution of seeds and fertilizers, credit and training. Higher literacy and better primary health through the sector programs, as well as higher rural incomes due to general economic growth, will enhance the role of women. A recent sector report on women in development discussed additional measures of various kinds, and has helped prepare a LIL for assisting women at the grassroots level.

4.11 *Environment.* The government established an Environmental Protection Agency in 1995, and in 1997, completed a Conservation Strategy and an Environmental Policy. Environmental legislation is currently under discussion. The Bank's last study of environmental problems in Ethiopia was in 1994, which, among other things, identified soil erosion and nutrient depletion as the most urgent environmental problem. Since then the Bank has not had an active dialogue centrally focussed on the environment because of lack of interest on the part of the EPA. The Bank should update its knowledge of environmental issues, and try to re-institute an active dialogue. The Bank's role in improving the environment was regarded favorably by only 18 percent of the Ethiopian clients in 1997.

4.12 *IFC and FIAS.* Ethiopia is part of the "Extending IFC's Reach" initiative, with a resident representative in Addis. In 1998, IFC invested in a tannery project. Several investment proposals are under consideration, including proposals for the Small Enterprise Fund. Investment opportunities for the IFC are constrained because it can only participate in directly export earning projects—it is not allowed to participate in efficient projects which save foreign exchange through import substitution. Similarly, while some of the private domestic banks want IFC to become a shareholder and lender, the current investment code precludes IFC from doing so. FIAS undertook a study of the investment environment in 1997, and is currently supporting the Ethiopian Investment Authority with a program of capacity building and technical assistance.

4.13 *Aid coordination*. The relevance, efficacy, and efficiency of donor assistance as a whole depend on aid coordination among the numerous multilateral, bilateral, and NGO agencies active in the country. Uncoordinated aid imposes a heavy burden on implementation capacity, and can in the end be of limited value. Because of its lead role in the sector development programs and its rapport with the prime minister's office, the Bank is becoming the principal coordinating agency. This is a big challenge because it involves coordination and consensus-building not only at the top level, but also at the regional and local levels. The Bank has strengthened its Resident Mission by adding an operations adviser and a task manager for the education sector credit.

4.14 *Collaboration with the Fund.* The Bank has collaborated closely with the Fund in preparing PFPs, in examining Ethiopia's eligibility for the HIPC program, and in carrying out its public expenditure review missions. Fund staff participated in the "retreat" with the prime minister's office in 1998.

5. Outcome: Satisfactory

5.1 *Relevance and efficacy.* The overall development strategy of the government is sound in principle, and the Bank's lending and non-lending assistance have been well directed. Significant progress has been made in many areas. Ethiopia has made major progress in terms of macroeconomic stability, high growth rates of GDP and agriculture, political reconciliation, and resumption of private sector activity. The Bank-supported projects have performed well by African and Bank standards. Yet there remains much to be done in bringing about a competitive economy, and the critical success indicators of private investments-whether domestic or foreign-are not showing improvements. There has been insufficient progress in removing fundamental institutional and policy constraints. Sharper focus is needed on the remaining agenda of general policy reforms.

5.2 *Efficiency.* There is scope for enhancing the efficiency of the various instruments being used by the Bank. A lesson from past projects is that the quality of appraisal has often been relatively weak. Unsatisfactory outcomes, or uncertain sustainability, or insubstantial institutional development were associated more frequently with unsatisfactory appraisal than with the quality of identification or supervision. There is also scope for increasing the effectiveness of economic and sector work through more regular economic memoranda or other papers which integrate the findings of specialized reports. As far as unit costs are concerned, the rise in the unit costs of lending completions (identification to Board) during the 1990s reflects the increasing sector focus of the credits, in particular the SIPs. The unit costs of scheduled and unscheduled reports have been reasonable, taking account of the need to build up a strong knowledge base after long years of low levels of activity (Table 7).

6. Sustainability: Uncertain

6.1 *Poor project sustainability*. The sustainability ratings for Bank-supported projects have been on the low side, even though they compare well with Africa and Bank averages. The main lesson in the Ethiopian context is that today's projects must take into account the intended further liberalization of the economy, the likely increased role of the private sector, and the increasing devolution of decision-making authority to the regional and local levels. Bank efforts to strengthen state institutions which are likely to become obsolete should not be pursued in the future.

6.2 *Macroeconomic consistency*. Concerns remain also in terms of the consistency of broad economic and social targets. Unless tax revenues increase significantly or military expenditures are contained at a low level, the ambitious sector investment programs will not be feasible and social targets will be jeopardized. It will also be counterproductive to sacrifice privatization of state enterprises or further trade liberalization because of their possible negative effects on revenues. These conflicts can be reduced by increasing the fiscal space through foreign direct investments in the energy, telecommunications, and transport sectors.

6.3 *Uncertain growth prospects*. The good turnaround during the last seven years was only partly due to the policy reforms. It was also partly due to the rebound from a very low base, and partly the result of favorable weather. Ethiopia will remain vulnerable to weather and other exogenous shocks, such as those created by coffee price fluctuations. For these reasons it would be imprudent to extrapolate recent growth rates. The Bank's assistance strategies should take such contingencies into account.

7. Institutional Development: Modest

7.1 *A long-standing concern*. The impact of Bank-supported projects on institutional development has been poor, although not by African standards. Inadequate project administration and lack of performance-related incentives for government employees remain serious problems. The public expenditure reviews by the Bank, technical assistance from the IMF and other donors, and the civil service reforms being initiated by the government should help supplement and strengthen project-level efforts. The Bank should consider credits to support civil service reforms and other institution-building initiatives. IDF grants, of which the Bank has made four so far, are also likely to be beneficial.

8. Implications For Bank Assistance

8.1 *Strengthen policy focus.* The Bank's assistance strategy in Ethiopia has sought to support the wide-ranging policy reforms of the government from the outset. As the reform program enters a more difficult and complex phase, there is a danger that the policy linkage of the assistance strategy will become diffuse and short-term. The first priority in the future would be to agree with the government on a medium-term reform program, with road maps for the key reforms, to which the assistance strategy can be related. The agreed program should aim at removing the remaining impediments to private sector development, and promoting institutional development at all levels. The level and composition of the Bank's assistance should be sharply linked to the policy steps needed to progress towards a competitive and decentralized economy.

8.2 *Non-lending services.* The level of non-lending services should remain high in order to build up and consolidate the knowledge base. In particular, there is a need to examine and monitor the extent to which past reforms have in fact worked in practice. There is also a need to produce economic memoranda, or other policy documents, to integrate the findings of different studies and provide well-rounded policy recommendations. Additional studies would be helpful to deepen the dialogue on financial sector reforms and on private sector development more generally. Finally, the absence of a dialogue on environmental issues is inappropriate, especially because the Ethiopian clients regard the Bank's role in this area as weak.

8.3 *Lending.* The development of the lending program should take into account the difficulties of bringing about high degrees of sustainability and institutional development in this country, and should recognize that the quality of the appraisal is often the most important influence on these aspects of performance. Another lesson is that projects and programs should be designed to enhance private sector development and competitive markets. The Bank should also consider including in its lending program support for civil service reforms, technical assistance credits and IDF grants. In terms of general strategy, the appropriateness of the level and composition of lending to agriculture should be reviewed. There is also a case for reviewing the policy towards adjustment credits. Provided the government's commitment to policy reforms is sustained, adjustment credits should be re-introduced.

ANNEXES

Table 1: Ethiopia - Key Indicators

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
	(annual percentage change, unless otherwise indicated)						*[estimated]*
GDP at market prices (1980/81=100)	-3.7	12.0	1.6	6.2	10.6	5.6	0.5
Value added: Agriculture	-2.7	6.1	-3.7	3.4	14.7	3.4	-7.6
Industry	-7.1	28.4	7.0	8.1	5.6	7.8	10.9
Manufacturing	-5.5	36.1	8.9	9.0	7.6	5.9	9.8
Services	-4.8	16.0	7.9	9.3	7.0	7.8	8.0
Exports GNFS	-46.8	83.8	17.0	11.0	4.9	48.4	-9.3
Imports GNFS	-12.9	22.5	-11.9	8.6	26.8	1.8	6.3
Consumer prices	21.0	10.0	1.2	13.4	0.9	-6.4	2.5
Real Effective Exchange Rate (1990/91=100)	132.5	116.4	59.6	52.5	52.0	48.8	49.5
	(in percent of GDP, unless otherwise indicated)						
Gross Domestic Investment	9.2	14.2	15.1	16.5	19.1	19.1	18.2
Public	3.3	5.0	9.0	7.5	7.5	8.3	7.4
Private	5.9	9.2	6.1	9.0	11.6	10.8	10.8
Gross Domestic Savings	3.0	5.6	5.0	7.4	4.7	8.7	7.7
Gross National Savings	5.9	9.7	9.6	14.6	11.4	12.1	11.9
Private Investment / Gr. Dom. Investment (%)	64.0	64.7	40.5	54.7	60.7	56.6	59.6
Current Account Balance, excluding capital grants	-3.3	-8.0	-5.2	-1.6	-7.7	-7.0	-6.7
Central Government Deficit, excluding grants	-9.6	-7.6	-11.1	-7.3	-8.5	-5.0	-6.4
Total Revenue Excluding Grants	10.6	12.0	13.9	17.4	18.4	19.2	19.2
Total Expenditure & Net Lending	20.2	19.6	25.0	24.7	26.9	24.2	25.6
Gross External Reserves (months of imports, GNFS)	1.8	3.6	5.0	5.5	6.3	4.0	2.7
Coffee as % of Total exports	52.8	56.6	56.6	63.4	66.5	58.7	67.3
External Debt (including IMF)	34.0	61.7	76.4	80.3	71.6	64.4	154.3
Debt Service / Exports (as %)	82.1	71.0	44.4	35.1	35.2	42.4	45.3

Source: IMF.

Table 2: Ethiopia – Commitment, Gross Disbursement, Net Disbursement, and Net Transfer (US$m)

FY	Commitment	Gross Disbursement	Net Disbusement	Interest and Fees	Net Transfer
1985	166.0	42.7	392.8	39.3	353.5
1986	67.5	50.4	35.9	6.6	29.3
1987	91.0	73.1	42.5	7.8	34.7
1988	103.0	64.3	63.3	8.1	55.2
1989	157.0	77.0	48.4	10.9	37.5
1990	75.2	77.4	62.7	8.2	54.5
1991	0.0	74.3	67.1	7.0	60.1
1985-91	**659.7**	**459.2**	**712.7**	**87.9**	**624.8**
1992	150.0	75.9	64.1	7.5	56.6
1993	346.0	91.1	61.2	8.2	53.0
1994	74.8	252.0	79.0	8.0	71.0
1995	142.2	152.4	237.3	9.0	228.3
1996	155.7	129.3	136.8	10.4	126.4
1997	0.0	63.7	115.9	11.2	104.7
1998	669.2	72.3	49.1	11.4	37.7
1992 - 98:	**1537.9**	**836.7**	**743.4**	**65.7**	**677.7**

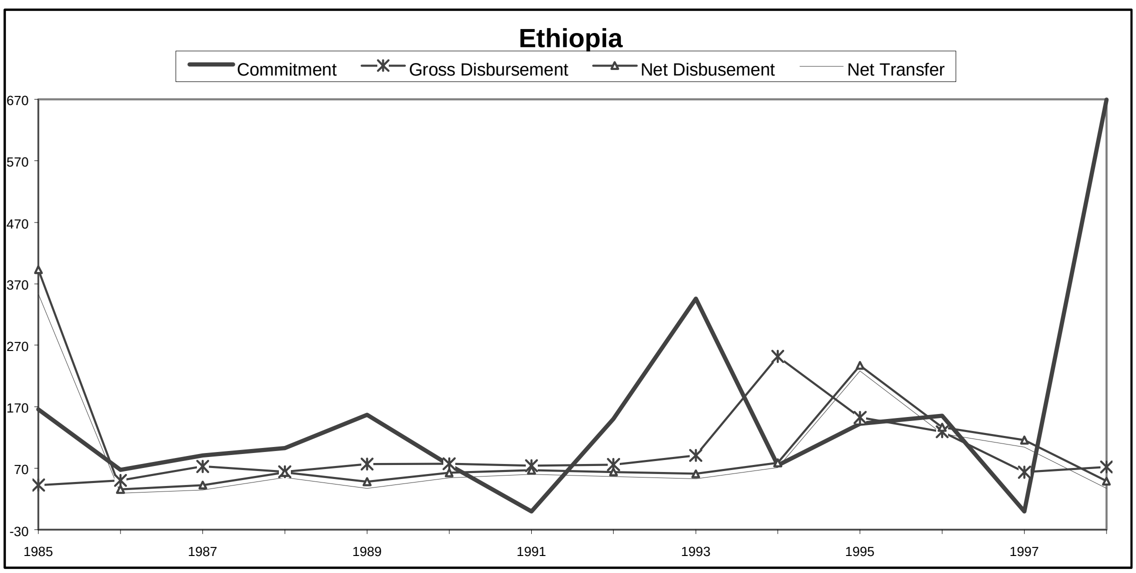

Table 3: Sectoral Distribution of IDA Credits

	FY1980-89 Commitment Total (US$m)	*%*	*FY1990-98 Commitment Total (US$m)*	*%*
Adjustment Credits	-		400.7	23
Agriculture (including Agricultural Finance)	333.0	44	202.0	12
Infrastructure	256.5	34	679.5	40
Power	[62.0]	[8]	[200.0]	[12]
Transportation	[147.5]	[20]	[405.2]	[24]
Telecommunications	[40.0]	[5]	-	-
Oil and Gas	[7.0]	[1]	[74.3]	[4]
Social Sectors	142.0	19	355.7	21
Health and Population	[37.0]	[5]	[100.0]	[6]
Social Assistance	-		[120.0]	[7]
Education	[105.0]	[14]	[100.0]	[6]
Water Supply	-		[35.7]	[2]
Urban Development	20.0	3	75.2	4
	751.5	100	**1713.1**	100

Table 4: ESW List, 1990-1999

Report Title	*Date*	*Report No.*
Agriculture		
Food Security Strategy	FY97	na
Agricultural Growth	FY97	na
Forestry Action Plan	FY93	na
Food Security Study : A World Bank Sector Report	FY92	11717
Energy		
Energy Assessment	FY96	ESM179
National Conservation Strategy	FY95	E119
Finance		
Financial Sector Review	FY98	17302
Improving the Investment Approval Process (FIAS)	FY97	na
Financial Sector Review	FY91	9427
Infrastructure		
Telecom Policy Note	FY98	na
Multi-sector / Other		
Export Development Strategy	FY98	17098
Private Sector Development Study	FY98	na
Business Development study	FY95	na
Country Policies for Poverty Reduction: A Review of Poverty Assessments	FY93	17672
Toward Poverty Alleviation and a Social Action Program.	FY93	11306
Phasing of Reforms	FY92	na
Economy in the 1980s and Framework for Accelerated Growth.	FY90	8062
Public Expenditure		
Review of Public Finances.	FY99	18369
Public Expenditure Review.	FY98	16593
Public Expenditure Policy for Transition.	FY95	12992
Social		
Social Sector Report.	FY99	18482
Social Sector Note.	FY98	16860
Transport		
Transport Sector Memorandum.	FY96	15535
Other / Gender		
Implementing the National Policy for Women : Institutional and Regulatory Issues.	FY98	17704

na= not available

Table 5: OED Summary Ratings for Ethiopia since FY90

TOTAL PROJECTS APPROVED *				
	Number	*Percent*	*Commitments $m*	*Percent*
Adjustment Loans	1	7%	250.7	15%
Non-Adjustment Loans	14	93%	1462.4	85%
Total for Ethopia	15	100%	1713.1	100%
Region	600	100%	26669.0	100%
Bank-wide or IDA	2199	100%	205429.0	100%
OED OUTCOME RATINGS **				
	Number	*Percent*	*Net commitments $m*	*Percent*
Satisfactory Outcome				
Adjustment Loans	1	5%	262.6	24%
Non-Adjustment Loans	14	74%	693.0	64%
Total Sat for Ethiopia	15	79%	955.61	88%
Region	348	59%	17044.9	67%
Bank-wide or IDA	1214	69%	117130.2	75%
OED SUSTAINABILITY RATINGS **				
	Number	*Percent*	*Net commitments $m*	*Percent*
Likely Sustainability				
Adjustment Loans	1	10%	262.6	32%
Non-Adjustment Loans	9	90%	565.4	68%
Total Likely Sustainability	10	53%	828.1	76%
Region	183	31%	8080.6	32%
Bank-wide or IDA	833	47%	89768.4	58%
OED INSTITUTIONAL DEVELOPMENT RATINGS **				
	Number	*Percent*	*Net commitments $m*	*Percent*
Substantial ID				
Adjustment Loans	0	0%	0.0	0%
Non-Adjustment Loans	6	100%	238.3	100%
Total Substantial ID	6	32%	238.3	22%
Region	150	26%	6945.3	27%
Bank-wide or IDA	565	32%	57120.3	37%
ARPP RATINGS OF ONGOING PROJECTS ***				
	Number	*Percent*	*Net commitments $m*	*Percent*
Development Objectives				
Satisfactory	10	77%	1115.2	85%
Unsatisfactory	3	23%	197.2	15%
Total Sat for Ethiopia	13	100%	1312.4	100%
Region SAT	286	82%	11211.0	84%
Bank-wide SAT	1263	89%	101069.0	91%
Implementation Progress				
Satisfactory	11	85%	1155.4	95%
Unsatisfactory	2	15%	57.0	5%
Total Sat for Ethiopia	13	100%	1212.4	100%
Region SAT	282	81%	11348.0	86%
Bank-wide SAT	1224	86%	96839.0	87%
DISCONNECT FOR ETHIOPIA SINCE FY89****				
	ARPP % Sat	*OED % Sat*	*Net disc. at exit*	
Ethiopia	70%	75%	-5%	
Region	16%			
Bank-wide	14%			
DEVELOPMENT EFFECTIVENESS INDICATOR				
	Last 8 years			
Ethiopia	6.52			
Region	5.81			
Bank-wide or IDA	6.43			

* Projects approved since FY90
** Projects with ARPP exit FY since exit FY90. Includes partial year's ratings for FY99, upto (date).
*** ARPP ratings for ongoing projects as of (date)
**** The net disconnect is the difference between ARPP % SAT at exit versus OED % SAT outcome;
for region and Bank-wide, the Net Disconnect is for FY90-97 (ARPP Review)

TABLE 5A: PERFORMANCE OF PROJECTS EXITED SINCE 1990

	No.	*% of Total Net Commitment US$m.*	*No. of Satisfactory Outcomes*	*% Satisfac-tory*	*% Likely Sustainable*	*% Substantial ID*	*% Satisfactory Bank Identification*	*% Satisfactory Bank Appraisal*	*% Satisfactory Bank Supervision*	*% Satisfactory Borrower Preparation*	*% Satisfactory Borrower Implementation*	*% Satisfactory Borrower Compliance*	*% Satisfactory DO at Exit*
Lending by Exit Years:													
1990-99 (March 1, 1999)	19	47	15	79	53	32	84	68	89	85	69	56	74
1980-89	17	31	10	59	20[a]	25[b]							82
Pre-1980	13	22	12	92									
Comparator Countries (Summary of projects exited since 1990)													
Ghana	44	82	34	78	53	44	89	75	78	67	42	56	89
Kenya	42	65	22	52	28	14	69	48	48	17	14	0	74
Mauritania	18	84	12	58	33	0	75	50	58	33	42	58	72
Sri Lanka	40	70	28	59	41	19	93	59	74	41	44	48	90
Tanzania	33	72	22	71	43	33	76	71	76	19	38	33	76
Uganda	33	55	17	56	36	28	76	56	72	56	60	56	91
Region and Bank-wide													
AFR Region	603	67	355	59	31	26	82	60	71	70	54	52	75
Bank-wide	1789	75	1230	69	47	32	85	64	75	76	62	64	83

Source: Table 2 and OED database.
[a] Only 5 projects were evaluated; [b] Only 4 projects were evaluated.

Table 5b: Aggregate Project Performance Index of Evaluated Projects

OED ID	*Project ID*	*Project Description*	*Approval FY*	*ARPP exit FY*	*Evaluation date*	*Sector*	*Commitments (US$m.)*	*Outcome*	*Outcome on 4/6 polint*	*Sustainability*	*ID Impact*	*APPI*
C1275	695	Agricultural & Ind. Dev. bank	1982	1992	05/06/93	Finance	30.0	UNSAT	UNSAT	UNC	NEG	4.00
C1404	699	Road Sector 2	1984	1994	03/17/95	Transportation	70.0	SAT	MS	UNC	NEG	5.50
C1429	698	Coffee Processing & Marketing 2	1984	1992	06/28/96	Agriculture	35.0	UNSAT	MU	UNC	MOD	5.25
C1509	701	Sixth Telecommunications Project	1985	1994	09/17/93	Telecommunications	40.0	SAT	SAT	LIK	MOD	7.25
C1520	702	Education 6	1985	1994	06/28/95	Education	70.0	SAT	MS	UNC	SUB	7.00
C1521	700	Agricultural Research	1985	1994	06/30/95	Agriculture	22.0	SAT	SAT	LIK	MOD	7.25
C1522	703	Technical Assistance Project	1985	1993	11/10/94	Public Sector Management	4.0	UNSAT	UNSAT	LIK	NEG	4.50
C1704	717	Energy	1986	1995	10/06/97	Electric Power & Other Energy	62.0	SAT	MS	UNC	MOD	6.00
C1722	708	Forestry	1987	1994	11/03/95	Agriculture	45.0	SAT	SAT	UNC	MOD	6.75
C1765	731	Small-Scale Irr. & Cons.	1987	1997	09/12/97	Agriculture	7.0	SAT	SAT	LIK	SUB	8.25
C1782	707	Livestock Dev. 4	1987	1995	12/31/96	Agriculture	39.0	SAT	MS	UNC	SUB	7.00
C1913	711	Family Health	1988	1998	08/12/98	Population, Health & Nutrition	33.0	SAT	MS	LIK	MOD	6.50
C1956	704	Peasant Agri. Dev.	1989	1997	03/02/98	Agriculture	85.0	SAT	SAT	LIK	MOD	7.25
C2002	718	Transport	1989	1995	03/10/97	Transportation	72.0	UNSAT	UNSAT	UNL	NEG	3.75
C2351	759	Emergency Recovery & Reconstruction	1992	1998	06/09/98	Multisector	150.0	SAT	HS	LIK	MOD	9.00
C2526	742	SAL 1	1993	1997	09/10/97	Multisector	250.7	SAT	HS	LIK	MOD	9.00

UNSAT = unsatisfactory SAT = satisfactory HS = highly satisfactory UNC = uncertain LIK = likely UNL = unlikely NEG = negligible MOD = modest SUB = substantial

[a] For a detailed discussion of the DEI, please see "Measuring development effectiveness: the search for a measure of overall project results"

[OED Working paper, October 1998]

Table 5c: Average APPI in Selected Countries and Regions, ARPP Exit FY90-98
(Standard Deviation in Parentheses)

	Number of Projects	*Net Disbursement (US$m.)*	*Unweighted Average [Std. Deviation]*	*Average Weighted by Disbursement [Std. Dev.]*
Ethiopia	16	$1,054	6.52 [-1.60]	7.30 [-1.64]
Ghana	32	$1,337	6.95 [1.10]	7.12 [-1.10]
Kenya	22	$1,166	5.60 [1.62]	5.51 [1.43]
Mauritania	10	$198	5.68 [1.43]	6.33 [1.10]
Sri Lanka	23	$1,035	6.24 [1.28]	6.19 [1.22]
Uganda	24	$1,300	6.19 [1.58]	6.23 [1.51]
Vietnam	1	$152	8.25 [n/a]	8.25 [n/a]
AFR	542	$23,621	5.81 [1.75]	6.10 [1.80]
SAR	228	$25,669	6.25 [1.75]	6.40 [1.78]
WB	1667	$145,119	6.43 [1.87]	6.78 [1.85]

Table 6: Ratings for Completed Projects, FY80-99

ARPP Exit FY	FY	Loan No.	Project Name	Commitments ($m.)	OED Ratings: Outcome	OED Ratings: Sustainability	OED Ratings: ID Impact	ARPP: DO rating	Completion Delay [Months]	Cancelled %
1980 - 89 Completions										
AGRICULTURE										
1980	1971	C0269	Addis Ababa Dairy Dev. Pr.	4.4	U	nr	nr	S	46.7	5%
1980	1973	C0365	Second Livestock Dev. Pr.	5.0	U	nr	nr	U	29.4	51%
1981	1972	C0290	Coffee Processing Pr.	6.3	S	nr	nr	S	36.5	
1982	1974	C0485	Drought Area Rehabilitation Pr.	10.0	S	nr	nr	S	57.8	9%
1982	1974	C0486	Second Wolamo Agricultural Dev. Pr.	12.0	U	nr	nr	S	24.4	3%
1985	1981	C1088	Second Agri. Min. Package Pr.	40.0	U	Unlikely	Substantial	S	42.6	2%
1986	1976	C0603	Rangelands Dev. Pr.	27.0	U	Uncertain	Negligible	U	61.4	3%
1986	1978	C0789	Grain Storage and Marketing Pr.	24.0	U	Unlikely	Modest	U	35.5	
1987	1977	C0707	Revised Amibara Irrigation Pr.	25.0	U	Uncertain	Negligible	S	12.2	3%
1987	1985	C1576	Drought Recovery Program	30.0	S	Likely	nr	S	15.2	1%
EDUCATION										
1981	1973	C0417	Third Education Pr.	10.0	S	nr	nr	S	44.6	
1981	1975	C0553	Fourth Education Pr.	23.0	S	nr	nr	S	na	
1986	1981	C1141	Fifth Education Pr.	35.0	S	nr	nr	S	20.7	
INFRASTRUCTURE										
1980	1974	C0453	Fifth Telecommunications Pr.	37.4	S	nr	nr	S	54.8	11%
1980	1972	C0332	Fifth Highway Pr.	17.0	S	nr	nr	S	20.3	1%
1981	1975	C0552	Sixth Highway Pr.	32.0	S	nr	nr	S	21.3	
1985	1977	C0708	Road Sector Pr.	32.0	S	nr	nr	S	50.8	
1990-99 Completions										
AGRICULTURE										
1992	1984	C1429	Coffee Processing & Marketing 2	35.0	U	Uncertain	Modest	U	54.8	
1994	1985	C1521	Agricultural Research	22.0	S	Likely	Modest	S	na	19%
1994	1987	C1722	Forestry	45.0	S	Uncertain	Modest	U	12.2	60%
1995	1987	C1782	Livestock Dev. 4	39.0	S	Uncertain	Substantial	U	39.6	28%
1997	1987	C1765	Small-Scale Irr. & Cons.	7.0	S	Likely	Substantial	S	36.5	44%
1997	1989	C1956	Peasant Agri. Dev.	85.0	S	Likely	Modest	S	24.4	8%

ARPP Exit FY	FY	Loan No.	Project Name	Commitments ($m.)	OED Ratings: Outcome	Sustainability	ID Impact	ARPP: DO rating	Completion Delay [Months]	Cancelled %
EDUCATION										
1994	1985	C1520	Education 6	70.0	S	Uncertain	Substantial	S	46.7	25%
POWER										
1995	1986	C1704	Energy	62.0	S	Uncertain	Modest	S	48.7	13%
INFRASTRUCTURE										
1991	1986	C1676	Port Engineering & Construction Pr.	5.5	S	Likely	Substantial	S	na	3%
1994	1984	C1404	Road Sector 2	70.0	S	Uncertain	Negligible	S	na	8%
1994	1985	C1509	Sixth Telecommunications Pr.	40.0	S	Likely	Modest	S	24.4	
1995	1989	C2002	Transport	72.0	U	Unlikely	Negligible	U	30.4	60%
PUBLIC SECTOR MANAGEMENT										
1993	1985	C1522	Technical Assistance Pr.	4.0	U	Likely	Negligible	S	24.4	
FINANCE										
1992	1982	C1275	Agricultural & Industrial Dev. bank	30.0	U	Uncertain	Negligible	U	na	5%
MULTISECTOR										
1997	1993	C2526	SAL 1	250.7	S	Likely	Modest	S	22.7	
1998	1992	C2351	Emergency Rec. & Reconstruction	150.0	S	Likely	Modest	S	36.5	7%
OIL & GAS										
1991	1983	C1386	Petroleum Exploration Promotion	7.0	S	Uncertain	Substantial	S	48.7	1%
HEALTH AND POPULATION										
1998	1988	C1913	Family Health	33.0	S	Likely	Modest	S	7	5%
URBAN DEVELOPMENT										
1991	1983	C1366	Urban Dev.	20.0	S	Likely	Substantial	S	na	

[a] Exclude projects not rated; HS=Highly Satisfactory S=Satisfactory U=Unsatisfactory.

[b] nr = not rated. na = not available.

Table 6a: Active Projects by Sector

Loan No.	Project Name	Commitments ($m)	FY Effective	Age	% Disbursed	QAG Rating		
						Dev Obj.	IP	Risk
AGRICULTURE								
C2740	National Fertilizer Project	120.0	1995	3.6	35%	S	S	Non Risky
C2741	National Seeds Project	22.0	1995	3.6	18%	U	U	Actual
C3092	Agricultural Res. and Training	60.0	1998	0.7	0%	S	S	Non Risky
EDUCATION								
C3077	Education Sector Investment	100.0	1998	0.7	0%	nr[b]	nr	Non Risky
POWER								
C3019	Energy II	200.0	1998	1.2	1%	HS	HS	Non Risky
WATER SUPPLY								
C2842	Water Supply Development Project	35.7	1996	2.8	29%	S	S	Potential
TRANSPORT								
C2438	Road Rehabilitation	96.0	1993	6.2	50%	S	S	Non Risky
C3032	Road Sector Development Project	309.2	1998	1.1	0%	S	S	Non Risky
OIL & GAS								
C2588	Calub Energy Dev. Pr. (oil & gas)	74.3	1994	4.9	15%	S	S	Non Risky
HEALTH AND POPULATION								
C3140	Health Sector	100.0	1999	..	0%	S	S	Non Risky
SOCIAL ASSISTANCE								
C2841	ESRF 1 (social funds)	120.0	1996	2.8	17%	S	S	Non Risky
URBAN DEVELOPMENT								
C2161	Second Addis Ababa Urban Dev. Proj.	35.0	1990	8.6	71%	U	U	Actual
C2103	Market Towns Development Project	40.2	1990	8.9	95%	U	S	Actual
	Ethiopia: Projects at risk = 30.7%							
	Africa Region: Projects at risk = 33.2%							

[a] Exclude projects not rated; HS=Highly Satisfactory S=Satisfactory U=Unsatisfactory.

[b] nr = not rated

Table 7: Country Assistance Cost Indicators

Period / Region or Country	*Average Completion Cost (SYs per project) (1)*	*Average completion cost ($ per project) (1)*	*Supervision intensity: Direct cost inputs divided by the no. of projects under active supervision ($)*	*Supervision intensity: SW inputs divided by no. of projects under active supervision (SWs)*	*Average cost per dropped project ($)*	*Cost per scehduled ESW report ($)*	*Cost per unscheduled ESW report ($)*	*Cost per ESW report ($)*
Period / Region or Country	*Average FY90-FY98*	*Average FY90-FY98*	*Average FY90-FY98*	*Average FY90-FY98*	*Average FY92-FY98*	*Average FY90-FY98*	*Average FY90-FY98*	*Average FY90-FY98*
Bank-wide	2.2	330,689	52,749	16.7	89,054	165,232	63,433	114,333
Africa	2.3	322,962	54,943	17.5	87,198	156,485	65,055	110,770
South Asia	3.1	426,073	57,993	21.4	157,236	197,652	70,332	133,992
Ethiopia	3.0	**408,148**	**57,356**	**18.5**	**28,828**	**205,468**	**125,608**	**165,538**
Ghana	2.1	304,198	50,392	17.4	49,768	276,952	88,552	182,752
Kenya	2.5	356,576	66,301	21.7	139,009	161,854	99,766	130,810
Mauritania	2.0	272,162	39,553	13.0	86,028	96,972	72,882	84,927
Uganda	1.9	302,488	61,214	17.8	54,849	146,359	81,665	114,012
Lao People's Republic	2.2	305,016	53,367	11.3	91,794	166,665	..	166,665
Sri Lanka	2.0	336,099	44,863	14.5	56,134	153,259	66,705	109,982
Vietnam	2.9	479,629	103,595	23.7	116,058	276,921	88,613	182,767

Trends in Unit Lending Completion Costs (US$ '000s) (1)

	1991-93	*1994-96*	*1997-99*
Ethiopia (17 projects)	270.6	389.5	503.5
Kenya	188.0	292.0	336.1
Mauritania	254.9	337.3	293.6
Ghana	312.9	376.5	202.4
Uganda	293.4	370.0	296.2
Africa	288.2	339.6	328.8

Note:

1. Costs of processing a project from indentification to Board approval.

Table 8: Ethiopia - Bank's Senior Management since 1990[a]

FY	*VP*	*Director*
1990	Edward V. K. Jaycox	Callisto E. Madavo
1991	Edward V. K. Jaycox	Callisto E. Madavo
1992	Edward V. K. Jaycox	Francis S. Colaco
1993	Edward V. K. Jaycox	Francis S. Colaco
1994	Edward V. K. Jaycox	Francis S. Colaco
1995	Edward V. K. Jaycox	Francis S. Colaco
1996	Castillo E. Madavo / Jean-Louis Sarbib	James W. Adams
1997	Castillo E. Madavo / Jean-Louis Sarbib	James W. Adams
1998	Castillo E. Madavo / Jean-Louis Sarbib	Oey Astra Meesook
1999	Castillo E. Madavo / Jean-Louis Sarbib	Oey Astra Meesook

[a] In most cases, transitions occurred within the year; for simplicity, the nearest whole year is shown.