PC-AAA-204

RDI MONOGRAPHS ON FOREIGN AID AND DEVELOPMENT #5

FOREIGN AID: AN ASSESSMENT OF THE PROPOSED FY 1991 PROGRAM

Roy L. Prosterman and Timothy Hanstad
June 1990

RDI/Rural Development Institute

PN-ABS-855

FOREIGN AID: AN ASSESSMENT OF THE PROPOSED FY 1991 PROGRAM

Our Tenth Grading of the Proposed U.S. Foreign Assistance Program, as Embodied in the Agency for International Development's Congressional Presentation

Roy L. Prosterman and Timothy Hanstad

RDI Monographs on Foreign Aid and Development #5
June 1990

ISSN 0748-0644

*The **Rural Development Institute** is an independent, non-profit operating foundation which serves to support and disseminate, with modest private funding, the work of the authors of the present paper on the issues of poverty, hunger and development in the less-developed countries, with particular attention to the rural sector where the bulk of the population usually lives. A persisting concern of the authors, who are at the University of Washington School of Law in Seattle and who also act as Executive Director and Deputy Director of the Institute, has been the quality and effectiveness of foreign aid in addressing these issues. The present monograph, **Foreign Aid: An Assessment of the Proposed FY 1991 Program** represents the tenth in a series of endeavors to assess the probable effectiveness of the bilateral U.S. aid program in addressing the needs of the poor majority as mandated by Congress in the New Directions foreign-aid legislation. This is the most extensive of those assessments to date -- drawing in part on fieldwork by one or both of the authors in a number of the aid-receiving countries, including India, Bangladesh, Pakistan, Egypt, the Philippines, Indonesia, Costa Rica, El Salvador, and the Dominican Republic. This is the fifth in a series of published monographs on Foreign Aid and Development to be issued by the Rural Development Institute.*

The "grading" process evolved out of author Prosterman's work with a number of Senators and Representatives on the "New Directions" foreign-aid legislation, especially his work in drafting the Magnuson-Humphrey-Packwood amendment, adopted in 1975 and now Section 102(b)(4) of the Foreign Assistance Act. This established a series of criteria for the allocation of U.S. aid, and led to requests by legislators on both sides of the aisle that he undertake a regular, wholly-independent evaluation of how well AID was meeting the entire "New Directions" mandate. This periodic evaluation process has now overlapped four administrations, those of Presidents Ford, Carter, Reagan and Bush.

Correspondence may be addressed to the authors at the Rural Development Institute. 1100 N.E. Campus Parkway, Seattle, Washington 98105.

TABLE OF CONTENTS

LIST OF TABLES

Note: In most cases, data are for FY 1977-83, FY 1985, FY 1987, FY 1989 and FY 1991.

EXECUTIVE SUMMARY

This assessment is a project-by-project, report-card evaluation of U.S. foreign aid programs as proposed to be funded in AID's Fiscal Year 1991 Congressional Presentation. It is our tenth such assessment measuring the effectiveness of these economic aid programs in reaching the poor and promoting basic human needs in recipient countries, as mandated by the legislative New Directions standards of the Foreign Assistance Act.

The results of the report-card are mixed. We conclude that AID is spending only 32 cents on the dollar of the evaluated economic-assistance funds on undertakings that are likely to benefit the poor; that in some countries, including El Salvador and the Philippines, less than 15 cents on the dollar is spent for such effective undertakings; and that new guidelines from the Asia/Near East Bureau of AID threaten to worsen AID's effectiveness in that region. However, we also conclude that in some countries such as Cameroon, Peru, and Thailand, AID is spending over 80 cents on the dollar on projects likely to significantly benefit the poor; that subject area earmarks, as contrasted to country earmarks, have improved and can further improve AID's performance; and that AID needs a larger field staff to implement high-quality projects.

The central paradox is that although only a third of the proposed U.S. economic aid appears likely to be spent in ways that effectively help the poor, as the governing legislation requires, AID clearly has the capability to design and implement projects that significantly benefit the poor. This is reflected in the vast differences in program quality from country to country. If this capability to design and implement quality projects were more fully realized and AID's current level of resources were properly focused and targeted on the poor, these resources could help several hundred million people in the Third World become productive, healthy and largely self-sufficient between now and 2000. Such targeted interventions would set the stage for continuing economic growth which is both broadly participatory and sustainable.

Wrenching change by Congress is <u>not</u>, in our judgment, necessary in order to better focus AID's programs on the poor. What is needed is a small number of specific congressional initiatives -- some via the committee-oversight process, and other via relatively minor changes to the Foreign Assistance Act. A series of recommendations to achieve the desired result are made throughout the text and recapitulated in a final section. Among the key improvements that are needed:

- Quickly increase to at least one-half the proportion of aid resources used in ways likely to reach the poor and have a substantial effect on their ability to share in economic growth.

- Expand the specific project approach and limit the amount of aid spent on non-projectized cash transfers.

- Increase the Operating Expense budget specifically in order to increase AID's field staff and reduce pressure within AID to cut labor-intensive projects, typically the best ones, because of staff shortages.

INTRODUCTION

This assessment is a grade-based, project-by-project evaluation of American economic aid programs as proposed to be funded in AID's Fiscal Year (FY) 1991 Congressional presentation. It is our tenth such assessment measuring how well these economic aid programs follow Congress's New Directions standards for foreign aid, with their strong emphasis on basic human needs and equitable growth for the poor majority in the less-developed countries.

By one measure, the overall weighted "grade" for all FY 1991 evaluated development assistance outlays, plus all FY 1991 evaluated ESF outlays for countries also receiving development assistance is a grade-point of 1.95 on a 4.0 scale. This overall grade is roughly the same as the programs most recently graded (for FY 1987 and FY 1989), but remains six-tenths of a grade-point below the 2.56 overall grade given the FY 1982 program. By another measure, the proportion of every dollar that AID proposes to use for projects likely to significantly benefit the poor majority in aid-receiving countries, the program is modestly improved, relative to a very low level, though it still appears that AID *would use only 32¢ of every dollar in ways likely to benefit the poor majority.*

We do not wish our findings, however, to add to the spate of critical reports intimating that a new mode of aid-giving, or even a new agency, is needed. The central paradox is that, although only a third of the proposed U.S. economic aid appears likely to be spent in ways that effectively help the poor (as the governing legislation requires), AID clearly *has* the capability to design and implement projects that significantly benefit the poor. Indeed, as recently as FY 1982 (see Table 3 below) AID was using *60¢* out of every dollar of aid we evaluated in ways likely to significantly benefit the poor.

This capability of designing and carrying out projects that significantly benefit the poor is further reflected in the vast differences in program quality from country to country. At one end of the scale are countries, such as Peru, Cameroon, Mali and Thailand, where that capability is largely realized and it appears that 80 percent or more of the money that AID commits in FY 1991 will be spent on projects that genuinely help the poor. At the opposite end are a series of countries, such as North Yemen, Swaziland, Sri Lanka, the Dominican Republic, El Salvador and the Philippines, where that share falls below 15 percent.

Our field experience persuades us that these differences are due largely to what local AID mission directors decide to push for. The recipient governments are generally open to a range of possibilities, especially where the aid is in outright grant form, as U.S. aid now overwhelmingly is.

A secondary cause is the decision in Washington -- usually made at the State Department, not at AID -- to use substantial amounts of the scarce economic aid resource as "cash transfer" or general "policy-based assistance," largely useless for grassroots development purposes. AID is not the IMF; and the resources it commands, while inadequate to make any significant dent in the debt problem or at the macroeconomic level, *are demonstrably sufficient, when properly focused and targeted on the poor, to help several hundred million people in the Third World become productive, healthy and largely self-sufficient between now and 2000. Such targeted interventions can set the stage for continuing economic growth which is both broadly participatory and sustainable.*

AID/Washington could provide far greater guidance to country missions, consistent with the governing legislation, but thus far has failed to do so. Indeed, portentous new "guidance" from the Asia/Near East Bureau that appears in the FY 1991 Congressional Presentation seems calculated to steer the programs of that region *further away* from the legislative standards and from assistance to the poor. Its potential effects may be foreshadowed in the large FY 1991 program for the Philippines, which is one of the worst we have ever assessed.

What *is* needed is not wrenching change, but a small number of specific "second generation" Congressional initiatives -- some via the committee-oversight process, others via additions to the Foreign Assistance Act -- that will refine the New Directions approach and bring *all* country programs up to the standards of today's better country programs over the next several years.

A series of recommendations to achieve this result are made throughout the text, and the principal recommendations are recapitulated and expanded in a final section, after the discussion of the present program.

Among the key improvements that are needed:

• Make an initial, minimum commitment quickly to increase at least to one-half the proportion of U.S. economic assistance resources used in a manner likely to reach the poor and to have a substantial effect on their ability to share in economic growth. Make further increases beyond that as rapidly as possible.

• Expand the specific "project" approach, in which resources are used for a defined undertaking to assist a targeted group. Strictly limit the amount of aid that can be spent on non-projectized "cash transfer" or "policy-based" assistance.

• Focus on a much smaller number of countries. Given the limited resources, the United States must draw the line between those countries where it funds a set of mutually reinforcing efforts large enough to matter, and those where it is simply showing the flag.

• Increase resources going to key projectized activities by earmarking *more*, not fewer, resources for interventions most likely to benefit the poor (earmarking which is different in purpose and effect from country earmarking). In particular, three areas in which there is legislative precedent for doing this, upon which the Congress could build, are land reform, microenterprise credit and child survival. Such projects assist the most critical efforts for the poor to acquire assets, jobs and basic health.

• Increase the field staff and reduce the overly burdensome reporting requirements on AID. If poverty-targeted projects are to be successful, AID must have operating funds for more field staff, and that staff must be freed from overly burdensome paperwork to spend more time in the field.

BACKGROUND

Since Fiscal Year 1977 we have evaluated the principal elements of the U.S. bilateral foreign-assistance program on a project-by-project, or outlay-by-outlay basis. Each project* is gauged in terms of its aptness to meet the Congressionally mandated "New Directions" standard as those projects or outlays proposed to be funded in the coming fiscal year are set before Congress each year in the AID Congressional Presentation.** The program was evaluated annually from 1977 to 1983, and only in the odd years since then. The present

---

*We shall frequently use the term "project" in the broad sense of each individually characterized outlay, except where the context requires us to make a distinction between project funding for purposes of specific undertakings in agriculture, health, etc., and non-project funding for such non-focused uses as general balance-of-payments support or commodity import programs.

**The Congressional Presentation is made in February of the year preceding the indicated fiscal year.

monograph assesses (i) Development Assistance (DA) funds, (ii) Economic Support Fund resources (ESF)* going simultaneously to countries that also receive development assistance, and (iii) for the second time, ESF going to countries that receive only ESF and no development assistance funds,** as AID has proposed to obligate these three categories of resources for FY 1991 in its Congressional Presentation. (ESF-only resources going to *Egypt*, the principal developing-country recipient of such funds, are separately assessed.*** ESF-only resources going to *Israel* have not been included, because with a per capita GNP over $6,000, we regard it as a developed country, and a special situation.)

Our grading assessments, while focused on the Congressional Presentation (and prior "Program Change" sheets and project descriptions from earlier fiscal years), are done against the background of extensive fieldwork carried out in 19 countries since the late 1960s and often involving project review on the ground, as well as our familiarity with the development literature and first-hand familiarity with much of the legislative history of the changes made in the Foreign Assistance Act (FAA) in 1973 and subsequent years.**** *Indeed, our grading process began because several members of Congress involved in those changes on both sides of the aisle asked author Prosterman if he would help them assess AID's compliance with the new legislative standards for foreign aid.*

---

*ESF resources, as distinct from development assistance resources, are foreign aid resources which are allocated to countries with "special economic, political or security conditions" involving U.S. national interests in amounts which "could not be justified solely under the development assistance portion of the foreign aid program" (Foreign Assistance Act, Sec. 531(a)).

**ESF going to countries that receive only ESF and no development assistance will be referred to as "ESF-only" resources and ESF going to countries that also receive development assistance will be referred to as "simultaneous ESF."

***See Prosterman & Riedinger, *Egyptian Development and U.S. Aid: A 6-Year Report*, RDI Monographs on Foreign Aid and Development #2, Nov. 1985; Prosterman & Hanstad, "Recent Observations on Egyptian Development and U.S. Aid" (August 21, 1989; mimeo, available from the Rural Development Institute).

****Our fieldwork and research is done entirely *pro bono,* with funding support given by foundations and individuals through the University of Washington, the Washington Law School Foundation, and the Rural Development Institute. We receive no salary, stipend or fee from any government or government agency.

In effect, our assessment is from a "Congress' eye" point of view. It attempts to reflect what judgments a senator, representative or staff person might make of the expenditures proposed in the Congressional Presentation vis-à-vis the legislative mandate, if they had the time and opportunity to gain extensive background on the program over a period of two decades and to review the Congressional Presentation item-by-item against that background. These assessments, made over a 14-year period, also afford a useful opportunity to view trends over time when a consistent set of evaluation criteria is applied.

Prior to FY 1982, AID was required to include in the Congressional Presentation project-description sheets for all projects proposed for the coming fiscal year, regardless whether it was a "new" or a "continuing" project. With this information, members and staff could judge the proposed aid program -- or the program for a given country -- based on a single set of volumes. Since 1982, AID has been, through informal agreement with committee staff, required only to include project-description sheets for "new" projects, while sheets describing "continuing" projects that are to be funded -- which constitute the majority -- must be laboriously unearthed from prior years' CPs or from "Program Change" sheets that have been periodically sent to the committees, if they can be found at all.*

> *Recommendation: We recommend that the committees request AID to return to the practice that prevailed before FY 1982, and submit in the CP project-description sheets for all projects proposed to have funding obligated to them in the fiscal year covered, regardless of whether it is a "new" project to be funded for the first time, or a "continuing" project for which some funds have been previously obligated. This will add marginally to the size and cost of the CP, but it will allow it to serve its intended purpose of informing Congress, which it cannot do adequately now.*

---

* Indeed, in recent years even our most intensive search in the files of the Legislative Affairs Office of AID has been unable to *find* sheets for several score of the supposedly "continuing" projects proposed to be funded. In a number of cases, we believe this is for projects which, after the current year's CP was issued, have been decided by AID to be the subject of proposed obligations for *this* fiscal year but for which *no* "Program Change" sheet -- or other project-description sheet -- has been issued. However, it's not "new" for the coming fiscal year, so it also will not appear in the next CP. This clearly creates not just a difficult, but an impossible situation for a member or staff person attempting to evaluate all aspects of the program, or of a country program, as proposed.

The legislative standards upon which we focus are those sometimes called the "New Directions" standards, and were adopted with broad bipartisan support beginning in 1973. They make the first goal of our development-assistance program "the alleviation of the worst physical manifestations of poverty among the world's poor majority" (FAA, Sec. 101(a)), and call for concentrating development assistance "in countries which will make the most effective use of such assistance to help satisfy basic human needs of poor people through equitable growth" (Sec. 102(b)(4)). The standards also call for assessing the commitment and progress of recipient countries by utilizing criteria that include (though not limited to) six named: "increase in agricultural productivity per unit of land through small-farm, labor-intensive agriculture," "reduction of infant mortality," "control of population growth," "promotion of greater equality of income distribution," "reduction of rates of unemployment and underemployment," and "increase in literacy" (id., (A) through (F)). They go on to recognize, concomitantly, "the desirability of overcoming the worst aspects of absolute poverty by the end of this century by, among other measures, substantially lowering infant mortality and birth rates, and increasing life expectancy, food production, literacy, and employment" (Sec. 102(c)).

The standards recur in a series of functional sections -- under which nearly all development assistance is to be allocated -- relating to "Agriculture, Rural Development, and Nutrition" (Sec. 103: "Assistance provided under this section shall be used primarily for activities which are specifically designed to increase the productivity and income of the rural poor," id. at (b)(1)); "Population and Health" (Sec. 104: "Large families in developing countries are the result of complex social and economic factors which change relatively slowly among the poor majority least affected by economic progress, as well as the result of a lack of effective birth control," id. at (a), and "In order to contribute to improvements in the health of the greatest number of poor people in developing countries," the President is authorized to furnish assistance under this section, id. at (c)); "Education and Human Resources Development" (Sec. 105: with reiterated references to the needs of the poor); and "Energy, Private Voluntary Organizations, and Selected Development Activities" (Sec. 106: again, reiterated references to the needs of the poor, as well as "research on and development and use of small-scale, decentralized, renewable energy sources for rural areas carried out as integral parts of rural development efforts in accordance with section 103" [the latter, of course, calls for a focus on the "rural poor"], id. at (b)(2)).

The emphasis on targeting U.S. development assistance on the poor majority is reiterated in Sec. 128(a) of the Foreign Assistance Act, which states that "The President . . . shall strengthen United States efforts to assure that a substantial percentage of development assistance under this chapter directly improves the lives of the poor majority, with special emphasis on those individuals living in absolute poverty."

In addition to grading development assistance, we have regularly used the same grading process to show how well and to what extent proposed ESF resources are likely to meet the purposes set for development assistance. Section 531(a) of the Foreign Assistance Act, providing the authority for the Economic Support Fund, states that *"To the maximum extent feasible, the President shall provide assistance under this chapter consistent with the policy directions, purposes and programs of part I of this Act,"* that is, those which govern development assistance. We thus assess ESF as well for its degree of compliance with the development-assistance standards. *The mandate is a logical one: long-term "security" or "stability" -- which is what ESF is supposed to promote -- in virtually all country settings will require effective "development" that meets the basic needs of the poor majority* ("Security *is* development," as Robert McNamara once said).

In addition to grading development assistance and ESF, for FY 1991 we also grade funds for the Multilateral Assistance Initiative (MAI) for the Philippines. We treat these funds as development assistance, because Title II of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, mandates that at least 75% of the funds for the MAI for FY 1990 are to be used "for project and sector activities consistent with the purposes of sections 103 through 106" of the Foreign Assistance Act -- again, those allocating development assistance.

Our grades are on a traditional 4 point scale, with a "+" and "-" added to permit grading at (rounded) one-third point intervals. (A = 4.0; A- = 3.7; B+ = 3.3; B = 3.0; B- = 2.7; C+ = 2.3; C = 2.0; C- = 1.7; D+ = 1.3; D = 1.0; D- = 0.7; F+ = 0.3; and F = 0.) As with all standard grading, they are appropriately weighted, based on the dollar amount proposed to be obligated in the coming fiscal year for each project or other proposed outlay.

The significance assigned to each grade may be briefly expressed as follows: "A" projects seem likely to fully implement the intent of Congress as expressed in the New Directions legislation and to have a clear, significant impact on the poor majority; "B" projects represent a reasonable effort at implementation, but have drawbacks likely to limit their impact; "C" projects are only marginally relevant to implementing the Congressional intent, although some benefit may be gained by the poor majority; "D" projects are unsatisfactory as an effort to implement the legislative intent, being unlikely to produce any benefit for the poor majority; and "F" projects are not only unsatisfactory, but likely to be injurious, through encouraging a recipient country to pursue clearly ill-conceived development goals and to waste its resources on programs that are irrelevant to the lives of the poor majority, indeed that may even widen the gap between the poor and a small minority of the well-off within that society.

Judgments are made not only in terms of the specific nature and country setting of each project but also in terms of factors, such as cost-per-family-benefited, which determine the prospective replicability of the project benefits for other similarly-situated members of the poor majority in that country.

It should again be emphasized that we are assessing projects as they are placed before Congress -- in terms of aptness of *conception,* in relation to the Congressionally-mandated standards -- not in terms of ultimate *execution* in the field. (Although, in our experience, our judgments of projects as conceived have been consistently very nearly the same as our assessments of those projects on the occasions that we have later seen them executed in the field.)

Further discussion of the assessment process can be found in our memorandum on "Grading Bureaucratic Compliance: Some Background on How the Grading Assessments are Made," included in Subcommittee on Foreign Assistance of the Senate Committee on Appropriations, *Hearings on H.R. 4473, Foreign Assistance and Related Programs Appropriations for Fiscal Year 1980,* pp. 915-1005, 96th Cong., 1st Sess. (1979). A more concrete sense of the assessment process may be gained from our description of some 27 illustrative projects and their grades, below.

THE ASSESSMENT: OVERALL

Outlay-by-outlay and country-by-country grades for FY 1991 will be found in Annex A.

One measurement we have made since FY 1977 has been the over-all grade calculated as the dollar-weighted result of the grades we give to each individual proposed *development assistance* outlay (virtually all taking the form of specific projects) on a 4-point grading scale. A second, parallel measurement has been the number of cents out of each development-assistance dollar which is proposed to go for individual outlays which we regard as representing a reasonable effort to help the poor in accordance with the legislative standards. A reasonable effort to help the poor is reflected in a grade of 2.7 or better (B- or above) given to such specific proposed outlays. For FY 1991 we have reviewed AID's description of, and graded 380 proposed development-assistance projects, as characterized in the accompanying footnote,* representing total funding requests of $1.383 billion. The two measurements since FY 1977 yield the results shown in Table 1.

---

*We have reviewed and graded all projects requested to be funded under the "functional" categories (including African Development Fund which we treat in terms of its functional uses) of development assistance, provided they carried a proposed obligation figure of $1,000,000 or more, with minor exceptions noted below.

As in the past, we have excluded from our grading the proposed non-functional-account funds for American Schools and Hospitals Abroad, International Disaster Assistance, and the Housing Guaranty Reserve. We also excluded the $50 million performance fund for Asia/Near East and the $25 million performance fund for Latin America. In addition, we have excluded $35 million of Afghanistan Resistance development assistance because, as in the past, AID has not made project sheets available. Of the remaining development assistance funds in functional categories, we excluded from our FY 1991 grading proposed funds for the American Institute for Free Labor Development and for the Asian American Free Labor Institute, because of our own work in association with the former (even though that work is *pro bono,* with only expenses reimbursed). We also excluded a relatively small number of human rights projects totaling approximately $3 million. For FY 1991, 63 development assistance projects of over $1 million with a total funding of $283 million were not graded because no project sheet was available.

AID is proposing $500 million in Special Initiative funds for FY 1991, funds that do not fall under the Development Assistance nor the Economic Security Fund Accounts. $300 million of these Special Initiative funds are to be allocated to Eastern Europe. We excluded this $300 million from our grading because we consider the Eastern European countries to be developed and a special case. The other $200 million of Special Initiative funds is for the Philippines Multilateral Assistance Initiative. We grade these funds (designated as AI funds in the Annex) and treat them as Development Assistance (see page 7).

The 388 projects we have graded in FY 1991 account for a total of $1.383 billion out of $1.831 billion requested (apart from the just indicated exceptions) for projects in the functional categories, the African Development Fund, and the Philippine MAI. Thus, the present monograph reflects our evaluation of projects accounting for about 74% of the requested funds in these categories for FY 1991. For development assistance plus simultaneous ESF, the combined percentage graded is 82%.

TABLE 1: DEVELOPMENT ASSISTANCE

	Grade	Cents per dollar going to "A" or "B" projects
FY 77:	2.43	51¢
FY 78:	2.46	52¢
FY 79:	2.57	55¢
FY 80:	2.54	53¢
FY 81:	2.58	56¢
FY 82:	2.64	64¢
FY 83:	2.45	51¢
FY 85:	2.20	38¢
FY 87:	2.40	52¢
FY 89:	2.30	45¢
FY 91:	2.23	45¢

(No assessment was made for FY 1984, FY 1986, FY 1988, or FY 1990.)

The development-assistance program, considered alone, has thus recovered somewhat from its low-point in FY 1985 on the cents-per-dollar measure, but still remains on both measures significantly below the degree of apparent compliance with the legislative standards reached in FY 1982, and even below the level of FY 1987. Moreover, we would consider AID's performance via-à-vis the Foreign Assistance Act standards inadequate at *all* times, and under all administrations, during this 14-year period.

In addition to development assistance we have, as noted previously, assessed ESF that is intended to go simultaneously to countries also receiving development assistance. Before FY 1981 such resources *could not be given to* the same countries that received development assistance. (We did not grade simultaneous ESF in FY 1981, when it was only $116 million.) Beginning with FY 1982, however, we have graded simultaneous ESF. For FY 1991 we have graded 71 such proposed ESF outlays, representing funding requests of $868 million.* The results are shown in Table 2, in terms of our two measurements.

---

*This compares with total simultaneous ESF requested of $924 million (apart from $35 million in ESF for Afghanistan Resistance, for which AID does not provide project sheets). The amount of simultaneous ESF graded constitutes 94% of the total. For the remainder, as for ungraded development assistance, we either lacked adequate descriptions to make an assessment or the funding request was for less than $1 million.

TABLE 2: SIMULTANEOUS ESF

	Grade	Cents per dollar going to "A" or "B" projects
FY 82:	1.80	19¢
FY 83:	1.64	10¢
FY 85:	1.39	7¢
FY 87:	1.57	11¢
FY 89:	1.59 [1.54]*	8¢ [7¢]*
FY 91:	1.49 [1.54]	12¢ [10¢]

(Again, no assessment was made in FY 1984, FY 1986, FY 1988 or FY 1990.)

Here, FY 1985 again represents the low-point for simultaneous ESF, although it is clear that economic assistance given as ESF is consistently and dramatically *less* relevant to the needs of the poor than economic assistance given as development assistance to the same group of countries. While there has been some recovery from the extreme low-point reached in FY 1985, the grade-point recovery is very modest, and the percentage of resources requested for projects that are substantially relevant to the needs of the poor remains abysmally low.

This poor performance for ESF funds *is by no means inevitable*. Our separate assessments of the $815-million-a-year ESF-only program for Egypt have found, in most recent years, somewhere in the range of *30¢ to 40¢* out of each dollar going for specific outlays that substantially benefit the poor. In the case of Egypt there has been a significant congressional focus on the program – because of its size and importance – and an insistence that there be improvement from a pre-1981 "compliance level" that *was* 8¢ or less on the dollar.**

The *combined* result for development assistance and simultaneous ESF is as shown in Table 3. This covers a total of 451 separate outlays graded for FY 1991, comprising $2.250 billion.

---

*Brackets indicate corresponding numbers when all graded ESF projects (simultaneous ESF as well as ESF-only) are included.

**See *Egyptian Development and U.S. Aid*, and "Recent Observations on Egyptian Development and U.S. Aid," supra.

TABLE 3: COMBINED ASSESSMENT

	Grade	Cents per dollar going to "A" or "B" projects
FY 82:	2.56	60¢
FY 83:	2.19	38¢
FY 85:	1.82	24¢
FY 87:	1.95	29¢
FY 89:	2.00 [1.94]*	28¢ [26¢]*
FY 91:	1.95 [1.91]	32¢ [29¢]

Development-assistance-only measurements for FY 1979-81, as indicated above, fell within the narrow range of 2.54-2.58 and 53¢-56¢. *The combined grade for economic assistance (development assistance together with simultaneous ESF) for FY 1991 thus represents a decline of six-tenths of a grade-point relative to FY 1982 and the immediately prior years, and a reduction in the proportion of resources going to projects of reasonably-high quality from 50-60% of such resources down to less than one-third of such resources.*

In addition, in FY 1991 for the second time, we have graded the relatively small ESF-only account (exclusive of Egypt and Israel) -- ESF going to countries that do *not* simultaneously receive development assistance. We have graded $345 million of such outlays.** They fare somewhat better than the simultaneous ESF category on grade-point, receiving a 1.69, although with only 5¢ out of each dollar in resources gong for outlays given an "A" or "B" (2.7 or better). *Again our comments as to the non-inevitability of these poor ESF grades, made in relation to the Egyptian program, seem appropriate.*

The combined result for the entire bilateral economic assistance program -- including ESF-only countries except for Egypt and Israel (a grand total of $2.595 billion assessed for FY 1991) is a weighted grade of 1.91, with 29¢ on the dollar going for projects given an "A" or "B."

*Brackets indicate corresponding numbers when all graded ESF projects (simultaneous ESF as well as ESF-only) are included.

**Out of $369.3 million, or 93% of the total.

THE ASSESSMENT: SOME NON-QUANTIFIABLE POINTS

In addition to the quantified analysis, discussed in more detail below, there are a series of more "qualitative" comments about the bilateral U.S. aid program -- some derived from the CP, some from our own separate observations in the field -- that deserve to be made:

1. *AID's operating expenses budget should be increased.* The operating expenses account (OE) is clearly insufficient to maintain the necessary number of people in the field. A special strength of the U.S. aid program has long been its "Point Four" aspect, derived from technical expertise brought to bear in the field. It is our consistent observation in the field that, by and large, direct-hire U.S. citizen employees of AID have *far* more influence and impact than local employees or contracted providers of technical assistance; yet mission after mission is under intense budgetary pressure to cut its U.S. field staff. The cuts disproportionately reduce the discretionary time available for AID mission staff to design and oversee administration-intensive projects -- on the whole, the best projects--since there is a core of mission administration and paperwork that still must be done.

> *Recommendation: The OE account should be substantially increased, linked with a quantitative requirement of increased direct-hire U.S.-national field staff.*

2. *Dire changes are portended for the Asia-Near East program.* The FY 91 CP clearly points a new direction for the Asia-Near East region that would take that program much further from the existing congressional mandate than any AID program has yet gone.

The extent of the proposed departure is reflected most dramatically in the "Overview" of the Asia/Near East programs (CP Annex II, pp. 50-51), where we are told that henceforth resources must be concentrated "on those countries and programs which are performing best," and that "the resource allocation system AID is developing for the ANE region" will have "*new criteria for assessing country performance and allocating additional resources*." We are then told that country performance assessment will be based on a new set of *six indicators* "which attempt to measure directly progress toward open markets and open societies." The six are thereupon named (after being described in more detail beginning at p. 46), and it is clear that they have precious little to do with the problems or needs of the poor majority -- they are, instead, a new charter for "trickle down."

Three of the six -- "openness to international trade," "climate for foreign investment" and "willingness and capacity to resolve international economic disputes" -- clearly relate primarily to the opportunities for U.S. companies to export and invest. Another, "economic freedom and the local investment climate" (see p. 47) is partially overlapping, and indicates no focus whatsoever on *small- or micro-enterprises* enterprise or the needs of the *poor*. Another, "degree of political pluralism and civil liberties" may have some impact on the poor, largely depending on whether it is implemented only at the central-government level, or actually reaches down to the poor majority in the villages and slums. Finally, "equity of the public policy framework" sounds potentially promising, until one reads (p. 47), as an explanation of "[e]quity of public policies," that "[l]ong term economic growth is the only sustainable cure for poverty." Clearly, the author of these classic trickle-down sentiments is unfamiliar with the *failure of growth alone* to substantially ameliorate poverty in settings where a small minority of the already well-to-do were able to reap virtually all of the "free market" advantages. Examples of such settings where economic growth has *not* been the cure for poverty include Brazil, Central America, and Pakistan. In Central America, the Kissinger Commission noted that despite an annual 5.3% real growth rate for almost three decades, from 1950 to 1978, "the gulf between the rich and the mass of the very poor remained," and that "the fruits of the long period of economic expansion were distributed in a flagrantly inequitable manner." In Pakistan, the country section of AID's CP itself, at page 198, tells us: "Pakistan's economy has been the fastest growing in south Asia, averaging about 5% annual growth since 1975. Yet social indicators lag. Only 25% of the population (and 6% of rural females) are literate, infant mortality is over 100 per 1,000 live births, and the population growth rate, at 3.1%, is one of the highest in south Asia."

Even worse than the extreme dubiousness of the six indicators proposed for future resource allocation by ANE is the fact that this passage *reads as though its author is oblivious to the criteria that Congress has already established for such resource allocation.* Six indicators for deciding where development assistance should be concentrated have already been clearly articulated by Congress in Section 102(b)(4) of the Foreign Assistance Act, chosen precisely to identify those countries "which will make the most effective use of such assistance to help satisfy *basic human needs of poor people* through *equitable* growth" (our italics). *Congress'* six indicators are: increases in small-farmer productivity, reduction of infant mortality, control of population growth, greater equality of income distribution (including more progressive taxation and more equitable returns to small farmers), reduced unemployment and underemployment, and increased literacy. These were and remain the crucial indicators, consonant with the whole plan of the Foreign Assistance Act.

By dint of what authority does the ANE Bureau assume the power to replace the Congressional criteria for resource allocation with an entirely different set?

The ANE "Overview" is replete with such indications of an intended sharp departure from the standards of the Foreign Assistance Act reflected in the repetition of the talismanic phrase "open markets and open societies" and frequent indications that growth alone is to be the principal goal. The ANE "Overview" represents, in our view, more than simple non-compliance with the legislative standards. It represents a frontal attack on those standards.

Even more disturbing than the new ANE standards themselves were our observations in the field, in both Indonesia and Egypt, that these standards are making an impact on project designs and project funding decisions. Numerous AID employees in the field responsible for project design and oversight in the health, family planning, education, and agriculture sectors were under the general impression that the new ANE standards meant that projects involving public sector undertakings were "out" and any new projects would have to involve only the private sector and not include subsidies, even in areas of child survival, basic education and family planning. Indeed, communications from the ANE Bureau in Washington to field missions have included such outrageous statements as: "health and population are not per se development goals, but more a means to an end"; "[W]hile population growth in most ANE countries is still quite high, fertility rates seem to be declining quite quickly. The problem to anticipate in these circumstances is that of an expanding labor force rather than a need to expand the delivery of family-planning services"; and "[T]here will, however always remain some key roles that must be played by the government in nurturing and promoting fund security, health data, basic education standards, etc." (in a context suggesting that these are the only legitimate functions of government).

> *Recommendation: AID should be closely questioned by the committees as to the intended direction of the ANE program, and as to whether the agency acknowledges the delineation between the role of the Congress in formulating foreign-aid policies and the role of the executive in implementing those policies which Congress has formulated. The utilization of the six proposed "indicators" should, of course, be ended, and the guiding authority of 102(b)(4) and the Foreign Assistance Act reaffirmed by AID.*

3. *"Performance funds" suggest that there is still room for crucial earmarking.* AID has set aside special "performance funds" of $50 million and $25 million in

the ANE and Latin American regions, respectively. The fact that individual country programs in AID's best judgment could have these amounts withheld from them suggests that there *is* still room, in lieu of the "performance funds" for up to an additional $75 million to be earmarked for crucial purposes -- not *country* earmarking, but *subject* earmarking for priority needs. Certainly the ANE Overview does not lead to confidence for *that* region that discretionary "performance" allocations would be made according to criteria acceptable to Congress.

> *Recommendation: The proposed "performance funds" should be eliminated, and the resulting $75 million designated in equal portions for three crucial program areas -- child survival, microenterprise credit, and land reform -- to be allocated to countries undertaking promising initiatives on those specific subjects. The idea of "performance" is thus preserved, but in a much more concrete and verifiable sense.*

4. *AID's concentration on fewer countries in Africa is a welcome step.* The CP indicates (Annex I, p. 29) that "54% of bilateral DFA [Development Fund for Africa] will be targeted on 10 major high-performing countries," and 80% on 20 countries. While this moves in the right direction, the largest single country DFA program, that for Zaire, is still only $33 million, an amount that can have only very limited impact. The issue of defining "performance" also looms here, and it is vital that this should turn on more than compliance with "structural adjustment" programs.

> *Recommendation: We would urge even greater concentration of the limited DFA resources, if we hope to make a real difference in any one country. Specifically, we would urge that at least 50% of DFA be targeted on no more than 5 countries, and that existing legislative performance criteria be specifically applied in doing this.*

5. *India is receiving only $22 million.* The country with the largest number of very poor people on our planet, India, is to receive only $22 million in DA (and no ESF) under AID's FY 1991 proposal. India has shown much greater progress than its smaller neighbors, Pakistan and Bangladesh, in terms of such basic indicators as infant death and birth rates, yet receives significantly less U.S. economic aid (Bangladesh is to get $56.1 million in DA, Pakistan $46 million in

DA, plus $210 million in ESF).* It is time to review whether this should be so, and on what reasoning.

6. *Afghan Resistance, by contrast, receives $70 million.* The Afghan Resistance is to receive $35 million in DA and the same amount in ESF. There are no available project sheets describing the eight listed projects (Annex II, pp. 59-60) for which this money is to be spent, so there is no way to include these funds in our grading assessment. Given the withdrawal of Soviet forces, the existence of other compelling needs -- and the paradox of an India program that receives less than 2/3 as much DA as the Afghan Resistance, for a country with 56 times the population and considerably better social performance -- we urge that Congress carefully consider whether so large an earmark (the same as for FY 90) is needed in FY 91.

7. *AID has chosen a wholly inadequate infant mortality target.* AID's infant mortality target is "not more than 75 deaths per thousand live births" (CP Annex II, p. 38). But this relatively easy and relatively meaningless target puts AID out of step with virtually the entire global development community, which has chosen an IMR of *50 per 1000* -- roughly that of Mongolia or Mexico, and still five times as great as that in the U.S. or Western Europe -- as a minimum goal. In recent years, broad agreement has developed that an IMR of *50* or below in a society provides a broad indication that that society is meeting basic human needs at least at a minimum level. Those who are now using the achievement of an IMR of 50 as a minimum goal for meeting basic human needs include the World Health Organization, UNICEF, the UN General Assembly (for the Development Decades), the Overseas Development Council, the RIO study (*Reshaping the International Order: A Report to the Club of Rome*), and the Declaration of Amsterdam (by a group of leading development experts).**

The difference between AID's seemingly arbitrary "75" per 1000 goal and the widely accepted 50 per 1000 goal, for example, for the Indian subcontinent currently, *represents a difference of more than 900,000 infant deaths a year.* The implication of AID's wholly inadequate infant-mortality goal is that those deaths are acceptable. They are not. Certainly that goal would make the likely results of the ANE Bureau's growth-alone policies, if implemented, appear more tolerable. They are not.

---

* The three countries get roughly equal amounts of P.L. 480.

** The equivalent and broader goal of an under-5 mortality rate (U5MR) of 70 per 1000 is also widely accepted, as contained in Sec. 1201 of last year's House-passed foreign assistance authorization bill.

The 75 per 1000 goal for IMR is even more disturbing because the ANE Bureau in Washington has instructed the field missions not to plan projects in sectors where the given country's performance puts it below the AID target level. Apparently, the ANE Bureau would cease new activities in child survival in countries such as the Philippines, Egypt and Indonesia -- where the IMR is now below 75 per 1000.

> *Recommendation: Congress should ensure that AID, either through agreement with the oversight committees, or via legislative provision, drops the idiosyncratic "goal" of 75 per 1000 IMR, and substitutes for that either the widely accepted goal of 50 per 1000 IMR, or its equivalent widely accepted goal of 70 per 1000 under-5 mortality rate. Nor should new activities cease when the goal has been barely met.*

8. *There must be a greater push on childhood immunization.* It is clear that immunization is one important area where AID should be doing more, and, if necessary asking for (or being given) more Section 104 Health and Child Survival funds in lieu of an equal amount of the catch-all Section 106 "Selected Development Activities" funds. Just two examples of inaction or inadequate action:

• In Guinea, the IMR is a very high 149 per 1000, and apparently *fewer than 10%* of children (CP Annex I, p. 156) have been immunized against any of the childhood diseases. Yet in AID's development assistance program of $15 million (for a country of only 7 million people) there is *no* healthy child survival or immunization activity.

• In El Salvador, only 60-65% of children are immunized against any one of the major childhood diseases (the percentage immunized against all is undoubtedly lower), even though through FY 89 we have given over $1.1 billion in ESF and DA to a country of only 5 million (equivalent to $1,100 in aid per 5-person family). Surely AID can afford a sufficient push to get this basic job done.

> *Recommendation: Additional funds should be allocated by Congress to Child Survival in FY 91 and succeeding years, at the expense of Selected Development Activities, with instructions to AID to use the additive resources to accomplish the goal of immunization for substantially all (at least 80-90% of) aid-receiving developing-country children as*

soon after 1990 as possible. (For use of a 90% goal, see the Philippine *Targeted Child Survival* project, described below.)

9. ***There should be agreed and consistent use of the terms "micro," small" and "medium" enterprise.*** A so-called "small enterprise" credit program in the Philippines, described below, is to give average loans of $124,000 per borrower. The CP (Annex III, p. 66) speaks of a Caribbean project that established an equity financing mechanism to support "small-to-medium" businesses with average investment per business of $2.46 million. These are inappropriate projects under the standards of the Foreign Assistance Act and reflect highly misleading uses of terms.*

> *Recommendations: There should be agreed-on use of the terms "microenterprise credit" and "small enterprise credit." "Microenterprise credit" should be defined by loan size of $300 or less per borrower in accordance with the conference committee language accompanying the 1988 microenterprise earmark, and additionally in terms of the number of employees in the enterprise.** "Small enterprise credit" should refer to loans up to perhaps an order-of-magnitude greater, or $3,000 and, again, in terms of number of employees. In any case, AID should agree with the oversight committees (or else be required by legislation) to use the great bulk of credit resources for loans of $3,000 or less (and those earmarked for "microenterprise" credit, as already required, for loans of $300 or less).*

---

* See also the RESULTS Educational Fund analysis of AID's noncompliance with the 1988 microenterprise earmark, "Where Credit is Due," by Danielle Yariv (Nov. 1989).

**The Senate report language for the FY 1990 microenterprise earmark strongly encouraged AID to use the funds for loans to enterprises having 10 or fewer employees. Alternatively, the example of AID's Micro and Small Enterprise Credit Project in Egypt could be followed which defines "microenterprise" in terms of up-to-5 employees and "small enterprises" in terms of 6-15 employees.

THE ASSESSMENT: SOME SALIENT DETAIL

Additional details of the assessment for FY 1991, with comparison of prior years, are presented in the tables that follow. (Note: In these tables, most grade figures are rounded only to the nearest one-tenth of a point; except where otherwise noted, all dollar figures are in millions; and, except for Tables 11 and 12, the dollar figures reflect the amounts *graded* by us. Most of these tables relate to *development assistance*, since that facilitates direct comparison with FY 1981 and prior years, but, as noted, there are some time series, and some data shown for FY 1989 and FY 1991, incorporating simultaneous ESF and ESF-only figures.) Further discussion of the results of our assessments follows the tabular presentation.

TABLE 4: DISTRIBUTION OF RESULTS FOR DEVELOPMENT ASSISTANCE BY GRADE, FY 1991 (WITH COMPARISON OF FY 1977-1989)

Total $ value & percentage of projects receiving a grade of:* (millions)			FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 85	FY 87	FY 89	FY 91
A	$:	201.5	291.3	343.0	254.2	268.8	309.9	191.1	192.8	188.7	174.1	180.2	
	%:		24	29	30	21	20	20	19	14	16	14	13
B	$:	230.5	235.8	294.8	396.0	470.6	662.2	328.6	316.6	420.9	382.6	431.7	
	%:		27	23	25	33	36	44	32	24	36	31	31
C	$:	208.4	264.4	300.8	369.1	386.9	348.9	300.4	419.9	415.7	399.2	387.5	
	%:		24	26	26	30	29	23	30	31	35	32	28
D	$:	167.4	168.5	193.0	178.3	165.9	188.7	163.7	362.6	103.4	257.1	314.5	
	%:		20	17	17	15	13	12	16	27	9	20	23
F	$:	47.9	47.4	23.9	18.3	24.8	10.0	30.8	45.5	50.6	49.4	68.5	
	%:		6	5	2	2	2	1	3	3	4	4	5

A plus B projects as a % of total $ value

FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 85	FY 87	FY 89	FY 91
51	52	55	53	56	64	51	38	52	45	45

Note: Percentage totals may not sum to unit because of rounding.

*For FY 78-91, each category includes the "+" and "-" grades, except that neither "A+" nor "F-" is employed as a grade. In the first year of grading, FY 77, "+" and "-" grades were not used.

TABLE 5: DISTRIBUTION OF RESULTS FOR DEVELOPMENT ASSISTANCE BY REGION, FY 1991(WITH COMPARISON OF FY 1977-89)

		$ Value of Projects Graded:	Weighted Grade:
Africa	FY 91	427.9	2.0
	FY 89	381.1	2.0
	FY 87	277.5	2.3
	FY 85	280.7	2.4
	FY 83	264.6	2.4
	FY 82	471.5	2.8
	FY 81	350.2	2.5
	FY 80	235.7	2.5
	FY 79	224.8	2.8
	FY 78	130.0	2.9
	FY 77	150.0	2.6

		$ Value of Projects Graded:	Weighted Grade:
Asia/ Near East	FY 91	385.7	1.9
	FY 89	282.9	2.3
	FY 87	312.8	2.3
	FY 85*	457.9	2.2
	FY 83*	372.7	2.2
	FY 82*	551.4	2.5
	FY 81*	521.9	2.7
	FY 80*	545.8	2.6
	FY 79*	486.9	2.4
	FY 78*	422.1	2.3
	FY 77*	410.9	2.4

(continued)

*The Asia and Near East regions were separate before FY 87. For closer comparability with the most recent figures, we combined the figures for the Asia and Near East regions for all years before FY 87.

(continued)

TABLE 5: DISTRIBUTION OF RESULTS FOR DEVELOPMENT ASSISTANCE BY REGION, FY 1991 (WITH COMPARISON OF FY 1977-89)

		$ Value of Projects Graded:	Weighted Grade:
Latin America	FY 91	227.1	2.5
	FY 89	279.5	2.3
	FY 87	328.9	2.3
	FY 85	351.9	1.8
	FY 83	175.4	2.9
	FY 82	164.7	3.1
	FY 81	229.8	2.9
	FY 80	179.7	2.7
	FY 79	205.3	2.8
	FY 78	226.6	2.5
	FY 77	175.4	2.5

		$ Value of Projects Graded:	Weighted Grade:
Centrally Funded	FY 91	342.1	2.7
	FY 89	319.0	2.7
	FY 87	258.4	2.7
	FY 85	247.2	2.6
	FY 83	201.9	2.5
	FY 82	332.1	2.3
	FY 81	215.2	2.2
	FY 80	235.5	2.3
	FY 79	238.4	2.5
	FY 78	175.6	2.5
	FY 77	119.3	2.6

(continued)

(continued)

TABLE 5: DISTRIBUTION OF RESULTS FOR DEVELOPMENT ASSISTANCE BY REGION, FY 1991 (WITH COMPARISON OF FY 1977-89)

Over-all:	FY 91	2.23
	FY 89	2.30
	FY 87	2.40
	FY 85	2.20
	FY 83	2.45
	FY 82	2.64
	FY 81	2.58
	FY 80	2.54
	FY 79	2.57
	FY 78	2.46
	FY 77	2.43

TABLE 6: DISTRIBUTION OF RESULTS FOR DEVELOPMENT ASSISTANCE BY FUNCTIONAL CATEGORY, FY 1991 (WITH COMPARISON OF FY 1977-89)

Dollar Value Weighted Grade for:+		FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 85	FY 87	FY 89	FY 91
Agriculture, Rural Development & Nutrition	$:	510.0	581.1	596.3	645.8	630.7	660.5	522.2	567.5	503.7	532.4	465.9
	Gr:	2.5	2.4	2.4	2.5	2.6	2.6	2.5	2.4	2.6	2.4	2.4
Population Planning	$:	178.4]	227.6*]	150.4	164.3	174.9	248.3	101.9	161.3	137.4	168.9	195.8
	Gr:	]	]	2.0	2.0	1.8	1.9	1.9	1.7	1.9	2.0	2.0
Health	$:	]	]	131.4	106.2	152.8	105.9	72.6	79.9	102.4**	176.8**	217.2**
	Gr:	2.4]	2.5]	3.6	3.4	3.3	3.4	3.3	3.4	3.4	3.1	3.3
Education & Human Resources	$:	99.1	61.2	68.2	74.0	87.8	61.9	54.3	67.0	86.8	130.4	110.8
	Gr:	2.1	1.9	2.4	2.3	2.2	2.3	1.7	2.1	2.2	1.8	2.0
Selected Development Activities	$:	38.6	63.6	93.2	83.7	102.8	113.0	84.3	83.7	109.9	206.0	224.4
	Gr:	3.0	2.7	2.7	2.2	2.6	2.9	2.7	2.3	2.3	1.8	1.9

(continued)

+A few projects are funded out of several functional categories simultaneously. Since FY 1989, we have allocated most of the amounts from these projects to the corresponding functional category. All DA funds for Africa in FY 1991 are from AID's African Development Fund. We assigned these to individual functional categories. The Multilateral Assistance funds for the Philippines are treated as DA, as they are throughout this monograph.

*Population Planning and Health were combined until FY 1979.

**We combined the Health and Child Survival functional categories for FY 1989 and the Health and Child Survival, and AIDS functional categories for FY 1991.

(continued)

TABLE 6: DISTRIBUTION OF RESULTS FOR DEVELOPMENT ASSISTANCE BY FUNCTIONAL CATEGORY, FY 1987 AND FY 1991 (WITH COMPARISON OF FY 1977-89)

Dollar Value Weighted Grade for:		FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 85	FY 87	FY 89	FY 91
Various***		--	--	--	--	--	--	--	--	--	--	73.7
		--	--	--	--	--	--	--	--	--	--	2.1
Sahel	$:	--	53.6	73.5	78.2	95.6	101.3	73.7	82.6	67.2	--	--
	Gr:	--	3.6	3.0	2.7	2.7	2.6	2.4	2.4	2.3	--	--
Over-all	Gr:	2.4	2.5	2.6	2.5	2.6	2.6	2.4	2.2	2.4	2.3	2.2

*** Ten DA projects of various funding from the African Development Fund were not assigned to individual functional categories because it was unclear from the CP to which category they belonged.

TABLE 7: GRADES BY FUNDING SOURCE AND REGION FOR DEVELOPMENT ASSISTANCE AND GRADES BY REGION FOR ESF IN FY 1991

(dollars in '000s)

Account*	Region	Am't Graded	Grade
FN	Latin America	92,171	2.51
	Africa	127,155	2.15
	Asia/Near East	129,477	2.02
	Centrally Funded	117,140	2.95
	Total	465,943	2.39
PP	Latin America	13,575	2.41
	Africa	31,500	1.87
	Asia/Near East	55,750	1.92
	Centrally Funded	94,952	1.93
	Total	195,777	1.95
HE	Latin America	25,281	2.82
	Africa	17,530	2.56
	Asia/Near East	31,403	3.57
	Centrally Funded	63,912	3.15
	Total	135,126	3.11
CS	Latin America	18,365	3.52
	Africa	30,595	3.44
	Asia/Near East	14,100	3.36
	Centrally Funded	16,010	3.70
	Total	79,070	3.50

(continued)

*FN = Food & Nutrition, PP = Population Planning, HE = Health, CS = Child Survival, EH = Education & Human Resources, SD = Selected Development Activities, AI = Multilateral Assistance Initiative (Philippines) (note that we here show Child Survival grades separately, whereas in Table 6 they have been combined with Health for sake of comparability with prior years).

(continued)

TABLE 7: GRADES BY FUNDING SOURCE AND REGION FOR DEVELOPMENT ASSISTANCE AND GRADES BY REGION FOR ESF IN FY 1991

EH	Latin America	35,937	2.24
	Africa	33,043	1.14
	Asia/Near East	29,134	2.57
	Centrally Funded	12,648	2.57
	Total	110,762	2.04
SD	Latin America	41,758	2.21
	Africa	114,421	1.51
	Asia/Near East	30,786	1.91
	Centrally Funded	37,391	2.60
	Total	224,356	1.88
AI	Asia/Near East	95,000	0.85
	Total	95,000	0.85
ESF	Latin America	623,210	1.55
	Africa	54,096	1.75
	Asia/Near East	535,400	1.51
	Total	1,212,706	1.54

TABLE 8: DISTRIBUTION OF RESULTS BY "GRADE" AND REGION, FOR DEVELOPMENT ASSISTANCE AND ESF ACCOUNTS, FY 1991

(dollars per grade in '000s)

	A	B	C	D	F
Africa					
tot ESF	1,500	13,000	11,496	28,100	0
DA	30,810	102,621	137,764	108,221	33,893
Total	32,310	115,621	149,260	136,321	33,893
Latin America					
tot ESF	0	24,850	311,350	287,010	0
DA	24,656	95,276	79,949	23,606	3,600
Total	24,656	120,126	391,299	310,616	3,600
Asia/Near East					
tot ESF	40,600	37,500	169,222	202,800	85,278
DA	56,723	71,050	86,350	142,556	28,971
Total	97,323	108,550	255,572	345,356	114,249
Cent. Funded (no ESF)					
DA	67,963	163,101	83,427	40,147	2,000
Total	67,963	163,101	83,427	40,147	2,000
World*					
tot ESF	42,100 (3%)	75,350 (6%)	492,068 (41%)	517,910 (43%)	85,278 (7%)
DA	180,152 (13%)	431,688 (31%)	387,490 (28%)	314,530 (23%)	68,464 (5%)
Total	222,252 (9%)	507,038 (20%)	879,558 (34%)	832,440 (32%)	153,742 (6%)

*For FY 1989, the respective percentages for ESF, DA, and combined, by grade, were: A = 2%/14%/8%; B = 5%/31%/18%; C = 41%/28%/34%; D = 53%/20%/36%; and F = 3%/4%/3%.

TABLE 9: THE RANKING OF PROGRAMS COUNTRY-BY-COUNTRY FOR FY 1991

(1) Based on Development Assistance Only (with 3 or more graded projects)

	Country	
	Morocco	3.60
	Peru	3.43
	Nepal	3.24
	Haiti	3.07
	Cameroon	3.04
	Chad	2.90
	El Salvador	2.78
	Mali	2.71
	Thailand	2.70
	Indonesia	2.65
	Honduras	2.61
	Guatemala	2.60
	Pakistan	2.59
	Ecuador	2.54
	Bolivia	2.53
	India	2.45
Median Country -	Rwanda	2.41
	Zaire	2.34
	Guinea	2.30
	Jamaica	2.27
	Kenya	2.22
	Botswana	2.18
	Niger	2.18
	Uganda	2.11
	Madagascar	2.04
	Bangladesh	1.84
	Dom. Rep.	1.65
	Swaziland	1.64
	Sri Lanka	1.63
	S. Africa	1.62
	Yemen (N)	1.53
	Malawi	1.24
	Philippines	1.22
	Senegal	1.15

(continued)

(continued)

TABLE 9: THE RANKING OF PROGRAMS COUNTRY-BY-COUNTRY FOR FY 1991

(2) Ranking of Country Programs When Development Assistance and Simultaneous ESF are Both Included
(for clarity, grades for those countries receiving ESF in addition to development assistance are underlined in the following)

	Peru	<u>3.26</u>
	Nepal	3.24
	Cameroon	3.04
	Mali	2.71
	Thailand	<u>2.70</u>
	Indonesia	2.65
	Haiti	<u>2.56</u>
	Morocco	<u>2.48</u>
	India	2.45
	Rwanda	2.41
	Zaire	2.34
	Kenya	<u>2.32</u>
	Guinea	2.30
	Botswana	2.18
	Niger	2.18
	Chad	<u>2.14</u>
Median Country -	Pakistan	<u>2.12</u>
	Uganda	2.11
	Bolivia	<u>2.05</u>
	Madagascar	2.04
	Guatemala	<u>1.95</u>
	Ecuador	<u>1.85</u>
	Bangladesh	1.84
	Jamaica	<u>1.84</u>
	El Salvador	<u>1.73</u>
	Swaziland	1.64
	Sri Lanka	1.63
	Dom. Rep.	<u>1.55</u>
	Yemen (N)	1.53
	Honduras	<u>1.45</u>
	S. Africa	<u>1.45</u>
	Senegal	<u>1.29</u>
	Malawi	1.24
	Philippines	<u>0.99</u>

(continued)

(continued)

TABLE 9: THE RANKING OF PROGRAMS COUNTRY-BY-COUNTRY FOR FY 1991

(3) <u>ESF - Only Countries</u> (with at least $10 million of graded projects)

W. Bank/Gaza	3.70
Jordan	1.92
Portugal	1.70
Tunisia	1.09
Turkey	1.00

TABLE 10: CHANGES IN COUNTRY RANKINGS, FY 1989 TO FY 1991*

Development Assistance

Biggest Improvements	FY 89	FY 91	Gain
Morocco	1.77	3.60	+1.83
Indonesia	1.93	2.65	+0.72
Peru	2.86	3.43	+0.57
Guatemala	2.20	2.60	+0.40
Kenya	1.86	2.22	+0.36
Biggest Declines			**Decline**
Senegal	2.34	1.15	-1.19
Philippines	2.66	1.88	-0.78
Malawi	1.73	1.24	-0.49
Dominican Rep.	2.14	1.65	-0.49
Sri Lanka	2.03	1.63	-0.40

Countries Receiving Both Development Assistance and Simultaneous ESF

Biggest Improvements	FY 89	FY 91	Gain
Morocco	1.80	2.48	+0.68
Chad	1.61	2.14	+0.53
Peru	2.81	3.26	+0.45
Bolivia	1.61	2.05	+0.44
Kenya	1.90	2.32	+0.42
Biggest Declines			**Decline**
Philippines	1.91	0.99	-0.92
Senegal	1.90	1.29	-0.61

*At least 3 graded projects each year.

TABLE 11
ECONOMIC ASSISTANCE PROGRAM TRENDS
FY 1980-91

(dollars in '000's)	1979 Request	1980 Request	1981 Request	1982 Original Request	1982 Revised+ Request	1983 Request	1984 Request	1985 Request	1987 Request	1989 Request	1991 Request
1. Development Assistance*	1,213,948	1,438,879	1,527,600	1,970,600	1,506,868	1,392,000	1,445,000	1,683,199	1,627,000	1,650,000	1,968,500***
2. ESF	1,904,400	1,995,100	2,080,500	2,431,500	2,581,500	2,886,000	2,949,000	3,438,100	4,093,800	3,281,000	3,344,000****
3. ESF (ex-Egypt & Israel)**	369,400	460,100	545,500	896,500	1,046,500	1,351,000	1,414,000	1,838,100	2,078,800	1,266,000	1,329,000
3A. Simultaneous ESF	--	--	116,500	270,000	270,000	758,000	706,000	1,410,600	1,595,350	1,075,500	959,700
3B. ESF-Only	--	460,100	429,000	626,500	776,500	603,000	708,000	427,500	483,450	190,500	369,300
4. Special Assistance Initiatives For E. Europe	--	--	--	--	--	--	--	--	--	--	300,000
(1):(3)	3.3:1	3.1:1	2.8:1	2.2:1	1.4:1	1:1	1:1	0.9:1	0.8:1	1.3:1	1.5:1
(1):(3A)	--	--	13.1:1	7.3:1	5.6:1	1.9:1	2:1	1.2:1	1:1	1.5:1	2.1:1

+The revised request for FY 1982 was graded.

*Includes Functional Development Assistance plus the Sahel program, thus excluding American Schools and Hospitals Abroad, and International Disaster Assistance for all years; included here is a modest amount of funding in the functional categories that is excluded from the grading process. See above. For FY 1985 funds for the Housing Guaranty Reserve and Economic Policy Initiative for Africa are also excluded, as are funds for the Housing Guaranty Reserve for FY 1987, 1989 and 1991. Apart from this, all funding is included here whether or not information for grading was available.

**For FY 1991, Egypt 815,000, Israel, 1,200,000 in ESF.

***Includes Development Programs, Development Fund for Africa, and $200,000 from Special Assistance Initiatives (AI) only (the Philippine MAI portion).

****Does not include a small amount of Deob./Reob.

TABLE 12
ESF PROGRAM TRENDS:
AUTHORIZATION REQUESTS FOR FY 1979-91

(in thousands of $)	1979 Request	1980 Request	1981 Request	1982 Original Request	1982 Revised Request	1983 Request	1985 Request	1987 Request	1989 Request	1991 Request
1. ESF*	1,904,400	1,995,100	2,080,500	2,431,500	2,581,500	2,885,000	3,438,100	4,093,800	3,281,000	3,334,000
2. ESF (ex-Egypt & Israel	369,400	460,100	545,500	896,500	1,046,500	1,351,000	1,838,100	2,078,800	1,266,000	1,329,000
A. Project ESF**		219,000	173,500	217,500	217,500	386,500	392,300	810,200	478,000	821,704
B. Non-Project ESF++		220,000	372,000	679,000	829,000	964,500	1,445,800	1,268,600	788,000	507,296
C. Ratio (A):(B)		1:1	1:2.1	1:3.1	1:3.8	1:2.5	1:3.7	1:1.6	1:1.6	1.6:1
D. Graded Project ESF Amount				115,500		171,590	191,300	359,550	385,300	696,410
GPA				2.5	2.5#	1.9	2.2	1.8	1.74	1.73
E. Graded Non-Project ESF Amount				447,000		720,500	975,800	959,900	785,545	507,296
GPA				1.1	1.1	1.2	1.1	1.5	1.45	1.31

*Includes ESF funding for countries also receiving Development Assistance and for countries receiving ESF resources only.
**Defined as funds devoted to specific development project(s) rather than general budgetary support or commodity imports.
++Includes commodity import programs, general budgetary support, cash transfer and balance of payment programs.
#The grades for ESF project and non-project aid for FY 1982 remained constant from the original request. The only change for ESF in the revised request was the addition of $150 million in (ungraded) resources to the Special Requirements Fund.
##ESF projects in countries that receive no development assistance (ESF only) was graded for the first time in FY 1989.

TABLE 13: NUMBER OF COUNTRIES AND UNDERTAKINGS ($1 MILLION OR MORE) RECEIVING DEVELOPMENT-ASSISTANCE FUNDS

	Number of Countries with Development-Assistance Programs	Number of Development-Assistance Undertakings of $1 Million or More
FY 1977	50	151
FY 1978	45	222
FY 1979	56	233
FY 1980	53	304
FY 1981	53	348
FY 1982	49	361
FY 1983	47	336
FY 1985	50	356
FY 1987	56	415*
FY 1989	63	396*
FY 1991	61	451*

For simultaneous ESF countries, the additional data for FY 1987, FY 1989 and FY 1991 are:

	Countries	ESF Undertakings of $1 million or more
FY 1987	26	69
FY 1989	33	77
FY 1991	22	85**

In addition, in FY 1991 there were 14 ESF-only countries (not counting Egypt and Israel) with 24 undertakings of $1 million or more.

---

*For FY 1991, this includes 380 graded undertakings and 63 undertakings of $1 million or more for which no grade was assigned because no project sheet was available and 8 projects that were not graded for reasons described at pages 8-9.

**71 graded and 14 not graded for FY 1991.

A number of additional comments may be offered as to the data in the foregoing tables. We have already reflected in Table 1 our assessment that the FY 1991 *development-assistance* program, while somewhat recovered from its FY 1985 low point on the cents-per-dollar measure, remains below its "compliance level" for all other years since the grading began in terms of weighted grade and, for all other years except FY 1989 (with which it is tied), in terms of proportion of resources going to "A" or "B" projects.

From Table 4, it can be seen that, in addition to the percentage of development-assistance funds going to "A" or "B" projects remaining at the same 45% level as FY 1989, the highest-quality, "A" projects (3.7 or 4.0) considered alone now are scheduled for the lowest share of resources they have received at any time since we began our grading (a fraction of a point lower than FY 1985 and FY 1989, rounded to 13%). Also, the resources going to "D" or "F" projects, down to 13% of proposed funding as recently as FY 1987, have now continued their FY 1989 rise to take over one dollar out of four (28%), a negative performance exceeded only in FY 1985 and otherwise approached only in FY 1977, the first year of our grading. One way of viewing the changes compared to the best performance -- which we would still consider somewhat inadequate -- is to note that the relative proportion of development-assistance resources going to the best versus the worst projects ("A" plus "B," versus "D" plus "F") has gone from 64/13 or nearly 5:1 in FY 1982, to 45/28 or 1.6:1 in FY 1991. At the extremes, the ratio of "A" to "F" projects has gone from 20/1 to 13/5.

Table 5 suggests, unfortunately, that the recent increase in development-assistance funding for the Africa program has been accompanied by a sharp decline in "compliance level," or what we might refer to as program quality, to the lowest point since our grading began (2.0). At least as of FY 1991, the apparent flexibility of the Development Fund for Africa has not made a difference.

The most notable change shown in this table, however, is that the Asia program has declined precipitously since FY 1989, to its lowest level by far since the grading began (1.9) and to the lowest development-assistance grade ever given to any region apart from the disastrous showing of the Latin America program in FY 1985. The Latin America development-assistance program has recovered further relative to the FY 1985 low point, about 2/3 of the way back to the quality level maintained through FY 1979-83. Interestingly, the Centrally Funded program in FY 1987 through FY 1991 has been at its highest "compliance level" ever, and is currently the highest-rated among the programs.

Table 6 shows the Agriculture portfolio (at 2.4) still somewhat below its FY 1981-82 and FY 1987 high. The Health program, including the Child Survival funding (there is a separate assessment for Health and Child Survival in Table

7) has improved from FY 1989 and remains the functional program by far in greatest compliance with the legislative standards. The increase in resources with the addition of Child Survival funds certainly stands as a desirable development. At the other end of the "compliance" spectrum, Selected Development Activities now outpaces Population Planning and Education & Human Resources as the lowest-quality functional program. This may call into serious question the substantial increase in both absolute and relative funding which the Selected Development account has received. Agriculture and particularly Health are currently targeting their resources far better.

> *Recommendation: The catch-all Selected Development Activities account should be cut by one-half, back to its FY 1987 level, with the savings going to high-priority activities in the areas of Agriculture and Health, and the bulk of remaining Selected Development account funds going for PVO undertakings.*

Table 7 offers some further detail for FY 1991. It is worth noting that, within each development-assistance functional account, except perhaps for Child Survival, there are very significant differences in "compliance" level from region to region -- an erratic performance that is more sharply underlined when we get to the differences from country program to country program. Note too the appallingly poor performance under the Education & Human Resources account in Africa (some of the projects responsible are described under Selected Projects, below), and for the Philippine MAI, shown as AI for Asia/Near East. ESF is included in this table for the first time this year, and shows greater uniformity, notably between the two major regional programs.

Table 8 gives a further break-down for the economic-assistance program for FY 1991, as in the previous table covering not only development assistance but ESF (both for those countries receiving ESF simultaneously with development assistance, and those receiving ESF only). The world comparisons underline that ESF is of much lower overall quality than development assistance in relation to the poverty-fighting goals of the Foreign Assistance Act. *Fully 50% of global ESF goes to "D" and "F" projects, and barely 10% to "A" and "B" projects.* This poor performance of ESF excludes ESF to Egypt* which, as noted earlier, clearly

---

*Again, our assessment here includes neither ESF to Egypt nor that to Israel, the latter essentially a developed country.

demonstrates the non-inevitability of such an outcome, with 30-40% in most recent years going to "A" and "B" projects.

Table 9 (with some further comparison in Table 10) continues to offer, in our view, one of the most fundamental indictments of the inadequacy of AID's efforts to comply with the statutory standards. Year after year in our grading, whether considering development assistance resources by themselves or including simultaneous ESF, we have found an enormous gap between the "compliance level" of the best country programs and that of the worst country programs. For development assistance considered alone (countries with three or more graded projects), the quality range in FY 1991 runs the gamut from 1.15 (Senegal) to 3.60 (Morocco). When including simultaneous ESF, the range is from 0.99 (the Philippines -- a huge program, and one of the worst we have ever graded) to 3.26 (Peru).

From our extensive experiences out in the field, we are clear that this enormous compliance-gap between countries generally has little to do with anything that the recipient country insists upon (and, in any event, insistence on outlays far outside the legislative bounds invites a reply from the Mission Director that Congress has indicated that such is not a proper expenditure of resources). Rather, it is generally the AID Mission Director who -- within a broad range of options that he or she possesses -- lobbies the local government diligently and usually successfully for those projects he or she wishes to fund. It is AID/Washington's failure to effectively communicate down to the field, during a period now spanning 14 years, what the legislative standards mean and what is expected of the country missions that has led, in large part, to this continuing erratic performances from one country to the next. On the other hand, AID/Washington, when they invoke standards must invoke the standards of the Foreign Assistance Act, not a set of requirements largely in conflict with the these congressional standards, as this year's Asia/Near East Overview in the CP (see point 2 at page 13) indicates is presently the case with that Bureau.

We also note that country programs which receive an overall grade of 3.0 or better have declined significantly, from nine in FY 1983 to only four currently (or two -- Nepal and Peru -- if ESF is included). In this respect of quality country programs, present performance is even worse than that in FY 1985.

Table 11 (which covers *all* requested funding for development assistance and ESF, with minor exclusions, whether or not we have graded the particular amount) shows a complex pattern, but one that is worth disentangling. Compared with FY 1987, total economic assistance funding requests -- ex-Egypt and Israel -- are roughly the same, if the Special Assistance Initiatives for Eastern Europe are included. Excluding the latter, aid requested for the "traditional" countries is down from $3.705 billion in FY 1987 to $3.297 billion in FY 1991, a decline of about 11%. But the *mix* of the traditional-country aid request has changed significantly. Development assistance was 44% of the total (ex-Egypt and Israel) in FY 1987, and is now up to *60%*; simultaneous ESF is down from 43% to *29%*; and ESF going to countries that receive only such funds is down marginally from 13% to 11%.

The net result is the desirable one that the *ratio of development assistance to ESF* (ex-Egypt and Israel) for FY 1991 stands at 1.5:1, the highest such ratio since the revised budget request for FY 1982 (and up from a nadir of 0.8:1 in FY 1987), while the *ratio of development assistance to ESF simultaneously given to the same countries* stands at 2.1:1, the highest such ratio since the FY 1984 request (and up from the low point of 1:1 in FY 1987). Arithmetically, it is only because of this change in the "mix" -- with development assistance always graded significantly higher than simultaneous ESF -- that it has been possible for *both* development assistance and simultaneous ESF grades to *drop* in FY 1991 relative to their FY 1987 levels (by seventeen-hundredths and eight-hundredths of a grade point, respectively, as shown in Tables 1 and 2) while the *combined* grade has stayed the same (see Table 3).

Since development assistance, overall, has consistently had a much higher "compliance level" than ESF, such shifts in favor of development assistance should continue to occur, although it would be even more desirable if this were accompanied by improvements in the quality of the development-assistance effort.

Table 12 gives further detail on ESF, showing, in particular, that the ratio of projectized ESF compared to non-projectized ESF (including commodity import programs, policy-based assistance and various general cash transfers) has further substantially shifted in favor of projectized ESF, and now favors projectized ESF for the first time since we began reviewing this figure in FY 1980. This seems a desirable trend, since the grade for projectized ESF is significantly higher than that for non-projectized ESF. Still, the grade for projectized ESF remains highly unsatisfactory at 1.73, far below the 2.5 reflected in the FY 1982 revised request, and half a grade-point below the 2.23 currently received by development-assistance projects.*

*As another demonstration that this is not inevitable, we have assessed the projectized portion of ESF to Egypt at a level as high as 2.86 in recent years.

Finally, we note Table 13, which reflects the fact that development assistance in FY 1991 will be spread among the second-largest number of countries (61) since our grading began -- much too large a number, in our judgment (apart from minimal, show-the-flag programs which might instead be run "out of the Ambassador's desk drawer"), given the relatively small resources disposed of. The available resources also continue to be divided among what we consider an excessively large number of over-$1 million projects. The same holds substantially true of simultaneous ESF, although to a somewhat lesser degree, with better country-concentration of the shrinking simultaneous ESF resources. The ESF figures, of course, indicate that there is no automatic correlation between larger programs and more effective programs. AID must strive both to increase the quality of projects and to concentrate its resources on fewer projects in fewer countries.

SELECTED PROJECTS

This year we have briefly described virtually all 4.0, 0.3 and 0.0 projects -- those at either end of the grading spectrum -- as well as offering descriptions of some illustrative projects at various points in between.

Some "A" projects: "A" projects -- those receiving a 4.0 or 3.7 -- are those projects proposed for funding in the Congressional Presentation which seem likely to fully implement the intent of Congress as expressed in the New Directions legislation and to have a clear, significant impact on the poor majority.

Somalia -- Land Administration (FY 91, $1.5 million, 4.0): For a life-of-project cost of $6 million in DA and ESF (plus host country and other donor contributions), this will create a countywide program to formally recognize and register the customary land rights of Somalia's predominantly small farmers. As one result, "proposed multi-donor rehabilitation of irrigation systems in the Shebelli and Jubba basins" will then be able to go forward without the present fear of "a land grab, as powerful outsiders take advantage of the unregistered status of smallholders' land in the Shebelli basin." To accomplish this goal, technical assistance and training will help the government "define an equitable and efficient program of land administration by evaluating the effects of alternative tenure systems," "implement a revised land-use policy" through new legislation, "establish full capability in land surveying based on aerial photography" (a highly appropriate technology, which should drastically simplify and speed up the surveying and registration processes), and "strengthen ongoing efforts in land registration." Although all small farmers will not be reached to the point of registration by this project alone (though there will be complementary land-registration activities by the World Bank -- which has made improved land-tenure policy a pre-condition to its Agricultural Sector Adjustment Program II -- and West Germany), it will set a framework within which some 350,000 small-farm families can ultimately benefit -- representing an AID outlay of under $20 per family.

By giving small farmers more secure possession of their land, this project should provide the basis for significant increases in on-farm investment and productivity by Somalia's cultivators. Through far-sighted execution of this project *before* execution of contemplated irrigation projects in areas of formally insecure tenure, as is apparently anticipated, this project may well also forestall a vicious land grab by powerful outsiders. In its aptness to make a real difference for the rural poor, in its apparent replicability nationwide, and in its use of highly appropriate technology, this appears to be an outstandingly conceived project. It is one of a small proportion of agricultural projects to be funded by AID in FY 91 that receives our highest grade.

Africa Regional -- Policy Reform & Poverty (FY 91, $1.0 million, 4.0): With life-of-project funding of $9.5 million of DA, this project has as its vital purpose "to identify and ameliorate the more negative impacts of policy reform programs on the poorer elements of the society." Through rigorous investigation of micro-level data at the household level in approximately six countries, it will provide an understanding of the impact of policy-reform programs on the poorer groups. Initial focus will be the impact of changes in relative product prices ("particularly agricultural prices and foreign exchange prices") on production, incomes and nutrition. Countries chosen will either have AID policy-reform funding or projects that are policy conditioned, or have World Bank/IMF structural-adjustment programs.

The project document suggests that while some poor people have benefitted from policy reforms, "there is increasing concern that such programs have led to worsening of the quality of life of other of the poorer segments of African populations." With some courage, this project takes on this extremely important issue. It is to be hoped that its findings may be taken into account not only in AID policy-reform approaches, but in those of the Work Bank and IMF as well.

Recommendation: The findings of this important project, whatever they may be, should be shared with Congress and given wide publicity.

Centrally Funded -- Food Technology and Enterprise (FY 91, $1.0 million, 4.0): This project, formerly more aptly named *Nutrition for Economic Recovery* *and Growth,* has life-of-project DA funding of $5.6 million. It is similar to the *Africa Regional -- Policy Reform & Poverty* project just described, except that it is global in scope, and focused specifically on the possible adverse impact of government austerity and multilateral structural-adjustment programs "on nutritional status, particularly among the poorest of the poor." It will also include a series of pilot-project interventions whose impact on nutrition will be evaluated.

Guatemala -- Immunization and Oral Rehydration Therapy Services for Child Survival (FY 91, $2.0 million, 4.0): This is one of a series of AID Child Survival projects around the world (this one, with life-of-project funding of $18.418 million, also receives basic Health funds, and a small amount of well-used ESF), supported by a special addition to Section 104 of the Foreign Assistance Act that Congress adopted in 1985. Most of these projects receive "A" or "A-" grades. For a cost that can be variously calculated, but will be under $12 per beneficiary, immunization against the six most common immunizable childhood diseases will be increased from the 20% - 30% levels of coverage prevailing at the beginning of the project to 80% (1.4 million children under 5 immunized); the same number will be treated with oral rehydration therapy (ORT); and 700,000 women of child-bearing age will be vaccinated against tetanus. Health staff will also be trained and community volunteers put in place to create a sustainable program which can eventually be expanded beyond immunization/ORT.

This project essentially involves nationwide basic immunization and ORT, delivered on a replicable and sustainable basis.

Other projects, variously funded from Child Survival, Health, and Development Fund for Africa, are substantially parallel to the Guatemalan project just described, and likewise receive a 4.0:

Philippines -- Targeted Child Survival Program (FY 91, $13.058 million; life-of-project, $57.0 million) (seeks, *inter alia,* 90% immunization coverage under *one* year of age).

African Regional -- African Child Survival Initiative II (ACSI II) (FY 91, $1.81 million; life-of-project, $150.0 million) (in a regional setting of often very high infant and child mortality and very low immunization rates; hence with even greater scope for accomplishment than the Guatemalan and Philippine projects).

Mozambique -- Child Survival (FY 91, $1.0 million; life-of-project, $4.0 million) (in a very high mortality setting, includes appropriate technology such as "solar refrigerators to help establish and maintain an effective 'cold chain' for vaccines").

Malawi -- Promoting Health Interventions for Child Survival (FY 91, $3.0 million; life-of-project, $15.0 million) (in another very high mortality setting, this project will include safe water and sanitation as well as child survival interventions).

Pakistan -- Malaria Control II (FY 91, $10.0 million, 4.0): AID will spend $66 million, all but $5 million of it out of ESF, with approximately equal amounts from the Pakistani government, to continue control of malaria. Twenty-one million cases of malaria are expected to be avoided during the life of the project, for an AID cost of about $3 and an over-all cost of about $6 per case prevented. This project illustrates two further points: first, ESF *can* be applied to highly-useful projects, although it rarely is; and second, even in a country setting which in many ways is not welcoming of projects that help the poor majority, *some* such projects can still normally be identified and funded if the local AID mission tries hard enough to find them. Pakistan, with its high proportion of non-landowning farmers, restrictions upon women, and other prevailing negative policies, is clearly not a "welcoming" setting for many kinds of programs oriented towards the poor, yet there are some good projects, and there could be more.

Centrally Funded -- Women's and Infants' Nutrition (WIN): A Family Focus (FY 91, $2.32 million, 4.0): With life-of-project funding of $25 million, from DA, this project begins with the important recognition that "Sixty percent of all infant and young child deaths are related to malnutrition."

This project's important purpose is to help formulate and implement means for improvement in infant and young child nutrition, and new approaches to improve the nutritional status of adolescent girls and women of childbearing age. It includes a large number of project designs and monitoring systems in place, and development of an even larger number (76 and 78, respectively) of lactation management programs and infant feeding/weaning/diarrheal management programs.

Guatemala -- Highlands Water and Sanitation (FY 91, $2.0 million, 4.0): For life-of-project funding of $15 million in DA, this project will provide potable water and latrines, as well as a basic health education program, for 220,000 rural Guatemalans living in small communities in the Western Highlands. Community water committees will be established to operate and maintain the potable water systems, and the latrines will be at household level, supporting sustainability; while costs will be about $68 per beneficiary (equivalent to $340 per 5 person family), indicating replicability.

Dominican Republic -- Microenterprise Development (FY 91, $1.648 million, 3.7): Intended for life-of-project funding of $4.5 million from DA, this project will provide technical assistance and support to micro- and small enterprises, complementing a further $5 million equivalent to be allocated out of AID's local currency funds. Average size of loan is planned to be $416. In the concentration on very small enterprises, coordinate small size of loans, giving of related technical assistance, and leveraged and focused use of local currency, this appears to be an excellent undertaking. In order to merit an unqualified 4.0, however, we believe that a microenterprise credit program would have to hold loans to $300 or less, as recommended in the conference report language that accompanied the microenterprise earmark in the 1988 Continuing Resolution. Programs such as the Grameen Bank in Bangladesh and the Baden Kredit Kecamatan in Indonesia have demonstrated that loans of under *$100* can make an enormous difference, can be administered in very large numbers and can be almost universally repaid.

Centrally Funded -- Population Council Program (FY 91, $3.869 million, 4.0): This centrally funded project, with life-of-project DA funding of $19.2 million, will focus on development of new modern contraceptives and their introduction, including "development of contraceptive vaginal rings for regularly ovulating and breast-feeding women, luteinizing hormone-releasing hormone (LHRH) analogues for men, the levenorgestrel IUD, [and] subdermal implants including NORPLANT." Four to six new methods are planned to be available in later stages of clinical testing, and two to three to be actually introduced; in addition, there will be "probing studies" of five to ten potential new contraceptive products.

Experience in the field strongly indicates the need for additional modern contraceptive methods -- the multi-year NORPLANT implant alone could revolutionize contraceptive distribution and practice in many developing countries. This high-priority highly leveraged project, with its expansion of the range and availability of modern, scientific contraceptive methods, stands as a polar opposite to the Natural Family Planning project with its naive promotion of "abstinence," described below.

Some "B" projects: "B" projects -- those receiving a 3.3, 3.0 or 2.7 -- fall within a range of undertakings that represent a reasonable effort to implement the intent of Congress as expressed in the New Directions legislation, but have drawbacks likely to limit their impact.

Indonesia -- Private Sector Family Planning (FY 91, $3.0 million, 3.3): With life-of-project funding of $20 million from DA, AID will help increase the involvement of the private sector in provision of family-planning services, including expanded use of family-planning, and expanded availability of new contraceptive technology, such as the use of implants (e.g., Norplant). Indonesia's family-planning program has been highly successful, with crude birth rate declining from around 44-46 per 1000 population in 1971 to 27 per 1000 now -- total fertility rate has declined from 5.5 to 3.3 -- and AID's continued support is very desirable.

The principal drawback is that mortality rates (IMR at about 70 per 1000 live births, and under-five mortality still over 100) while they have also substantially declined, are still at levels at which many couples fear for the survival of their children, so that social pressures from above rather than the full meeting of social and economic preconditions at the grass-roots have played a somewhat larger role in Indonesia's family-planning success than in most other countries with successful programs. This doesn't mean that family-planning availability should be limited; but it does, in our view, mean that it is important that the kinds of social and economic conditions that are reflected in still-fairly-high mortality rates should "catch up." Because of this shortcoming, the project receives a "B+" grade. By way of comparison, in a country such as Jamaica, where the birth rate has declined as much, or even more, but where much better grassroots "preconditions" are reflected in an IMR of 20 and an under-5 mortality rate in the mid-20s, we give AID's *Population and Family Planning Project Services II* a 3.7; but in Uganda, where births have actually gone *up*, IMR stands at 108 and under-5 mortality is above 170, while only 3% have accepted family planning (AID proposes to increase this to 9%), we give the *Child Spacing* project in this unwelcoming setting a 1.7.

Kenya -- Fertilizer Pricing and Marketing Reform Program (FY 91, $12.3 million, 2.7): AID plans to spend $46.1 million life-of-project, about evenly divided between ESF and DA, all of it for imported fertilizer (except for $1.1 million in technical assistance) to increase fertilizer use by small farmers with accompanying policy conditions that will move towards somewhat more market-oriented distribution of fertilizers. Intended accomplishments over three years are that smallholder fertilizer consumption will increase to 50% of the national total, crop yields will go up 3.5% annually, and (vital for real impact on smallholders) that the average distance traveled by smallholders to obtain their fertilizer will further decrease, to "well under two kilometers."

While this is an acceptable project, it does suffer from some significant weaknesses. It speaks of "increasing the effectiveness of fertilizer use at the farm level by encouraging both the government and the private sector to supply relevant educational materials and advisory services"; but the tiny amount of technical assistance leaves little doubt that *this* project will do barely more on the extension side than provide exhortation -- this means that vital questions such as improved timing and manner of fertilizer application, and improved matching of fertilizer formulations to quality of soils, are not likely to be addressed. Moreover this is a single, narrow intervention, not a package of inputs: there is no provision for improved seed, or for pest control. (While Egypt is not included in the present grading, one may contrast AID's exemplary *Agricultural Production Credit* project in that country, which includes credit to small farmers for appropriate packages of improved inputs and practices for a series of crops, closely integrated with an effective retraining and redeployment of the Egyptian extension services. That project gets a 4.0.)

Some "C" Projects: "C" projects -- those receiving a 2.3, 2.0 or 1.7 -- appear only marginally relevant to implementing the Congressional mandate, although some benefit may be gained by the poor majority.

As we move into the range of lower-graded projects, it should be kept in mind that superficially attractive-sounding undertakings may be of marginal value or even counterproductive for the poor majority, when looked at more carefully in terms of their country setting, the project's design, the past history of success or failure, costs per-family-benefited, and other important factors.

El Salvador -- Public Services Restoration/Rehabilitation (FY 91, $27.0 million, 2.3): This project with life-of-project funding of $79.77 million, divided about equally between ESF and DA, is primarily intended to make "major repairs and improvements" to public infrastructure that has deteriorated because of recession and war. It will "restore electrical power lines, wires, grade roads, and reconstruct telecommunication utilities," and also includes a potable water component.

Under the circumstances, and utilizing ESF, there is ample security-related reason for the repairs. The potable-water component, moreover, would represent a somewhat higher grade for about 3/8 of the funds. Our overall 2.3 or "C+" grade, however, is a reminder of the important point that the *original* infrastructure had relatively little *development* impact. *As the Kissinger Commission report clearly stated, despite substantial over-all expansion of the classic industrial-commercial kind in the region from 1950 to 1978, reflected in an annual 5.3% real growth rate, nonetheless "the gulf between the rich and the mass of the very poor remained," adding, in agreement with the Economic Commission for Latin America, "'the fruits of the long period of economic expansion were distributed in a flagrantly inequitable manner.'"* The same infrastructure, being restored, is likely to have just as marginal a development impact on the poor majority as originally, except for its probably marginal interactions with the very recent and partially completed reform programs. (But direct support for those programs, as in *Agrarian Reform Credit, Agrarian Reform Support,* and *Agrarian Reform Sector Financing,* is the highly relevant thing from the development point of view, and all three of those projects have, over time, received a straight 4.0. Regrettably, no new obligation for any of these projects is included in the FY 91 program.) On the other hand, the present infrastructure investment does not represent the diversion of large funds to build it "from scratch" (undertakings which might rate a "D" or lower), but rather the use of relatively smaller funds to restore it to functioning. Limited as the impact of that functioning may be on the poor majority, the leverage of such funding for restoration is sufficient, when combined with the inclusion of the desirable potable water component, to permit a "C+" rather than a lower grade.

Honduras -- Rural Roads III (FY 91, $3.0 million, 2.0): This project, scheduled for life-of-project funding of $20 million from DA, will construct 200 kilometers of rural road, rehabilitate another 400 kilometers, and establish a labor-intensive program of maintenance for a further 3,000 kilometers. Cost-per-kilometer for the three activities will be, respectively, $23,000, $14,000 and under $2,000. In its focus on small-scale rural roads rather than "major highways and secondary roads" (where other donors are indicated to have concentrated) this project would receive a grade in the "B" range, except for two significant detracting factors that limit its replicable impact on the poor. First, additional families given access by new roads will apparently come at a cost of some $460 per family benefited -- a high cost for a rural roads project. Second is the important question of who stands to benefit, especially from improved access to markets. Given the highly skewed landownership patterns in Honduras, and the fact that approximately 55% of agricultural households cultivate land that they do not own, economic benefits can, unfortunately, be expected to be concentrated on a better-off landowning minority of the rural population. *Some* benefits will go to smallholders who produce a marketable surplus, and in broadened access (to the extent they can be afforded) to medical and other services. But the positive and replicable impact on the poor is likely to be sufficiently limited here to make a grade above "C" unjustified.

Some "D" Projects": "D" projects -- those receiving a 1.3, 1.0 or 0.7 -- are those which appear unsatisfactory as an effort to implement the New Directions legislative mandate, being unlikely to produce any benefit for the poor majority.

Philippines -- Small Enterprise Credit (FY 91, $4.155 million, 1.0): Receiving life-of-project funding of $13 million from DA, this project is supposedly to provide medium- and long-term credit to "small-scale enterprises" located outside metropolitan Manila. There is a minuscule technical assistance component, none of it focused on the borrowers, but most egregious here is the patent misuse of the term "small." It appears that average loan size is to be $12,400,000 (the credit fund) divided by 100 (the number of "small enterprises receiving project-funded credit"), or *$124,000.* This is nearly 300 times the average loan size in the Dominican *Microenterprise Development* project, described above -- where the same credit fund would provide 29,800 loans, instead of 100 -- and merits a "D." Indeed, if we were to downgrade simply for misleading presentation, we would award an "F" for use of the term "small" in this context.

Honduras -- Structural Adjustment Program (FY, 91 $75.0 million, 1.0): This project is presently planned to utilize life-of-project ESF funding of $200 million as a cash transfer for balance-of-payments assistance. It will also support macro-economic policy reforms in three areas: agriculture (with the objective of raising the sectoral growth rate), trade and investment (lower tariffs and privatization), and finance (channeling more credit to "efficient private activities"). Its immediate predecessors, *Economic Stabilization and Recovery I, II and III,* will have obligated a total of $300 million in FY 87-90, for a planned total of $500 million of cash transfer/policy-based assistance for this country of 5 million people during FY 87-94. First, it might be noted that there appears to be no special targeting of small farmers or the landless for agricultural-sector policy reforms; on the contrary, only "growth" seems to be sought, in an agricultural sector where roughly 55 percent of the families are agricultural laborers or tenant farmers who stand to receive little benefit from whatever growth may be achieved. Nor does there appear to be any special targeting of micro- or small enterprises, or of the informal sector, for the finance policy reforms. Moreover, it does not appear that local currencies generated will be used for any specific projectized benefit for the poor majority. We have been strongly critical of the use of aid resources for only broad macroeconomic policy-based assistance, especially when the local currencies generated are not projectized. The extent to which the attempt to make AID perform IMF-like functions can eat up the limited ESF resources is shown only too clearly in this case.

> *Recommendations (see further, below): Policy-based assistance and other non-projectized ESF should be limited overall to a maximum of one-half of the ESF account (ex-Israel, and ex-Egypt, for which special limits apply). Where policy-based ESF assistance is to be given, strenuous efforts should be made to promote more manageable sectoral reforms rather than macroeconomic policy, to promote policy reforms that carry special benefits for the poor, and to use resulting local currencies for specific, focused benefits to the poor.*

Southern Africa Regional -- Regional Transport Dev. II (Zimbabwe Rail) (FY 91, $31.0 million, 0.7): With life-of-project funding of $56.5 million out of DA (not ESF) this project is reminiscent of the "bad old days" of heavy capital undertakings before the era of the New Directions legislation. Nearly all of this large outlay will go for locomotives and rolling stock for the regional rail network of the black southern African states. It is, moreover, part of a multi-donor undertaking of some $1.5 *billion* aimed at improving the heavy transportation infrastructure of the region. One might pause to consider what could be accomplished in this regional setting of generally high infant and child mortality, low literacy, high birth rates and low agricultural productivity, with resources of that same magnitude -- *if* they were devoted instead to support sweeping programs in basic health and education, and small-farmer production, followed by family planning as the grass-roots impact of the other programs took hold. Railroad rolling stock is remote from the needs of the typical family in this region, much more part of a classic trickle-down approach than attuned to the needs of the poor majority.

Some "F" projects: "F" projects -- those receiving a 0.3 or 0.0 -- are those we consider not just unsatisfactory, but likely to be genuinely malign, by encouraging a recipient country to pursue clearly ill-conceived development goals and to waste its resources on programs that are irrelevant to the lives of the poor majority. Indeed, these projects may even widen the gap between the poor and a small minority of the well-off within that society.

> *Recommendation: We believe that AID should delete funding for all of the following "F" projects. If this is not done, we urge that Congress--via the committee process, or through formal provision in foreign-assistance authorization, appropriation or supplemental legislation--mandate that the following projects not be funded.*

Philippines -- Agricultural Sector Reform Program (FY 91, $68.278 million, 0.0): With planned life-of-project funding of $180 million, combining ESF and DA (about 81% ESF in FY 1991), this ill-conceived project has the potential to do immense harm by focusing the Philippine government on the *wrong reforms* in the agricultural sector. Cash transfer and commodity imports, as well as local currency generated, are to be released in support of supposedly "key structural reforms" to be agreed on by the Philippine government, whose stated purpose will be "[t]o remove policy constraints to open market-led sector growth, sustainable increases in agricultural production and expanded private-sector investment in the rural economy." Nowhere in this purpose statement or elsewhere in the description of this gigantic undertaking in the agricultural sector is there anything congruent with Sections 103(a)(1) and (b)(1) of the Foreign Assistance Act, which tell us that the goal of AID's agriculture and rural-development programs is to provide a more viable economic base for and increase the productivity and income of the *rural poor;* nor is there any recognition of the agricultural thrust of Section 102(b)(4), with its focus on *small-farm* agriculture.

Even worse, the "potential reforms" that AID is pointing towards are then identified. These "include elimination of cartels and parastatals, tariff restrictions on agricultural trade, impediments to efficient inter/intra-island transport, market/price controls, input/output subsidies, and constraints to local financial resource mobilization/utilization." Nowhere on this list -- which takes in such peripheral issues as tariff restrictions and inter-island transport -- is there found any reference to the central issue affecting growth in the Philippine agricultural sector: the horrendous land-tenure situation, which excludes 60% or more of the families working in agriculture from ownership of the land they till, deprives them of motivation to invest in productivity-enhancing improvements, and bars them from effective participation in the benefits of any limited growth that *may* be achieved. Whatever growth *is* achieved via the proposed policy reforms in the absence of land reform, is overwhelmingly likely to be concentrated in the existing large-farm sector, increasing the resistance of plantation owners to land-reform measures, driving up the price of any land that may be acquired, and bringing few present benefits to agricultural laborers. Against the background of Congress' specific recognition of the importance of land reform to Philippine agricultural development is the appropriation of an earmarked $50 million in 1987, and given the specific *opportunity* that exists to press for effectuation of the thus-far-unimplemented June 1988 Philippine land-reform law, the proposed project should be viewed as an aberration.

Such a project underlines once more that AID must not and cannot seek *"growth"* unhinged from the concerns over equity, poverty and the poor majority which have informed its governing legislation since 1973.

Malawi -- Agricultural Sector Assistance Program (FY 91, $9.0 million, 0.0): In this insensitive project, with planned life-of-project funding of $36 million of DA, AID plans principally to benefit the *large-plantation* sector, ignoring the requirements of Sections 103 and 102(b)(4) of the Foreign Assistance Act that the focus be on helping *small-farm* agriculture and the *rural poor.* After naively noting that it is "the estate sector, which comprises much of the country's better quality land," the thrust here is stated to be the provision of non-project assistance "to promote legislative changes designed to improve estate land utilization." In fact, these large estate are on public lands which have been made available, through 99 year leases, for sugar, tobacco and tea production.

Those who have benefited from these leases, and are now working the land so inefficiently, are generally powerful politicians and high-level civil servants (for detail, see University of Wisconsin LTC Paper 127, "Country Profiles of Land Tenure: Africa 1986").

It is, without any overstatement, an outrage that U.S. aid funds are proposed to be used to support and induce the more intensive cultivation of these largeholdings. At the same time, no consideration is given to the alternative and much more appropriate policy direction, under which the government of Malawi might be pressed to terminate these admittedly inefficient -- and palpably inequitable -- arrangements, and lease the lands rather to smallholders, giving them, instead, support for farming such crops. There are other countries in which small holders have an excellent record growing sugar, tobacco and tea; and even if such a shift to smallholder cultivation were somehow not feasible, AID's agricultural support should then go to the existing smallholder sector producing basic food crops, *not* to this tiny minority of rich farmers and corrupt politicians. If the awful precedent represented by this project were to stand, there would be no reason why the Foreign Assistance Act should prevent AID, in its discretion, from going on to directly fund the *latifundistas* of Guatemala, or the sugar-plantation owners of Negros.

Philippines -- Privatization II (FY 91, $25.0 million, 0.3): Life-of-project outlays of $25 million, from ESF and the SAI, are planned for this project to pay for $16 million of "transfer costs" associated with privatization of government-owned or-controlled companies, together with $8 million of technical assistance for the "actual sale." While privatization of these companies seems a worthy goal, it is not evident why U.S. taxpayers (as distinct from the large private buyers) should be bearing the transaction costs, nor is it clear -- apart from the possibility that this is financing advice from major U.S. law firms at $200 an hour -- why the costs should be so enormous. Unless, of course, this is really a disguised cash transfer, only loosely linked to the actual process of privatization. The project appears so wasteful of resources, it is difficult to justify any grade better than an "F+."

Dominican Republic -- Private Primary Education (FY 91, $1.1 million, 0.0): This is another badly misconceived project, with life-of-project funding of $5 million from DA, that would weaken the Dominican basic-education system and the position of the poor. This project would provide support for improvement of *private* primary school, including classroom renovation and construction, in-service training of teachers and administrators, and curriculum improvement. But if the public-school system, which must serve the bulk of the population, and especially the poor, is inadequate, such support should be provided for the improvement of the *public* primary schools. This project amounts to a subsidy that will benefit only those middle- and upper-income families that can afford private schooling. It will increase economic segregation in the school system, further undermining the public-school system by enticing away additional students from middle- and upper-income families who will now be willing to pay the tuition and other costs of the AID-improved private schools.

ROCAP -- Energy Policy Planning and Efficiency (FY 91, $1.0 million, 0.3): This regional project, with life-of-project DA funding of $5 million, "will, through training, seminars and other fora assist the private sector in educating itself on energy issues," as well as giving technical training to officials with policy responsibility "to help carry out a fuller exploration of the technical and policy possibilities for greater intra-regional cooperation." There is no indication of any focus on, or even consideration of, the energy needs of the poor: rather, basic electric power generation, with its primary benefits to energy-intensive industries and the economically better-off, is the preoccupation here. Thus, an endeavor at best of marginal benefit to the poor is at issue here, and the approach even to this issue appears to be of the most marginal significance. A marginal aspect of a marginal issue, vis-à-vis the poor: in short, a pure waste of resources when the basic goals of the Foreign Assistance Act are held in view.

Senegal -- Senegal African Policy Reform Program II (AEPRP II) (FY 91, $10.0 million, 0.3): With life-of-project funding of $32 million, *notably in DA rather than ESF,* AID will disburse cash in return for reforms in the Senegalese banking system, in this "policy-based reform program." Local currencies generated will not be used for specific undertakings, but will "reimburse the GOS [Government of Senegal] for reducing official liabilities to the banking system."

We have been strongly critical of the use of aid resources for only broad policy-based assistance, especially where there is no specific, focused, projectized benefit for the poor majority through the use of resulting local currencies. AID is not the IMF, and the attempt to make AID perform IMF-like functions can rapidly eat up the scarce U.S. economic-assistance resource. Unfortunately, variations on such cash-for-reform balance-of-payments support (or roughly equivalent commodity-import programs) have come in recent years to consume a significant portion of the ESF budget. There are further variations in the grade we give such balance-of-payments support funding from one country setting to another, depending on such factors as whether the particular country is one that has clearly and successfully followed overall policies benefiting the poor, whether the specific policies being promoted carry (rarely the case) special benefits for the poor, and on the degree to which, in some instances, local currencies generated by the dollar transfer may be used for categories of projects that do benefit the poor.*

Ordinarily, a project such as this one in Senegal would receive a basic 1.0, since none of the ameliorating or improving factors appear present. Here, however, there is the further, egregious fact that the funds are to come out of a *Development Assistance* account. It is bad enough to be spending large amounts of ESF for such "policy-based assistance," but to have such programs begin to trespass on the *DA* funds would be intolerable.

> ***Recommendation:** In no case should AID engage in this kind of policy-based assistance using Development Assistance funds.*

Africa Regional -- African Graduate Fellowship Program, Phase IV (AFGRAD IV) (FY 91, $1.8 million, 0.0): With planned life-of-project funding of $140 million, all from DA (not ESF), this huge project -- substantially increased over *AFGRAD III*, which is also to receive funding in FY 91, and is subject to the same criticisms -- seems to us egregiously wide of the anti-poverty goal. This project's resources will go (except for a small amount of postgraduate training) to finance long-term graduate and undergraduate programs in U.S. universities for African staff of public and private institutions in development fields from 42 countries (these are just costs to AID, and do not include other costs like continuation of participants' salaries by originating countries, or waiver of tuition by U.S. universities). The extremely high average costs are $48,500 for each person receiving graduate training, and $100,000 for each person receiving undergraduate training. Just considering the education sector, the opportunity costs of U.S. training for just one person under this project can be measured against the scores of primary-school teachers who could receive home-country training for less than $1,000 each under other AID *basic-education* oriented projects, using the same amount of resources. The apparently loose conception of "development" in the project, moreover, makes it likely that many people who receive this subsidized training may come from large private-sector enterprises that have little capacity to address the needs of the poor.

---

* We do not include here the distinct case in which hard currency may be used to generate local currency which has been *strictly "projectized"* by advance agreement, and is to be dedicated to a specific undertaking benefiting the poor which has been identified in as much detail as any normal project, encompassing various inputs and appropriate technical assistance (the latter, normally, from amounts reserved out of the original hard currency). Such a project could, in given circumstances, receive an "A."

The extremely high cost of the training, coupled with the very real possibility that AID is here simply training many of these people either for positions largely irrelevant to the needs of the poor or, ultimately, for U.S. or third-country jobs,, earns this project an "F."

Recommendations: To the extent that long-term U.S. training of developing-country nationals may be thought important for political or other reasons, new and separate funding should be sought by the Administration and provided by Congress for such training, wholly outside of the foreign-aid budget. Unless and until such funding is provided, such programs should be held by AID to a minimum, and should in any event be funded out of ESF, never out of DA.

LAC Regional -- Advanced Training in Economics (FY 91, $1.5 million, 0.3): AID plans life-of-project funding of $4 million out of DA (not ESF) for this misbegotten project "to increase the number of highly trained economists" through what, for most, will be a sequence of two years of training in Latin America followed by four years of additional training in the U.S. The extremely high average costs per person trained are $32,500 for the Latin American university training, and $103,000 for the Ph.D. program in the U.S. (in addition, originating countries will continue to pay salaries of those participants who are employed when they begin their studies). The high opportunity costs of such training for just one person have already been commented on in the setting of the *African Graduate Fellowship Program*, above, as have the real likelihood that many of the people who receive such subsidized training will end up either in large private-sector enterprises that have little capacity to address the needs of the poor, or else employed in the U.S. or third countries. One small mitigating factor (hence the 0.3) may be that, at least, the training here is such as to give the beneficiaries some development-oriented skills, if they choose to use them.

Additional recommendations have been made under the African Graduate Fellowship Program.

Centrally Funded -- Natural Family Planning (FY 91, $2.0 million, 0.0): AID plans to dedicate life-of-project DA funding of $18 million to do research, education and training, and provide technical assistance, on "natural family planning," defined as "all those methods which rely on periodic abstinence, and breast-feeding as a method of birth spacing." While breast-feeding may have a significant impact on fertility, women are unlikely to engage in extended breast-feeding for that particular purpose and breast-feeding can and should be promoted from the perspective of child health and nutrition. More importantly, this project gives the respectability of AID support to "abstinence" as though it might be a practical alternative to what AID's June 4, 1990 letter to us (see "AID's Response" section, below) refers to as "modern methods" of family planning, and can thereby do significant harm to efforts in affected countries to achieve effective birth control by proven means. Reminiscent of some of the efforts in our own society to block the provision of modern contraceptive services to high school students in the face of runaway teenage pregnancy, instead urging abstinence, this project is likely to spread confusion among recipient countries as to AID's views of the kind of family-planning program that is likely to have a significant impact on total fertility rate, and may provide an actual excuse for inaction to some of those countries.

This project results from a 1981 amendment to Section 104(b) of the Foreign Assistance Act to ensure that information and services relating to natural family-planning methods be included among AID's population activities; so blame for this project should properly be directed to Congress.

RECOMMENDATIONS

We have included at various points in the text a series of italicized *Recommendations*. Here, we shall expand on some of the more important ones and add a few others of special significance.

Our central recommendation is that America should make a basic, and absolutely minimum, commitment quickly to increase to one-half the proportion of bilateral development assistance (DA) plus ESF resources (ex-Egypt and Israel) spent for undertakings likely to reach the poor majority and have a substantial effect on their ability to share in economic growth. Over the next several years this should be further increased to at least *60%* -- roughly doubling the present proportion -- keeping in mind that in the past as much as 64% of the development-assistance account alone has been dedicated to projects highly relevant to the poor.

If this minimum goal of effectively using at least one-half of our DA-plus-ESF funds (ex-Egypt and Israel) to help the poor is to be met, a number of supportive improvements will be needed, worked out by agreement between AID and the oversight committees, or legislatively adopted, as necessary:

(1) *Expand the project approach, through an appropriate package of changes.* While there are bad projects, projects on the whole clearly have a far greater aptness for reaching the poor than non-projectized cash transfer, policy-based assistance, balance-of-payments support, commodity import programs, or similar kinds of assistance.

Hence --

• *Further increase the proportion of DA relative to ESF.* While the ratio has improved to 1.5:1 from a low point of 0.8:1 (see Table 11), the goal should be to restore the ratio of at least *2:1* that prevailed until the early 1980s.

• *Strictly prohibit the use of DA funds for cash transfer and equivalent programs.* The *Senegal African Policy Reform Program II*, described in the project section, could represent the beginning of an attempted end-run by AID, under which increasing amounts of DA would be turned into non-projectized forms as simultaneous ESF is curtailed. The Senegal project should be dropped, and a general prohibition on such uses of DA either agreed to or legislated.

• *Maintain limits achieved on non-projectized forms of ESF*. Within the ESF account, there has been sharp improvement in the ratio of projectized spending to non-projectized spending, up to 1.6:1 from a ratio of 1:3.8 (see Table 12). AID should agree that a ratio above 1.5:1 will be maintained.

(2) *Increase the resources going to key projectized interventions by earmarking more, not fewer, resources for interventions most likely to benefit the poor.* Simple "projectization" is not enough, if the quality of projects remains low or declining. Because of the decline in individual project quality in FY 1991, the combined grade is no better than FY 1987, even though the proportion of DA has substantially increased, and the ratio of projectized to non-projectized spending within the ESF account has significantly improved.

The most direct steps that can be taken to increase the proportion of resources going to the most effective projects is to earmark certain resources for specific areas where interventions are most likely to benefit the poor (earmarking which is very different in purpose and effect from country earmarking). In particular, there are three areas where there is legislative precedent for doing this upon which the Congress should build. These are: land reform (as in the earmarking of $50 million for support of Philippine land reform in the appropriation for FY 1988);* microenterprise credit (as in the earmarking of $75 million for this purpose, in the appropriation for FY 1990); and child survival (as embodied in Section 104(c)(2)(B) of the Foreign Assistance Act, at an appropriation level currently of $71 million).

We would recommend a series of amplifications or improvements to ensure ongoing funding of programs in the above three key areas: (i) embody all three as permanent elements of the Foreign Assistance Act; (ii) provide for the use of "progress payments" wherever possible under the first two, so that resources are used in such a way that draw-down only follows, and is proportionate to, results (land distributed to tenant and laborer families, or micro-enterprise loans made); and (iii) set an authorization level of $100 million a year under each of the first two categories, and $150 million a year for child survival (and be prepared to increase these amounts if increases appear merited by initial experience. This would represent an increase of $204 million in the amounts presently proposed and could be provided out of some combination of three possible sources of immediate funding:

---

*Land-reform funding was also generally authorized in the amendment of FAA §620(g) in 1985, following the recommendation of the Kissinger Commission and on the initiative of the Reagan Administration.

• The special "performance funds" of $50 million and $25 million which AID has proposed to set aside for the ANE and Latin American regions, respectively, in FY 1991 (see point 3 at page 15).

• A reduction of about one-half, or $100 million, in the poor-quality general project activities under the catch-all Selected Development account. This reduction would bring that account back to the FY 1987 request level.

• A shift in the $300 million funding of the Special Assistance Initiatives, intended for Eastern Europe, to the Pentagon budget, or to some other budgetary line separate from foreign assistance. We strongly favor funding for Eastern Europe, indeed at a much higher level, but we do *not* believe that it should come at the expense of foreign assistance to the poor countries.

(3) *Where policy-based ESF assistance is to be given, make strenuous efforts to increase its relevance to the poor majority.* This can be done by using it to promote more manageable sectoral policy reforms rather than broad macroeconomic policy reforms, to promote policy reforms that carry special benefits for the poor, and by using resulting local currencies for specific, focused benefits to the poor.

(4) *Focus on a more limited number of countries*, not only in Africa but elsewhere. We must draw the line between those countries where there is to be a set of mutually reinforcing efforts large enough to matter, and those where our country is simply showing the flag with a small and symbolic aid program.

(5) *Substantially increase AID's operating expenses budget and link the increase with a quantitative requirement of increased direct-hire U.S.-national field staff.* Most good projects require close supervision in the field, and this recommendation is a vital complement to the other recommendations made. Concomitantly, the overly burdensome reporting requirements on AID -- whether congressionally adopted or administratively imposed -- should be reduced, to free field staff to spend more of their time with the projects and less on paperwork (see point 1 at page 13).

(6) *Encourage the other industrialized democracies, wherever appropriate, to make parallel improvements in their aid programs.*

In sum, our finding is that even if the overall level of economic assistance cannot be significantly increased, very significant advances can be made in helping the poor and achieving broad-based economic growth. Improvements in the functioning of the aid program that could positively affect the lives of hundreds of millions between now and the end of the century can be accomplished through a highly realistic and realizable set of legislative and administrative adjustments. With such "second generation" changes, the New Directions mandate can be refined, and its impact greatly amplified.

AID RESPONSE AND OUR COMMENTARY

63

At AID's request we offered the agency a draft copy of this monograph on April 25, 1990, in order that they could respond to our evaluation, both in terms of the specific comments and the discussion and evaluation of individual projects. We agreed that AID would have five weeks to analyze the draft and give us their response.

AID's response was faxed to us on June 4, in the form of a three and one-half page letter from Reginald J. Brown, Assistant Administrator for Program and Policy Coordination to author Prosterman. The letter disappointingly fails to come to grips with virtually any of the particulars of our evaluation. The AID letter follows, in full text:

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ASSISTANT
ADMINISTRATOR

JUN 4 1990

Professor Roy L. Prosterman
Rural Development Institute
1100 N.E. Campus Parkway
Seattle, Washington 98105

Dear Professor Prosterman:

Thank you for providing the Agency for International Development (A.I.D.) with the opportunity to review the draft of your report entitled "Foreign AID: An Assessment of the Proposed FY 1991 Program.

Reduction of poverty, a central theme of your assessment, is the ultimate goal of A.I.D.'s program. Much of our differences with your assessment and recommendations stem from a fundamental difference in philosophy about how development is achieved and how poverty can be reduced. Therefore, before making any specific comments on the report I want to lay out some of our concerns about the assumptions underlying your assessment of the A.I.D. program.

Your assessment and grading system appears to be based on the assumption that the only way to have a significant impact on the poor majority is to give projectized assistance directly to targeted groups. The large number of poor in the developing world measured against the finite resources that either A.I.D. alone, or all donors can bring to bear on the problem militates against direct support to all the poor. Sustaining the gains that could be made, even for the targeted groups, would not be possible without broad-based economic growth and strong local infrastructures and institutions.

Poverty is the result of a number of interrelated economic, political and social factors that prevent the poor from improving their own condition. The poor not only need access to resources, but also an environment within which they can exercise an increasing number of choices about their lives. Policy reform can contribute to an economic, social and political environment which fosters opportunity for all levels of society. This does not mean that there should be no direct

65

interventions to targeted groups, but these projects must be accompanied by broader, deeper policy, and institutional changes.

A second assumption implicit in your grading of A.I.D. projects is that A.I.D. is operating alone in A.I.D.-recipient countries, rather than as one of many donors. A.I.D.'s activities cannot be viewed in isolation, for they are always a part of a larger effort that includes other donors, the host government and the non-governmental sector. It is possible, for example, to provide a small but critical component of a large education sector reform effort. In isolation A.I.D.'s contribution may not look like it is directly helping a targeted group of poor people. However, it may be making possible significant changes in the quality and accessibility of education that will have very widespread benefits for the children of the poor.

Finally, grading individual projects outside the context of the country strategy and program does not provide a coherent picture of the country situation, nor does it take account of the synergy between different components of the A.I.D. program.

A.I.D. missions use <u>all</u> of their resources in ways most likely to help the poor majority consistent with our Congressional mandate. Toward this end A.I.D. has a rigorous country development strategy analysis. What much of that analysis has indicated is the overriding importance of broad-based economic growth to support a sustained reduction of poverty and an improvement in the quality of life of the poor majority, and that such growth depends on the macroeconomic policy framework. The project approach to development is still useful in many situations, but only in a favorable policy environment where broad-based economic growth is occurring.

Having laid out these fundamental differences with the basis upon which you have built your assessment and grading system, it is difficult to make constructive comments on specific projects that you have graded. However, even using your own framework, the grading of some projects appears arbitrary as illustrated by the following selected examples. Two basic education projects, one of which was graded "O" and one of which was graded "4" had the same targets and intended beneficiaries. The difference is that the "A" project builds schools (a resource transfer) and the "F" project increases student learning through better instruction from trained teachers with more textbooks and learning materials. Increasing student learning is a concrete benefit to the poor. However, building schools makes a difference only if learning is increased.

, 66

Another example of grading differences that are difficult to understand comes from the health field. Centrally funded health projects that directly support improvements in developing countries' health programs are given lower ratings than those activities, such as malaria vaccine research and support for WHO tropical diseases research that (for all their merit in terms of potential benefit to large numbers of poor people) are at least one step removed from immediately affecting the health status of the poor.

The central population assistance program provides an example of a coherent program that combines a deliberate mix of research, policy, service delivery, information/education and contraceptive procurement activities. Grading these components separately may not make sense. However, when combined they have had a global impact on population growth rates in developing countries. Following is an example of a wide difference in grades for two population projects that is very difficult to understand. Natural Family Planning received a "0" while support for the Population Council, Phase II received a "4". Both are important components of A.I.D.'s highly integrated population program that makes voluntary family planning services available to all couples in developing countries. Natural family planning, in addition to providing methods for couples who for religious or cultural reasons do not wish to use modern methods, includes breastfeeding which has major nutrition and health benefits for infants and mothers. The world's poorest children are clearly among the beneficiaries of this inexpensive, widely available method of family planning.

The report argues that aid resources should not be used for activities such as the Senegal policy based reform program. This program is fully consistent with the objectives of the Development Fund for Africa in that it aims to improve the equity in the credit system and increase credit availability for farmers, small and medium-scale enterprises, and credit unions. Employing project assistance rather than this systemic approach would be unlikely to have a sustainable impact in Senegal's current financial environment, and thus ultimately to produce lasting benefits for the poor.

These examples are included to illustrate what appear to be arbitrary differences in the grades assigned to projects. However, it does not seem constructive to comment on all the projects included in your report due to the fundamental difference between your assumptions about development and those of others in the development field including A.I.D.

Finally, the recommendation in your report concerning the need for increased operating expenses to enable A.I.D. to recruit and maintain appropriate field staff is consistent with A.I.D.'s own assessment of the situation.

Thank you for affording us the opportunity to comment on your draft report.

Sincerely,

Reginald J. Brown

Reginald J. Brown
Bureau of Program and
Policy Coordination

The remainder of this section consists of our comments on the letter just reproduced.

Importantly, the response indicates that AID concedes that the congressional mandate is to use their resources in ways that help the poor majority. The letter states that "[r]eduction of poverty . . . is the ultimate goal of A.I.D.'s program." We consider it very significant that AID recognizes that this is the standard by which its activities should be measured. There is thus no disagreement between us as to the basic directive of the governing legislation.

The letter goes on to assert, however, that our fundamental assumptions about development and those of AID differ; that is, although we agree on the basic goal -- help for the poor majority -- we differ fundamentally on the means by which to accomplish that goal. Mr. Brown perceives our evaluation to be based on the assumption that "the only way to have a significant impact on the poor majority is to give projectized assistance directly to targeted groups." He asserts that the "large number of poor in the developing world measured against the finite resources that either A.I.D. alone, or all donors can bring to bear on the problem militates against direct support to all the poor" and that "sustaining the gains that could be made [with projectized assistance] . . . would not be possible without broad-based economic growth and strong local infrastructures and institutions," and therefore that policy reform, in order to achieve that environment, is the essential intervention.

His comments concerning our underlying assumptions deserve some response: First, we do not view projectized assistance as something that is given to the poor in the sense of an unsustainable "welfare" dole, but rather envision projectized assistance as consisting largely of already proven interventions that can provide *opportunities* to the poor in order that they might help themselves -- opportunities such as land, credit, water, basic education, or health, the lack of which has blocked their path to social and economic development. Admittedly, not all projectized assistance does provide those opportunities, which our assessment makes clear.

Second, we <u>do</u> recognize a role for policy-based assistance. Policy reform <u>is</u> often needed to create an environment where projectized assistance can be effective. What we argue against is giving cash in exchange for broad macroeconomic reforms such as those requested by the IMF, without projectizing any of the local currency generated. We believe (see pages 51 and 61) that policy-based assistance, at AID's level of resources, can be effective when given in exchange for more manageable sectoral reforms; given for reforms that are more relevant to the poor majority; and when local currency is generated from cash which is then projectized for specific, focused benefits to the poor.

A fine example of this type of policy-based assistance is AID's Agricultural Production Credit project in Egypt. It involves tranches of dollars released to the government of Egypt after agreed-upon reforms in the agricultural sector, such as raising the government's farmgate prices on specific crops or removing specific government controls in agriculture, are met. An equivalent amount of local currency is thereupon released to Egypt's Agricultural Bank for a credit program in which credit for improved crop packages is given to small farmers, along with advice from newly retrained and redeployed extension agents. In this way, AID gets twice the bang for the buck – both significant policy reforms which help the poor (small farmers) and projectized assistance which is very effective in capitalizing on the improved policy environment and significantly increases the small-farmer productivity.

Third, we are not averse to the goal of economic growth, but we believe that economic growth alone will not end poverty. Broad-based economic growth is a goal to be achieved, but our concern is that AID often focuses on the "economic growth" without the "broad-based" qualifier. (This problem is especially prominent in the Overview of the ANE annex to the Congressional Presentation; our extensive critique of which is not addressed at all in Mr. Brown's reply.) The growth-first goals resemble the old trickle-down approaches too closely, and as we point out at page 16, these approaches have too often not been effective in reaching the poor.

Finally, we believe Mr. Brown underestimates that impact that AID, along with other donors, can have in meeting basic human needs of the poor majority, and providing targeted opportunities to them, with projectized assistance. Author Prosterman, in his book Land Reform and Democratic Development has costed out the interventions needed in order to meet those basic human needs and provide opportunities to the poor on a global basis, and estimates that they could be met over a 15-year period with *existing levels* of foreign aid from the industrialized democracies if that aid were truly targeted in an effective manner.* Moreover, AID by itself has proven to be very effective at catalyzing the widespread reduction of poverty with projectized assistance in settings such as Indonesia, where, even using limited resources, it has designed and implemented very effective projects in areas including micro-enterprise credit, family planning, and small-farmer production; these projects have then been

---

*See Prosterman and Riedinger, Land Reform and Democratic Development, Chapter 9 (Johns Hopkins, 1987).

picked up and expanded countrywide by other donors with more substantial resources such as the World Bank or by the government of Indonesia using internal resources. AID should not underestimate its potential effectiveness in assisting broad-based, equitable development and poverty reduction via projectized assistance.

Mr. Brown also asserts that a second assumption implicit in our grading is "that A.I.D. is operating alone in A.I.D.-recipient countries, rather than as one of many donors," and further that "grading individual projects outside the context of the country strategy and program does not provide a coherent picture of the country situation, nor does it take account of the synergy between different components of the A.I.D. program."

We emphasize again that in addition to studying individual project sheets, we do analyze the entire Congressional Presentation, including individual region and country sections which contain the country strategies and backgrounds of the country situation. Each project sheet also contains a section on other donor support for the specific activity. In addition, the authors have had substantial experience in many of the countries receiving AID assistance (including several of those countries where we conclude the AID program is least effective, such as the Philippines and El Salvador). The grading is done against the background of extensive fieldwork carried out in 19 counties, often involving program and project review on the ground, as well as our familiarity with the development literature.

Perhaps the most disturbing statement in Mr. Brown's response is one which appears to indicate AID's stone-walling attitude to what is, hopefully, constructive criticism. Amazingly, Mr. Brown asserts that "A.I.D. missions use <u>all</u> of their resources in ways most likely to help the poor majority consistent with our Congressional mandate" (his emphasis). We would be delighted if this were true, but it is not, as almost all knowledgeable observers would agree, and it is worrisome to think that AID, as an agency, might not see <u>any</u> room for improvement.

Mr. Brown then directs his attention to grades for specific projects. He introduces this portion by stating that because of the fundamental differences with the underlying basis of our assessment, "it is difficult to make constructive comments on specific projects that you have graded," and that "even using your own framework, the grading of some projects appears arbitrary."

We have described in some detail the reasons for the assigned grade for virtually all 4.0, 0.3 and 0.0 projects -- those at either end of the grading spectrum -- as well as some illustrative projects at various points in between, starting at page 43. Although space limitations prohibit such descriptions for every project, we had hoped to engage AID in a substantive dialogue concerning the specific reasons for grades of both the best and worst projects. Mr. Brown ignores virtually all of our project-by-project discussion and focuses only on a handful of instances in which he does little more than dismiss the grades as "arbitrary." He refers first to two basic-education projects, one of which received a 0.0 and one of which received 4.0, to illustrate an instance of supposed arbitrariness. However, his brief description of the 0.0 project (Dominican Republic -- Private Primary Education) refers to it only as a project which "increases student learning through better instruction from trained teachers with more textbooks and learning materials." He ignores our basic reason (stated on pages 54-55) for the low grade, which is that the project aims to improve *private primary schooling,* which we fear will help mostly the better-off and weaken the Dominican basic-education system. We agree that student learning in primary schools must be increased in addition to building more schools, but in almost all settings this will reach the poor most effectively if done in public not private schools.

Mr. Brown's further comments on supposed "grading differences that are difficult to understand" for centrally funded health projects are simply inconsistent with the facts, since virtually all of these projects get at least a respectable "3.0." There are minor differences among the various projects, that we believe warrant slightly different grades for each, but for the most part they are all very good projects.

Mr. Brown also comments on the grades given to two centrally funded population projects. Because of these comments, we have added specific discussions of these projects and their assigned grades in the Selected Projects section at pages 47 and 57-58. The projects are indeed polar opposites, richly justifying the difference in grade.

His comment concerning the Senegal policy-based reform program does not really respond to our stated reasons for the low grade for that project (see pages 55-56), and again, our comments on the form we believe policy-based assistance should take are relevant. The problem is aggravated here by the attempted use of *Development Assistance* funds for cash transfer, apparently without any projectized use of corresponding local currency.

We reiterate that we are particularly frustrated by the failure of Mr. Brown's reply to come to grips with our critique of specific projects, or to address at all the important non-quantifiable points that we raise beginning at page 15.

In these comments on AID's response to our report, we again emphasize that our grading report is from a 'Congress' eye' point of view. We have learned over time that very few members, or even staff, have the time or experience to fully review AID's Congressional Presentation. Our report, therefore, attempts to reflect what judgments a Senator, Representative, or staff person might make as to the expenditures proposed in the Congressional Presentation vis-à-vis the legislative mandate, if they had the time and opportunity to gain extensive background on the program over a period of two decades and to review the Congressional Presentation item by item against that background. We do not claim that each project is assessed comprehensively, although most often when we have done a subsequent more thorough field assessment of a project it has received a similar, if not identical, grade. There are times however, when project sheet descriptions and the Congressional Presentation are missing crucial information which might change our grade for that specific project. We had hoped to receive a more thorough response from AID which might also have highlighted a few more of these cases.

FY 1991 PROJECT GRADES ANNEX

74

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Botswana	633-0229	Secondary Education Improvement	(EH)	1,900	2.7
	633-0240	Primary Education Improvement II	(EH)	1,100	3.3
	633-0253	Botswana Private Enterprise Dev.	(SD)	2,500	1.3
		Country Total & GPA		5,500	2.18
Burkina Faso	686-0275	Family Health & Health Financing	(HE)	1,350	3.0
		Country Total & GPA		1,350	2.30
Burundi	695-0125	Burundi Enterp. Promo. Prog.	(SD)	4,500	1.3
		Country Total & GPA		4,500	1.30
Cameroon	631-0056	Maternal & Child Health Supp(PVO)	(EH)	1,000	3.7
	631-0063	Fertilizer Subsec. Reform--AEPRP	(FN)	5,000	3.0
	631-0068	Prog. for Policy Reform	(SD)	11,000	3.0
		Country Total & GPA		17,000	3.04
Cape Verde	655-0014	Export Development Services	(SD)	1,400	1.7
		Country Total & GPA		1,400	1.70
Chad	677-0050	Strengthen Road Maintenance	VA	3,000	2.3
	677-0062	Ag Marketing & Tech Transfer	(FN)	2,000	3.0
	677-0063	Strengthen Dev. Ministries V	ESF	4,000	1.3
	677-0064	Child Survival Project	(CS)	1,000	3.3
		Country Total & GPA (DA & ESF)		10,000	2.14
		ESF Country Total & GPA		6,000	1.63
		DA Country Total & GPA		4,000	2.90

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Djibouti	603-0022	Program Support Grant	ESF	4,000	1.3
		Country Total & GPA		4,000	1.30
Gambia	635-0219	Ag Rsch. & Diversification	(FN)	3,800	3.0
	635-0232	Financial & Priv. Sect. Dev.	(SD)	1,300	1.0
		Country Total & GPA		5,100	2.49
Ghana	641-0118	Family Plng. & Health	(PN)	7,000	3.0
		Country Total & GPA		7,000	3.0
Guinea	675-0216	Ag. Sector Restructuring	(FN)	3,000	2.3
	675-0218	Economic Policy Reform Prog.	(FN)	1,000	1.3
	675-0219	Natural Resource Mgmt.	(SD)	2,500	2.7
	675-0221	Ag. Marketing Investment	(FN)	1,250	2.3
		Country Total & GPA		7,750	2.30
Kenya	615-0232	Family Planning Servs./Supp.	(PN)	4,000	1.7
	615-0234	Training for Dev.	(SD)	1,000	0.3
	615-0236	PVO Co-Financing	VA	2,500	3.7
	615-0238	Private Enterprise Dev.	(FN)	2,000	2.0
	615-0240	Structural Adjustment Grant II	ESF	1,496	2.0
	615-0242	Marketing Development	(SD)	2,800	2.3
	615-0243	Fertilizer Pricing & Mktg. Reform	VA	12,200	2.7
	615-0248	Ag. Devel. Center of Excellence	(FN)	1,500	1.7
	615-0249	Accel. Invest. & Mktg. Supp.	(SD)	1,500	1.3
	615-0510	Program Dev. & Supp.	VA	1,000	2.3
		Country Total & GPA (DA & ESF)		29,996	2.32
		ESF Country Total & GPA		8,496	2.58
		DA Country Total & GPA		21,500	2.22

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Madagascar	687-0102	Ag. Export Liberalization Supp.	(FN)	2,500	2.3
	687-0107	Population Sector Inst. Dev.	(PN)	3,000	2.0
	687-0109	Ag. Investment & Diversification	(FN)	12,700	2.0
		Country Total & GPA		18,200	2.04
Malawi	612-0211	Health Institutions Dev.	(HE)	1,750	3.0
	612-0230	Human Resource/Inst. Dev.	(FN)	3,400	0.3
	612-0231	Prom. Health Intervention for CS	(CS)	3,000	4.0
	612-0235	Ag. Sector Policy Program	(FN)	9,000	0.0
	612-0236	Small Enterp. Transformation	(SD)	2,000	2.7
		Country Total & GPA		19,150	1.24
Mali	688-0227	Family Health Services	(HE)	1,530	3.0
	688-0232	Farming Systems R & D	(FN)	2,700	3.3
	688-0233	Dev. of Haute Vallee	VA	3,000	2.3
	688-0244	Livestock Sector Phase III	(FN)	1,200	3.7
	688-0245	Policy Reform for Econ. Growth	(SD)	2,595	1.0
	688-0247	PVO Co-Financing	VA	2,000	3.7
	688-0250	Ag. Research Support	(FN)	1,500	3.0
		Country Total & GPA		14,525	2.71
Mauritius	642-0011	Advanced Tech. Transfer	(SD)	1,500	1.0
		Country Total & GPA		1,500	1.00
Mozambique	656-0209	Mozambique Child Survival	(CS)	1,000	4.0
	656-0217	PVO Support Program	VA	5,150	3.3
		Country Total & GPA		6,150	3.41

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Namibia	673-0003	Namibia Budget Support	ESF	5,800	1.0
		Country Total & GPA		5,800	1.00
Niger	683-0254	Health Sector Supp.	(CS)	1,200	2.0
	683-0256	Applied Agricultural Rsch.	(FN)	3,126	2.7
	683-0257	Ag. Sector Dev. Grant II	(FN)	5,000	1.7
	683-0258	Family Health & Demography	(HE)	2,600	1.7
	683-0260	Rural Organization Dev.	(FN)	1,500	3.7
		Country Total & GPA		13,426	2.18
Nigeria	620-0001	Family Health Initiatives	(PN)	10,000	1.0
	620-0003	Primary Health Care Supp. Prog.	ESF	6,000	3.0
		Country Total & GPA		16,000	1.75
		ESF Country Total & GPA		6,000	3.00
		DA Country Total & GPA		10,000	1.00
Rwanda	696-0110	Farming Systems Imp.	(FN)	1,700	2.7
	696-0128	Family Planning II	VA	2,400	2.0
	696-0129	Natural Resources Mgmt.	(SD)	2,300	2.7
	696-0131	Rural Enterprise Dev. (PVO)	(FN)	1,800	2.3
		Country Total & GPA		8,200	2.41
Senegal	685-0284	PVO Co-Financing	VA	2,000	3.7
	685-0285	Strengthen Ag. Rsch.	(FN)	2,000	2.3
	685-0286	Child Survival Program	(CS)	1,000	2.3
	685-0292	Banking Sector Reform Prog.	(SD)	10,000	0.3
	685-0298	Economic Supp. Fund VIII	ESF	5,000	1.7
		Country Total & GPA (DA & ESF)		20,000	1.29
		ESF Country Total & GPA		5,000	1.70
		DA Country Total & GPA		15,000	1.15

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Seychelles	662-0011	Commodity Import Prog. IX	ESF	3,300	1.0
		Country Total & GPA		3,300	1.00
Somalia	649-0132	Policy Init. & Priv.	ESF	1,000	1.3
	649-0155	Land Administration	ESF	1,500	4.0
		Country Total & GPA		2,500	2.92
South Africa	674-0301	Community Outreach/Ldrshp Dev.	(SD)	3,300	3.0
	674-0302	Educational Support Trng.	(EH)	2,800	3.3
	674-0303	Black Private Enter. Dev.	ESF	3,000	1.7
	674-0309	Tertiary Education	VA	24,900	1.0
		Country Total & GPA (DA & ESF)		34,000	1.45
		ESF Country Total & GPA		13,000	1.16
		DA Country Total & GPA		21,000	1.62
Swaziland	645-0229	Commercial Ag. Prod. & Mktg.	(FN)	1,500	2.0
	645-0230	Education Mgmt. & Tech.	(EH)	1,000	1.7
	645-0231	Swaziland Manpower Dev. II	(EH)	1,100	1.0
	645-0235	Private Enterp. Supp.	(SD)	1,650	1.7
		Country Total & GPA		5,250	1.64
Tanzania	621-0166	Ag. Transport. Assist. Proj.	(FN)	2,000	1.0
		Country Total & GPA		2,000	1.00
Togo	693-0227	Rural Inst. & Private Sector	(FN)	3,015	2.7
		Country Total & GPA		3,015	2.70

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Uganda	617-0103	Manpower for Ag. Dev.	(FN)	4,000	3.0
	617-0104	Rehab. of Productive Enter.	(FN)	5,400	1.3
	617-0111	Coop. Ag./Agribusiness	(FN)	4,200	3.3
	617-0115	Expanded FHS/Child Spacing	(PN)	2,200	1.7
	617-0123	Parks & Prot. Areas Tourism (PVC)	(SD)	4,000	1.3
		Country Total & GPA		19,800	2.11
Zaire	660-0098	Ag. Marketing Dev.	(FN)	1,700	2.3
	660-0101	School of Public Health	(HE)	2,000	1.7
	660-0102	Area Food/Mktg. Dev.	(FN)	1,700	3.0
	660-0107	Basic Rural Health II	(HE)	1,000	3.7
	660-0119	Ag. Policy & Planning	(FN)	4,600	1.3
	660-0120	Private Sector Support	(SD)	10,000	2.7
	660-0510	Program Dev. and Support		1,000	2.3
		Country Total & GPA		22,000	2.34
Zambia	611-0207	Ag. Trng/Plng./Inst. Dev. II	(FN)	1,300	1.7
	611-0214	Marketing Assistance	(FN)	1,700	2.3
		Country Total & GPA		3,000	2.04
Southern Africa Regional	690-0247	Regional Rail Syst. Support	(SD)	9,550	1.0
	690-0243	Regional Transport. Dev. II	(SD)	31,000	0.7
		Country Total & GPA		40,550	0.77

AFRICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Africa Regional	625-0966	Onchoceriasis Control	(HE)	2,500	3.7
	625-0973	Sahel Water Data/Mgmt. II	(SD)	1,226	0.7
	625-0975	Sahel Regional Inst.	(SD)	2,000	2.0
	625-0978	Promoting Pop. Policy Dev.	(PN)	1,000	2.0
	698-0421	Afr. Child Survival Init.	(CS)	7,000	4.0
	698-0435	Strengthen Afr. Ag. Rsrch.	(FN)	3,300	3.7
	698-0438	Afr. Private Enter. Fund	(FN)	7,000	1.3
	698-0455	Afr. Graduate Fellowship Prog. II	(EH)	6,000	0.0
	698-0462	Family Health Init. II	(PN)	1,900	2.0
	698-0463	Human Res. Dev. for Afr.	(EH)	2,693	0.0
	698-0464	Afr. Development Support	(SD)	2,800	2.3
	698-0466	Famine Early Warning Sts.	(FN)	1,864	2.3
	698-0467	Natural Res./Energy Mgmt.	(FN)	4,000	3.0
	698-0474	HIV/AIDS Prevention	(HE)	2,000	3.3
	698-0475	Afr. Trng. for Leaders & Skills	(HE)	1,800	0.0
	698-0476	Afr. Child Survival II	(CS)	1,810	4.0
	698-0478	Strength. Afr. Ag. Rsch. II	(FN)	2,000	3.3
	698-0507	Afr. Strategic Studies	(FN)	1,000	3.0
	698-0510	Prog. Dev. Supp. II	VA	3,000	2.3
	698-0519	Policy Reform & Poverty	(SD)	1,000	4.0
	698-0522	Fin. Sector Research	(SD)	1,000	1.3
	698-0526	PVO Support	VA	1,000	3.0
		Country Total & GPA		57,893	2.26
African Economic Policy	698-0511	Afr. Econ. Policy Reform	VA	55,000	1.7
		Country Total & GPA		55,000	1.7

ASIA/NEAR EAST -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Bangladesh	388-0060	Fertilizer Dist. Improvement II	FN	7,000	2.0
	388-0068	Dev. & Management Training	EH	1,500	2.0
	388-0070	Rural Electrification III	FN	2,000	0.0
	388-0071	Family Plan. & Health Servs.	VA	26,500	1.7
	388-0074	Technical Resources II	VA	1,800	2.0
	388-0075	Higher Education in Ag.	FN	2,500	2.0
	388-0076	Industrial Promotion	VA	3,500	2.3
	388-0077	Local Gov. Infrastruct. & Service	FN	3,500	2.7
	388-0078	Financial Sector Credit TA	FN	4,400	1.3
	388-0081	Food for Work IV	FN	2,000	3.3
		Country Total & GPA		54,700	1.84
Cambodian Resistance	442-0100	Cambodian Resistance	ESF	7,000	1.7
		Country Total & GPA		7,000	1.70
Cyprus	233-0001	Relief & Rehab. Activities	ESF	3,000	1.0
		Country Total & GPA		3,000	1.00
India	386-0494	Accel. Comm. Energy Resr.	SD	4,000	1.7
	386-0496	Adv. of Commercial Tech.	VA	3,000	2.0
	386-0503	Vaccine and Immunodiag. Dev.	HE	1,000	3.3
	386-0504	Child Survival Health Supp.	VA	3,300	3.7
	386-0507	Center for Technology Dev.	SD	1,000	1.0
	386-0511	PVOs for Health II	HE	1,000	3.7
	386-0513	Plant Genetic Resources	FN	2,700	3.0
	386-0514	Quality Control of Health Tech.	HE	2,000	3.3
	386-0515	Technical Assistance & Supp.	VA	1,500	1.3
	386-0520	Resource Mgt. Analysis and Tech.	FN	2,500	1.7
		Country Total & GPA		22,000	2.45

ASIA/NEAR EAST -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Indonesia	497-0328	General Participant Training II	FN	2,971	0.0
	497-0340	Development Studies	FN	1,000	3.0
	497-0344	Education Policy & Plng.	EH	1,000	2.0
	497-0347	Small Scale Irrigation Management	FN	6,000	3.7
	497-0353	Rural Roads Maintenance Systems	FN	5,200	3.0
	497-0354	Health Sector Financing	HE	1,020	3.3
	497-0355	Private Sector FP	PN	3,000	3.3
	497-0358	Higher Education Dev. Supp.	EH	1,434	1.3
	497-0359	Child Survival	HE	2,875	4.0
	497-0361	Pre-Implementation & Tech. Supp.	VA	2,650	2.0
	497-0362	Natural Resources Management	FN	1,900	3.3
	497-0363	Trade and Investment	SD	2,000	1.3
	497-0364	Strengthening Institutional Dev.	VA	2,500	3.3
	497-0366	Training for Open Markets	EH	1,000	0.7
	497-0368	Agribusiness Development	FN	2,450	2.3
		Country Total & GPA		37,000	2.65
Jordan	278-K646	Export Development Sector Support	ESF	18,000	2.0
	278-0264	Highland Agricultural Development	ESF	2,800	3.7
	278-0266	Tech. Servs. & Feas. Studies V	ESF	4,100	1.3
	278-0272	Priv. Services Sector Dev.	ESF	1,100	1.3
	278-0284	Export Trade & Productive Invest.	ESF	3,500	1.0
	278-0285	Training for Private Sector Devel.	ESF	1,500	1.0
	278-0286	Vocation. & Tech. Training Reform	ESF	1,000	2.7
	278-0288	Environmental Services Development	ESF	1,000	2.7
		Country Total & GPA		33,000	1.92
Lebanon	268-0342	Lebanon Relief Assistance	ESF	1,000	3.3
		Country Total & GPA		1,000	3.30

93

ASIA/NEAR EAST -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Morocco	608-0136	Dryland Ag. Applied Rsch.	FN	4,000	3.3
	608-0191	Economic Policy Analysis Support	ESF	3,500	1.7
	608-0198	Population and Child Survival	VA	4,750	3.0
	608-0207	Health Care Financing	HE	2,500	3.3
	608-0208	Development Training	ESF	4,500	1.3
	608-0210	Private Agricultural Extension	FN	1,250	2.7
		Country Total & GPA (DA & ESF)		20,500	2.48
		ESF Country Total & GPA		8,000	1.48
		DA Country Total & GPA		12,500	3.60
Nepal	367-0153	Irrigation Mgmt.	FN	1,500	2.7
	367-0154	Institute of Forestry	FN	1,000	2.7
	367-0155	Rapti Development	FN	2,500	3.0
	367-0157	Child Surv. & Family Plng. Svcs.	VA	3,000	4.0
	367-0158	Forestry Development	FN	1,500	2.7
	367-0159	PVO Co-Financing II	VA	1,100	3.7
		Country Total & GPA		10,600	3.24
Pakistan	391-0467	Irrigation Systems Mgmt.	VA	24,000	2.3
	391-0469	Population Welfare Plng.	PN	8,000	1.0
	391-0471	Tribal Area Dev.	ESF	3,000	3.3
	391-0472	Malaria Control II	ESF	10,000	4.0
	381-0473	Rural Electrification	ESF	15,000	0.3
	391-0474	Development Support Trng.	ESF	11,000	1.7
	391-0478	Energy Planning & Dev.	ESF	14,000	3.0
	391-0480	Roads Resources Mgmt.	ESF	9,000	2.3
	391-0484	Social Mktg. of Contraceptives	PN	8,000	1.3
	391-0485	NWFP Area Dev.	ESF	7,500	2.7
	391-0488	Trans./Integ. Provincial Ag. Ntwk.	FN	4,000	2.3
	391-0489	Mgmt. of Ag. Research & Tech.	FN	3,000	2.0
	391-0492	Ag. Sector Supp. Project	ESF	35,000	1.7
	391-0494	Private Sector Power	ESF	32,000	0.7
	391-0496	Child Survival	VA	10,000	3.7

94

ASIA/NEAR EAST -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Pakistan (continued)	391-0497	Primary Educational Dev. Prog	VA	27,000	4.0
	391-0498	Institutional Excellence	ESF	5,000	1.3
	391-0507	Shelter Resource Mobilization	ESF	1,000	1.7
	391-0513	Proj. Design and Implementation II	ESF	6,000	2.0
		Country Total & GPA (DA & ESF)		232,500	2.12
		ESF Country Total & GPA		186,500	2.00
		DA Country Total & GPA		46,000	2.59
Philippines	492-0396	Family Planning Assistance	PN	7,000	2.7
	492-0406	Targeted Child Survival Program	VA	13,058	4.0
	492-0419	PVO Co-financing III	VA	2,270	3.7
	492-0420	Rural Infrastructure	ES	11,722	1.7
	492-0429	Rural Electrification	FN	6,967	1.0
	492-0439	Development Training II	EH	1,000	0.7
	492-0443	Small Enterprise Credit	FN	4,155	1.0
	492-0445	Agricultural Sector Reform Prog.	VA	68,278	0.0
	492-0447	Capital Markets Development	SD	3,000	0.7
	492-0450	Support for Development Program II	ES	78,000	1.3
	492-0452	Philippine Assist. Program Support	AI	10,000	1.0
	492-0453	Informal Sector Reform	SD	2,000	2.7
	492-0454	Privatization	VA	25,000	0.3
	492-0457	Policy Support	AI	50,000	1.0
	492-0459	Energy Development Support	AI	25,000	0.7
		Country Total & GPA (ESF & DA)		307,450	0.99
		ESF Country Total & GPA		164,155	0.77
		DA Country Total & GPA		52,450	1.88
		AI Country Total & GPA		95,000	0.85
Portugal	150-8008	Cash Transfer	ES	45,000	1.7
		Country Total & GPA		45,000	1.70

ASIA/NEAR EAST -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
South Pacific	879-0011	Fisheries Treaty Program	ESF	10,000	1.0
Regional	879-0020	Pacific Islands Marine Resources	FN	2,000	2.7
	879-0267	South Pacific Region Ag. Dev.	FN	1,000	2.3
		Country Total & GPA (ESF & DA)		13,000	1.36
		ESF Country Total & GPA		10,000	1.00
		DA Country Total & GPA		3,000	2.57
Sri Lanka	383-0090	Mahaweli Enterprise Dev	FN	2,000	1.0
	383-0100	Private Sector Policy Supp.	SD	3,000	1.3
	383-0108	Sci. & Tech. for Priv. Sector	SD	3,250	1.7
	383-0109	Natural Rsrcs. & Environ. Policy	FN	3,000	2.3
		Country Total & GPA		11,250	1.63
Thailand	493-K602	Affected Thai Program II	ESF	5,000	2.7
	493-0340	Science & Technology for Dev.	FN	2,300	2.0
	493-0341	Emerging Problems of Devel. II	FN	2,500	2.7
	493-0342	PVO Co-Financing II	VA	1,600	3.7
	493-0345	Natural Resources Management	FN	1,100	2.7
		Country Total & GPA (DA & ESF)		12,500	2.70
		ESF Country Total & GPA		5,000	2.70
		DA Country Total & GPA		7,500	2.70
Tunisia	664-K604	Commodity Import Program	ESF	3,000	1.0
	664-0315	Technology Transfer	ESF	4,200	1.0
	664-0346	Private Sector Development	ESF	1,500	1.3
	664-0350	Technology Applications	ESF	1,400	1.3
		Country Total & GPA		10,100	1.09
Turkey	277-XX91	Cash Transfer	ESF	50,000	1.0
		Country Total & GPA		50,000	1.00

ASIA/NEAR EAST -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
West Bank Gaza	398-0159	West Bank/Gaza Development	ESF	11,800	3.7
		Country Total & GPA		11,800	3.70
Yemen (North)	279-0052	Ag. Development Support	FN	8,100	2.0
	279-0074	Education Dev. Support	EH	1,000	0.0
	279-0080	Development Trng. II	EH	6,200	1.0
	279-0082	Accel. Coop. for Child Surv.	HE	1,000	3.3
	279-0085	Yemen Enterprise Support	FN	1,000	0.7
		Country Total & GPA		17,300	1.53
ASEAN	399-0287	ASEAN Human Resources Dev.	VA	1,564	1.3
	399-0358	ASEAN Pvt. Investment & Trade	SD	1,336	0.7
		Country Total & GPA		2,900	1.02
Asia & Near East Reg.	398-0048	Regional Population Activities	PN	1,300	2.0
	398-0050	Regional Pvt. Enterprise Activ.	VA	1,520	3.7
	398-0158	Regional Cooperation	ESF	5,000	2.7
	398-0178	Regional Environmental Activities	VA	1,700	2.7
	398-0249	Progam Development and Support	VA	7,930	3.3
	398-0289	Irrigation Supp. for Asia/NE	FN	1,000	2.7
		Country Total & GPA (DA & ESF)		18,450	2.99
		ESF Country Total & GPA		5,000	2.70
		DA Country Total & GPA		13,450	3.10

LATIN AMERICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Belize	505-0020	Training for Employment	EH	1,000	2.0
		Country Total & GPA		1,000	2.00
Bolivia	511-0000	Program Dev. & Support	VA	1,260	2.0
	511-0543	Chapare Regional Dev.	VA	13,376	2.7
	511-0585	Export Promotion	VA	9,000	1.3
	511-0589	Private Ag. Organizations	FN	1,500	2.7
	511-0594	Community/Child Health	VA	3,257	4.0
	511-0596	Micro Enterprise Dev.	SD	1,000	3.0
	511-0602	Economic Recovery Prog.	ES	15,500	1.3
	511-0607	Self-Fin. Prim. Health Care II	CS	1,000	3.3
		Country Total & GPA (DA & ESF)		45,893	2.05
		ESF Country Total & GPA		29,800	1.78
		DA Country Total & GPA		16,093	2.53
Costa Rica	515-0246	Munic. Watershed Management	FN	4,167	2.3
	515-0250	Export Sector Dev	ESF	35,000	2.0
		Country Total & GPA (DA & ESF)		39,167	2.03
		ESF Country Total & GPA		35,000	2.00
		DA Country Total & GPA		4,167	2.30
Carribean Regional	538-0103	Basic Needs Trust Fund	ESF	1,000	3.0
	538-0138	Infrastruct. Expansion Maint. Sys.	VA	2,717	2.0
	538-0140	High Impact Agric. Mrkting & Prod.	FN	3,418	2.0
	538-0141	Structural Reform Support - BOP	ESF	2,200	1.0
	538-0161	AIDS/Communic. & Tech. Assist.	VA	1,630	3.0
	538-0163	West Indies Tropical Produce	FN	1,300	2.0
	538-0164	Ag. Research Extension and Dev.	FN	1,044	2.0
	538-0170	Regional Management Institute	EH	2,071	1.3
	538-0172	Regional Tourism Management	ESF	2,000	2.0
	538-0178	Small Enterprise Assistance II	VA	2,000	2.7

LATIN AMERICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Carribean Regional (continued)		Country Total & GPA (DA & ESF)		19,380	2.02
		ESF Country Total & GPA		7,550	1.93
		DA Country Total & GPA		11,830	2.07
Dominican Republic	517-0000	Program Dev. & Supp.	VA	1,160	1.7
	517-0190	Export Invest Promotion	SD	1,400	1.3
	517-0216	Development Training	VA	2,000	1.0
	517-0247	PVO Co-Financing	VA	1,385	3.7
	517-0251	Private Prim. Education	EH	1,100	0.0
	517-0254	Microenterprise Dev.	SD	1,648	3.7
	517-0255	Priv. Sect. Enterprise Supp.-BOP	ESF	12,000	1.3
	517-0640	PITIC	EH	1,000	1.0
		Country Total & GPA (DA & ESF)		21,693	1.55
		ESF Country Total & GPA		12,000	1.30
		DA Country Total & GPA		9,693	1.65
Ecuador	518-0019	Nontraditional Ag. Exports	VA	2,909	2.0
	518-0068	Ag. Rsch., Extension & Education	FN	1,247	2.7
	518-0069	Sustainable Uses for Bio. Res.	FN	1,152	3.0
	518-0078	Econ. Stabilizatn. Prgm. II- BOP	ESF	9,000	1.3
	518-0084	Population & Family Planning II	PN	1,825	3.0
		Country Total & GPA (DA & ESF)		16,133	1.85
		ESF Country Total & GPA		9,000	1.30
		DA Country Total & GPA		7,133	2.54
El Salvador	519-0000	Program. Dev. & Support	VA	1,818	1.7
	519-0287	Ind. Stabilization/Recovery	SD	2,800	2.0
	519-0315	TRG for Prod. & Compet.	EH	2,600	2.3
	519-0318	Micro-enterprise Dev.	SD	3,000	3.3
	519-0320	Public Servs. Improvement	VA	7,000	2.3
	519-0323	Free Zone Development	ESF	2,740	1.3

89

LATIN AMERICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
El Salvador (continued)	519-0349	Tech. Supp., Policy Anal. & Train.	ESF	8,000	2.0
	519-0356	ESF Balance of Payments Support	ESF	135,000	1.3
	519-0357	Education Quality Enhancement	VA	13,250	3.3
	519-0362	Coffee Technology Enhancement	FN	6,000	2.7
	519-0374	Sustainable Ag. Production	FN	5,000	3.3
		Country Total & GPA (ESF & DA)		207,208	1.73
		ESF Country Total & GPA		168,990	1.48
		DA Country Total & GPA		38,218	2.78
Guatemala	520-0000	Program Dev. & Support	VA	1,478	2.0
	520-0274	Highlands Ag. Dev.	FN	4,000	2.0
	520-0286	Cooperative Strengthening	FN	2,295	3.3
	520-0288	Expansion of Family Planning	PN	4,000	1.7
	520-0339	Immunization/Child Survival	CS	2,000	4.0
	520-0353	Rural Electrification III	FN	2,500	2.3
	520-0369	Admin. of Justice Improvement	ESF	3,000	1.7
	520-0371	Fiscal Admin. Improvement	SD	3,600	2.3
	520-0374	Basic Education Strengthening	EH	4,950	3.0
	520-0375	Micro Enterprise Dev.	VA	1,000	3.3
	520-0381	Small Farmer Coffee	FN	1,500	3.3
	520-0384	Dev. Plng., Trng., & Supp.	EH	1,150	1.0
	520-0392	Irrigated Ag. Support	FN	1,000	2.3
	520-0393	Guatemala Peace Schol. II	ESF	6,000	0.7
	520-0394	Economic Growth Stabilization	ESF	50,000	1.7
	520-0399	Highlands Water & Sanitation	HE	2,000	4.0
		Country Total & GPA (DA & ESF)		90,473	1.95
		ESF Country & GPA		59,000	1.60
		DA Country Total & GPA		31,473	2.60
Guyana	504-0099	Econ. Stabilization/Struct. Adjust	ES	2,000	1.3
		Country Total & GPA		2,000	1.30

LATIN AMERICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Haiti	521-0186	Investment & Export Promotion	SD	1,100	1.0
	521-0190	Incentives for Primary Education	EH	2,400	3.0
	521-0191	Targeted Watershed Management	FN	2,072	3.3
	521-0206	Vol. Ags. for Child Survival	VA	5,050	3.7
	521-0216	Coffee Revitalization	FN	1,300	3.3
	521-0217	AgroForestry II	FN	5,649	3.7
	521-0218	Expanded Health Services	VA	2,000	3.3
	521-0219	Family Health & Population	PN	1,900	2.3
	521-0222	Policy & Admin. Reform	VA	2,400	1.3
	521-0224	AIDS Control	HE	1,000	3.3
	521-0226	Economic Recovery Assistance	ESF	10,000	1.3
		Country Total & GPA (DA & ESF)		34,871	2.56
		ESF Country Total & GPA		10,000	1.30
		DA Country Total & GPA		24,871	3.07
Honduras	522-0216	Health Sector II	VA	5,955	3.0
	522-0241	Small Business Dev. II	SD	2,500	2.0
	522-0246	Forestry Development	FN	3,000	3.0
	522-0249	Ag. Research Foundation	FN	1,616	2.0
	522-0252	Small Farmer Org. Strength	FN	1,125	3.0
	522-0268	Irrigation Dev.	FN	3,000	2.0
	522-0292	Land Use Productivity Enhance.	FN	4,000	2.3
	522-0312	Investment & Export Promotion	VA	3,000	2.0
	522-0325	Policy Analysis & Implementation	ESF	3,000	1.0
	522-0334	Rural Trails & Access Roads III	FN	3,000	2.0
	522-0336	Ag. Dev. Programs	FN	2,000	3.0
	522-0340	Municipal Dev.	VA	2,808	2.7
	522-0364	Honduras Peace Schol. II	ESF	2,000	0.7
	522-0365	Structural Adj. Prog.	ESF	75,000	1.0
	522-0369	Private Sector POP Prog. II	PN	3,210	2.7
		Country Total & GPA (DA & ESF)		115,214	1.45
		ESF Country Total & GPA		80,000	0.99
		DA Country Total & GPA		35,214	2.58

LATIN AMERICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
Jamaica	532-0101	Hillside Ag.	FN	1,042	2.0
	532-0135	Export Dev. & Investment Promot.	VA	1,850	2.0
	532-0151	Inner Kingston Dev. I	SD	1,000	2.0
	532-0163	Pop. & Family Plng. Services II	PN	1,000	3.7
	532-0164	Production & Employment XI	ESF	17,000	1.7
		Country Total & GPA (ESF & DA)		21,892	1.84
		ESF Country Total & GPA		17,000	1.70
		DA Country Total & GPA		4,892	2.27
Peru	527-0000	Program Dev. & Support	VA	1,011	3.3
	527-0244	Upper Huallaga Area Dev.	ESF	2,500	2,7
	527-0282	Agricultural Tech. Transfer	FN	1,375	3.0
	527-0285	Child Survival Action	VA	3,667	3.7
	527-0335	Private Sector Family Planning	PN	2,000	3.3
		Country Total & GPA (ESF & DA)		10,553	3.26
		ESF Country Total & GPA		2,500	2.70
		DA Country Total & GPA		8,053	3.43
LAC Regional	597-0011	Regional Tech. Aids Cent.	EH	1,410	1.0
	597-0031	Cent. American Journalism Improv.	ESF	1,500	1.3
	598-0616	Intercountry Tech. Transfer	VA	6,300	2.0
	598-0642	Regional Admin. of Justice	ESF	6,800	3.0
	598-0644	Int'l Investig. TRG Assist. Prog.	ESF	6,000	0.7
	598-0654	Rural Dev. Tech Services	FN	1,220	1.7
	598-0657	Health Technical Servs. Supp.	VA	1,910	3.0
	598-0660	ADC Training	VA	1,870	0.7
	598-0772	Private Sector Instit. Reform	SD	1,130	2.7
	598-0774	Advanced Training in Econ.	EH	1,500	0.3
	598-0780	Environ. Support Project	VA	1,300	3.0
		Country Total & GPA (DA & ESF)		30,940	1.84
		ESF Country Total & GPA		15,370	1.78
		DA Country Total & GPA		15,570	1.91

92.

LATIN AMERICA -- FY 91

Country	Project #	Description	Funds	Amount (000s)	Grade
ROCAP	596-0000	Program Development & Support	VA	1,100	2.0
	596-0108	Agricultural Export Support	FN	2,050	1.3
	569-0150	Reg. Environ. & Nat. Resource Mgt.	VA	8,405	2.7
	569-0151	Intraregional Higher Education	VA	3,225	1.0
	569-0153	Maternal/Child Health	HE	4,000	2.7
	596-0161	Energy Policy Plng. & Efficiency	SD	1,000	0.3
		Country Total & GPA		19,780	2.12
Andean Narcotics Initiative	555-0001	Andean Narcotics Initiative	ESF	175,000	1.7
		Country Total & GPA		175,000	1.70

CENTRALLY FUNDED - FY 91

Project #	Description	Funds	Amount (000s)	Grade
931-0054	Intl. Fertilizer Dev. Center	FN	3,114	3.0
931-1254	CRSP: Sorghum/Millet	FN	2,800	3.3
931-1310	CRSP: Beans & Cowpeas	FN	2,865	3.3
931-1311	CRSP-Program: Soils Mgt.	FN	2,300	3.7
931-1328	CRSP-Program: Sm. Ruminants	FN	2,800	3.3
936-4048	CRSP: Peanuts	FN	1,700	3.3
936-4111	Int. Agric. Research Ctrs.	FN	2,110	3.0
936-4177	Improved BNF thru Bio-Techn.	FN	1,140	3.3
936-5110	Food, Nutritn. Monitoring/Supp.	FN	1,100	3.3
936-5116	Vitamin A for Health	FN	3,600	4.0
936-5117	Women & Infant Nutrition	VA	2,320	4.0
936-5120	Food Technology & Enterp.	FN	1,000	4.0
936-5728	Energy Pol. Dev. & Conservn.	VA	2,300	2.0
936-5730	Renewable Energy Applicn/Trng.	FN	1,000	2.7
936-5734	Energy Training	VA	1,750	1.7
936-5737	Biomass Energy Systs. & Techn.	VA	2,000	2.7
936-5738	Priv. Sector Energy Dev.	FN	2,000	1.0
936-5741	Energy Techn. Resources Asst.	VA	1,700	1.3
936-5517	Environmtl. Planning & Mgt.	VA	1,250	2.7
936-5547	Forestry Fuelwood Rsch. & Dev.	FN	2,500	3.0
936-5554	Conservn. of Biolog. Diversity	FN	1,350	2.7
936-5555	Environmtl. Pol. & Analysis	FN	1,350	2.7
936-5556	Forest Mgt. and Consrvation	FN	1,000	3.3
936-5053	HBCU Research Grants	VA	1,815	2.0
936-5058	Joint MOUS-Agriculture	FN	2,903	1.3
936-5448	Micro-enterprise Investment	VA	1,100	3.3
936-5455	Approp. Technology Intl. III	FN	3,000	3.3
936-5818	Radio Science	EH	1,075	3.0
936-5823	Impr. Efficiency Ed. Systs. II	EH	1,325	2.7
936-5832	Advanc. Basic Educ/Literacy	EH	1,275	3.0
931-1126	Tropical Disease Research	HE	2,500	3.3
936-5935	Diagnostic Technology Dev.	HE	1,050	3.0
936-5947	Vaccine Dev. & Health Research	CS	1,000	3.3
936-5948	Vector Biology & Control	HE	2,100	3.7

CENTRALLY FUNDED - FY 91

Project #	Description	Funds	Amount (000s)	Grade
936-5951	Child Surviv. Action Prg. Supp.	CS	1,700	3.3
936-5953	Supply/Promot/Production - ORT	CS	1,000	3.3
936-5966	Maternal-Neonat. Hlth & Nutrn.	CS	2,300	3.7
936-5968	Technology for Child HEA	CS	1,100	3.7
936-5969	Technology for PHC II	CS	3,650	2.7
936-5972	AIDS Technical Support	HE	12,300	3.0
936-5973	Water/Sanitation for Hlth. III	HE	2,500	4.0
936-5974	Hlth Care Financ. & Sustain. I	CS	1,750	3.0
936-5979	Malaria Vaccine Res. & Dev.	HE	8,500	3.3
936-5982	Techn/Resources for Child Hlth.	CS	1,700	3.0
936-5984	Communic/Mktg. for Child Surv.	CS	2,200	3.3
936-5965	Global AIDS Program - WHO	HE	21,000	3.0
932-0955	FP Intl. Assistance Program	PN	4,095	1.7
936-3018	Contraceptives Procurement	PN	12,677	2.3
936-3023	Demogr. & Family Hlth. Surveys	PN	3,969	2.0
936-3030	Improving Services Deliver	PN	6,269	2.3
936-3031	FP Trng. for Paramed. Comm. II	PN	4,266	1.7
936-3032	Population Information III	PN	1,533	1.0
936-3034	FP Enterprise	PN	3,700	1.7
936-3035	Population Policy Initiatives	PN	2,475	3.0
936-3037	Extend FP thru Women Managers	PN	1,200	1.3
936-3038	FP Logistics Management	PN	5,153	1.7
936-3040	Natural FP	PN	2,000	0.0
936-3041	Family Health International	PN	6,587	1.3
936-3042	FP Services - Path Finder	PN	3,500	1.7
936-3043	Expansion/Improv. FP Programs	PN	3,500	2.7
936-3044	Contraceptive Res. & Dev.	VA	3,000	1.3
936-3045	Training Reproduct. Health II	PN	3,617	1.3
936-3046	Demographic Data Initiative	PN	3,323	2.0
936-3048	Service Expans. & Techn. Supp.	PN	8,569	1.3
936-3049	Voluntary Sterilization - AVS	PN	8,400	2.3
936-3050	Population Cncl. Prog.-Phase II	PN	3,869	4.0
936-3051	Contraceptive Soc. Mktg. II	PN	2,000	1.7
936-4111.88	CGIAR	FN	40,000	3.0

CENTRALLY FUNDED - FY 91

Project #	Description	Funds	Amount (000s)	Grade
938-0158	Matching Grants to PVOs	VA	19,250	3.7
938-0192	Cooperative Grants to PVOs	FN	6,000	3.7
938-0230	Development Education	FN	2,700	3.3
938-0238	Ocean Freight Reimbursement	VA	3,300	3.7
938-0244	Oppor. Industrial. Ctrs. Intl.	EH	2,000	2.7
938-0500	Technical Supp./Child Survival	VA	14,824	3.7
938-0704	Food Aid Institutl. Dev. & Supp.	FN	7,500	3.7
940-1005	Project Development & Support	VA	1,000	2.7
940-1008	Housing & Urban Programs	VA	3,500	2.3
940-0012	Intl. Exec. Svcs. Corps (IESC)	VA	5,000	1.0
940-0014	Financial Sector Development	VA	1,130	1.0
940-0015	Institut. Reform & Informl. Sec.	SD	1,870	3.0
940-0016	Privatization for Dev.	VA	2,000	2.3
940-2028	Private Enterprise Dev. Support	VA	1,000	1.0
930-0022	Socio-Econ. Studies & Activs.	VA	8,260	2.7
930-0085	Integrated Studies & Systems	VA	1,430	3.0
930-0100	WID Strategies & Resources	VA	5,000	2.3
930-0185	AID/Israel Coop. Development	VA	5,000	2.0
930-0232	Information as Tool in Dev.	VA	2,210	1.7
930-0600	Peace Corps	VA	2,000	3.7
926-0071	Training Eval. & Support Svcs.	EH	1,908	0.7
936-5542	Innovative Scientific Research	SD	6,362	3.0
936-5544	US/Israel Prog. Coop. Dev. Res.	SD	2,500	2.0
936-5545	Applying S&T to Devel. (NAS)-2	SD	2,000	3.0
	Country Total & GPA		368,314	2.70