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**EVALUATION AND SYNTHESIS OF
PROJECT PORTFOLIOS UNDER
SECTOR ASSISTANCE REPORTING SYSTEM
IN AFRICAN MISSIONS FOR FY1987**

prepared by

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PHASE II

FINAL REPORT

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Memcon: Talk with Brian Hannon, AA/PPC

October 5, 1989

From: Frances Johnson, AFR/MDI *FJD*

Subject: AA/PPC Review of KMA SARS Work in Africa

On October 2, 1989, I called Brian Hannon to ask for his comments on KMA's work in Africa, entitled "Evaluation and Synthesis of Project Portfolios under Sector Assistance Reporting System in African Missions for FY 1987." As requested by Warren Weinstein, I had supplied Brian a copy of KMA's May 23, 1989, Final Report, together with two volumes of country reports on expenditures of the separate Missions prepared by Missions, sometimes with KMA assistance.

I had asked Brian to let me know his views on Strategic Recommendations, which we had worked out with KMA after due thought concerning how AID performance in the private enterprise field might be improved.

Previously Brian had borrowed from us MDI's scope of work and justification, sent by Chuck Gladson, for the two-phase KMA Africa review. He had used these papers in preparing scopes and so forth for commissioning KMA to travel to Thailand this summer to do a single country assessment of Mission expenditures. Despite the Mission's aura as being the jewel of Southeast Asia on private enterprise matters, it seems that the Mission had only expended less than one percent of its assets on supplies directly from the private sector.

He said he had looked at the Africa report to see how the Missions had cooperated. He expects their shop will be doing some follow-up work, i.e., a more full blown report with a special twist. That is, they will be looking at what slice of AID-financed goods and services come from private suppliers, especially American suppliers.

They would expect to do an FY 88 data update for the Philippines and Indonesia, plus two countries in northern Africa and two Sub-Saharan countries.

He observed that AID's rhetoric outpaces its record in terms of US private sector participation in getting AID business. The idea is, if results on source of procurement for goods and services are not very good, then AID guidelines are written poorly and should be simplified. Missions should have better policy guidelines to act on, making it easier for them to follow through and deliver.

The forthcoming exercise will give the Agency comparative examples from large and small missions.

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Part 2

I. Individual Mission SARS Forms and Evaluations

EXECUTIVE SUMMARY

U.S. AID expenditures for FY1987 in the project portfolios of the Africa Bureau Missions were evaluated under the Sector Assistance Reporting System (SARS). The SARS methodology measures the distribution of expenditures between public and private sector activities. This evaluation proceeded with two groups of countries. The first group of 31 missions provided data and responses with which there was substantial concurrence by KMA. The second group of 7 missions provided data and responses judged to be incomplete or insufficient. A third group of 5 missions did not provide any response and was not evaluated.

An effort was made to validate or reconcile much of the data provided by the second group. The results of incorporating reconciled Group 2 data are discussed in the "Summary Synthesis of Expanded Data." Aggregate expenditures for these Group 1 and Group 2 missions were \$640 million. Of this sum, \$158 million or 24.6% was for the purpose of promoting private enterprise development. The corresponding expenditures for the Group 1 missions were \$551 million, of which \$140.7 million was for the purpose of promoting private enterprise development. The major portion of the analysis concentrates on these Group 1 missions (See "Synthesis of Africa Bureau Expenditures"). However, the summary figures presented below are a breakdown of the composite Group 1 and Group 2 expenditures.

Only \$23 million or 3.6% of aggregate expenditures (14.7% of all private sector expenditures) were disbursed directly to indigenous private sector entities for private sector purposes. Host country governments were the largest direct recipient of U.S. AID devoted to private sector development. They received over half of all private sector expenditures (\$112 million or 71.3%). (See Chart 5)

U.S. and third country private sector entities were also large recipients of USAID disbursements, but very little of the funds channeled through them was used to support the indigenous private sector; rather these funds were primarily from PL 480 and related programs for the purchase of food commodities. Interestingly, only a small portion of the funds disbursed by USAID directly to the indigenous private sector was for the purpose of promoting private enterprise. The vast majority is for humanitarian and social purposes.

PVOs have demonstrated a significant interest in supporting private sector development activities. Universities have demonstrated a lesser interest in private sector support. Church connected organizations, however, demonstrated little to no interest in private sector support. (See pages 9-11)

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While the bulk of private sector expenditures were allocated to policy dialogue activities (\$99.5 million or 15.5% of all expenditures), a few large project expenditures account for the vast majority of these monies. Thus, such expenditures are not widely-distributed throughout the mission's portfolios. There is concern that much of what is reported as policy dialogue for the purpose of promoting private enterprise development bears closer scrutiny. There needs to be a means of validating these policy dialogue efforts, if they are to be counted as a major part of the effort to promote private enterprise development. (See pages 12-15)

Similarly, Economic Support Funds, while making the largest dollar contribution to private sector development (\$86 million or 54.6% of private sector expenditures), were concentrated in a few programs devoted largely to policy dialogue. Development Assistance expenditures, although smaller (\$50.5 million or 32.1% of private sector expenditures), were more widely-distributed throughout the mission portfolios.

Regionally-Funded and PL 480 programs contributed only insignificant expenditures in support of private sector promotion. This modest achievement was obtained through imaginative use of policy dialogue in a few cases in ways that affect a broad range of activities, including privatization of agricultural input deliveries.

Local currency expenditures totaling \$113 million were reported. However, this sum is believed to be significantly less than actual expenditures. Many missions known to have local currency expenditures did not report any. A negligible portion of local currency spending was used to support private enterprise development. (See pages 26-28)

Notwithstanding the current percentages of U.S. AID expenditures devoted to private enterprise in the subject mission portfolios, there are opportunities through innovative thinking, as was illustrated by some projects, to increase the amount and scope of expenditures intended to encourage private enterprise.

A number of recommendations are outlined as a result of this analysis (See pages 34-38):

-USAID needs to develop a mechanism by which it can judge whether or not the level of economic development has progressed to the point that would permit the indigenous private sector a greater role in managing assistance funds.

-Non-profit sector entities can play a significant role in promoting private enterprise development. However, some are more likely to do so than others. An explicit assessment of the role of non-profits in promoting private enterprise should be considered.

-Bureau guidance should be more specific concerning the use of U.S. resources to promote measurable private sector benefits.

-Efforts should be undertaken to derive greater private sector impact from ESF, P.L. 480 and Regionally funded programs.

-A definitive plan for assessing the impact of policy dialogue efforts on private sector growth needs to be devised.

-An effort should be made to make greater use of the U.S. private sector as a means of encouraging the growth in the indigenous private sector.

-A greater emphasis is needed for training of mission personnel in the tools necessary to the design and implementation of private sector projects.

-Management review of the results of private sector programs needs to be facilitated.

-The FY 87 data as constituted is a benchmark that should be viewed in the context of dynamic program development in FY 88 and FY 89.

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I. INTRODUCTION

The Africa Bureau determined to evaluate how its expenditures were allocated during FY1987 between projects that encourage private sector development and those that support humanitarian and traditional public service activities. In doing so, it was the first bureau to implement USAID's Sector Assistance Reporting System (SARS), which had recently been designed for this purpose.

While utilizing the basic approach of the SARS model, the Africa Bureau went further in its data collection and imposed additional information requirements. It requested that expenditure data include Development Assistance projects, Economic Support Funds, PL 480, Regional or Centrally-Funded programs and Local Currency expenditures. The missions were also requested to provide tangible examples of impact, if any, for those projects which showed a private sector expenditure component.

It should be noted that SARS is designed for the specific purpose of measuring the actual flow of expenditures in a given year that were devoted to encouraging indigenous private sector development and other activities. SARS is not designed to measure results or impact of these expenditures. There is a basic assumption that such expenditures, designed to evoke change in host country socio-economic and political systems and the condition of the indigenous peoples, have their intended impact.

Indigenous private sector development is one of USAID's policy pillars and considered an important vehicle for enhancing political liberties. President Bush recently commented, "Economic reform, with its emphasis on incentive and market economics, leads to more freedom."

Policy, regulatory and administrative changes normally require more than a single year to have an observable impact. In order to assess whether private sector development objectives are actually being achieved through given programs, additional data collection and analysis would be necessary.

One caveat in reviewing the reports of individual missions is that attempts to compare mission performance based on these raw statistics can be misleading. Given the multiplicity of socio-economic and political systems and level of development among aid-recipient countries,

it is not possible to make meaningful comparisons. Each mission's portfolio has to be considered in light of the status quo in the given country and its development needs.

While it would be unfair to compare mission portfolios based solely on the level of expenditures devoted to promoting private sector development, the synthesis data can provide insights into the overall approach and direction of Africa Bureau efforts and the means the Bureau is using to achieve its objectives.

It is also clear that some types of expenditures can be employed in more than one mission to implement USAID's private sector policy goals. Accordingly, this report will seek to identify expenditures that could have multi-mission application. Additional observations will also be provided as relevant. Finally, strategic recommendations will be drawn from KMA's experience in data collection and its analysis.

II. THE SARS SYSTEM

A brief outline of the SARS methodological approach will facilitate understanding of the analysis employed in evaluating the Africa Bureau's mission project portfolios.

Under SARS, annual expenditures (FY1987 in this case) were analyzed and divided into four categories (based on who was the "initial recipient" of USAID's disbursements) and which are further divided into five subcategories (based on who was the "end-user" and/or what was the intended purpose of the expenditure).

The initial recipient heading is divided into four mutually-exclusive categories:

- A. Private sector entities in the host country.
- B. Private voluntary organizations, non-governmental organizations, universities(public or private), and non-profit entities (hereafter collectively referred to as PVO/NGO/University);
- C. Host country government entities, regional public sector entities, international organizations, mixed public/private ownership entities, parastatals, and U.S. government agencies directly implementing USAID programs (hereafter collectively referred to as the public sector); and
- D. U.S. and other country private sector firms under contract to USAID or to the host government.

Within categories A, B, C and D, there are subcategories to classify expenditures according to the ultimate end-user and/or the intended purpose for which they are to be used. These subcategories are:

- 1. Intended purpose of assistance is to promote private enterprise AND the end-user of the funds is a private sector entity;
- 2. Intended purpose of assistance is to promote private enterprise AND the end-user of the funds is NOT a private sector entity;

3. Intended purpose of assistance is for infrastructure development or for the general enhancement of human resources which contribute indirectly to private sector development.
4. Intended purpose of assistance is to influence change in host country policies through "policy dialogue," for the purpose of promoting private enterprise, or to fund studies bearing on private enterprise development; and
5. Intended purpose is for traditional public service, non-private sector policy dialogue or studies, humanitarian and social welfare programs, including infrastructure and training related to these purposes.

The distribution of monies among these fore-mentioned categories and subcategories in the Africa Mission portfolios is aggregated and analyzed below.

III. SYNTHESIS OF AFRICA BUREAU EXPENDITURES

1. Overview

In FY1987, the Africa missions reported appropriated expenditures -- Development Assistance, Economic Support Funds, PL 480 and Regionally-Funded Projects -- totaling approximately \$756 million and Local Currency expenditures totaling approximately \$84 million. KMA's review and evaluation of Africa mission portfolios involved more than 530 individual projects.

For purposes of evaluation and discussion, KMA divided these mission expenditures into three groups as follows:

- a. "Group 1" includes the expenditures reported by 31 missions whose SARS responses were complete and with which KMA was largely in concurrence.
- b. "Group 2" includes the expenditures reported by the 7 missions who provided responses in the SARS data collection effort, but who either did not forward a final concurrence or whose final response still provided insufficient basis for KMA to concur substantially in the mission's classification on expenditures.
- c. "Group 3" includes the expenditures of \$68.5 million reported in CP FY89 for the 5 missions which never responded to the original request for SARS data.

The following synthesis and in-depth discussion focuses on the appropriated expenditure figures of the Group 1 missions which totalled approximately \$551 million. They represent 72 percent of Africa missions and approximately 73 percent of the appropriated expenditures of the Africa Bureau. Local Currency will be addressed in a separate discussion and is not included in the aggregate figures.

Although this synthesis does not include Group 2 and 3 expenditures, any relevant and significant data regarding the SARS reports of those missions will be specifically highlighted in the course of the discussion. The individual expenditure classifications reported by the Group 2 missions with which KMA is in concurrence will be subsequently incorporated in a "Summary Synthesis of Expanded Data" discussion at the end of this section to provide as complete a picture as

possible of the Bureau's overall portfolio.

The following synthesis is designed to provide an insight into the total level of effort among the Africa missions to promote private sector development. Analysis of expenditures by initial recipient (Categories A-D) shows the vehicles USAID utilizes to distribute its funds and the types of activities those entities tend to stress. Examination of expenditures devoted to the private sector categories (Subcategories 1-4) indicates the general direction the Africa Bureau appears to be taking. In-depth analysis of this synthesis should have broad application to Africa Bureau decision-making as a whole.

TABLE 1 on the page following shows the summary SARS appropriated expenditure data for the Group 1 missions.

Column 2 of TABLE 1 shows the total of appropriated expenditures reported by each mission for FY1987 under the SARS system. The remaining columns identified by a "letter" and "number" (e.g., "A1") show the distribution of that total among the SARS Subcategories for each mission. Each of the Categories (A-D) are summed separately to show how much assistance was disbursed through the various initial recipients -- that is, what type of entity (e.g., local private sector, PVO, host government, etc.) served as the vehicle for USAID funds and to what extent. This display allows a quick review of each mission's overall portfolio.

Line 36 of TABLE 1 presents a picture of the distribution of Bureau expenditures as a whole by initial recipient and by intended purpose for each recipient category.

These figures are rearranged in Lines 39 through 46 to show the distribution of Bureau expenditures by Subcategory. As discussed above in the explanation of the SARS process, Subcategories 1 through 4 pertain to expenditures that promote private sector development. Subcategory 5 relates to expenditures that support the public sector or humanitarian activities.

TABLE 1 shows that \$140.7 million or 25.5 percent of Africa Bureau appropriated expenditures are devoted to activities intended to encourage indigenous private sector development (Line 44).

The following sections will discuss in further detail salient features disclosed by these expenditure

figures and KMA's synthesis and analysis of them.

TABLE 1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Africa Totals																									
MISSION	FB77 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT B4	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D
Group 1																									
Botswana	17.478	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.166	0.00	5.574	5.740	0.000	0.000	0.386	0.093	5.085	5.564	0.000	0.000	0.053	0.233	5.088	6.174
Burundi	3.676	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.660	0.660	0.000	0.000	0.000	0.000	2.471	2.471	0.000	0.000	0.000	0.000	0.54	0.545
Cameroon	17.224	0.117	0.000	0.000	0.000	0.000	0.117	0.621	0.600	0.000	0.00	8.068	8.689	0.000	0.000	1.988	0.900	5.532	8.420	0.000	0.000	0.000	0.000	0.00	0.000
Central African Rep	2.269	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.463	0.000	0.00	0.499	0.962	0.000	0.000	0.000	0.000	1.307	1.307	0.000	0.000	0.000	0.000	0.00	0.000
Chad	14.818	0.000	0.000	0.000	0.000	0.124	0.124	0.000	0.000	0.434	0.00	0.193	0.537	0.000	0.000	0.000	0.000	10.350	10.350	0.000	0.000	0.000	0.000	3.80	3.807
Congo	0.605	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.604	0.00	0.000	0.604	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Comoros	0.937	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.937	0.937	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Gambia	3.139	0.000	0.000	0.007	0.000	0.027	0.034	0.000	0.000	0.013	0.00	0.856	0.869	0.000	0.000	0.064	0.000	1.431	1.495	0.000	0.000	0.000	0.737	0.000	0.741
Guinea	1.975	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.455	0.29	1.230	1.975	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Ethiopia	124.705	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	124.70	124.705
Ghana	7.666	0.000	0.000	0.000	0.000	0.182	0.182	0.000	0.000	0.000	0.36	4.194	4.563	0.000	0.000	0.000	0.000	0.543	0.543	0.000	0.000	0.000	0.050	2.32	2.378
Ivory Coast	14.139	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.075	0.005	1.759	1.839	0.000	0.000	0.000	0.000	12.30	12.300
Kenya	6.963	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	5.638	0.000	0.000	0.000	1.325	6.963	0.000	0.000	0.000	0.000	0.00	0.000
Lesotho	27.899	0.062	0.014	0.000	0.000	0.000	0.076	0.010	1.539	0.003	0.00	1.436	2.991	0.048	0.000	0.000	9.673	2.817	12.538	1.388	0.008	0.139	0.000	10.75	12.294
Madagascar	13.722	0.000	0.000	0.019	0.000	0.009	0.028	1.243	0.555	0.527	0.00	0.410	2.735	0.015	0.000	0.000	0.984	0.999	0.000	0.000	5.061	0.029	4.87	9.960	9.960
Mali	19.927	0.000	0.000	0.000	0.140	0.140	0.140	0.570	0.110	2.441	0.00	3.681	6.602	2.391	0.228	1.032	4.276	5.266	13.185	0.000	0.000	0.000	0.000	0.00	0.000
Mauritania	27.392	0.000	0.000	0.944	0.000	3.083	4.027	0.062	0.000	0.362	0.00	3.732	4.156	0.000	4.000	0.000	4.000	7.743	15.743	0.000	0.000	0.000	1.334	2.13	3.466
Mauritius	5.383	0.000	0.000	0.000	0.000	0.118	0.118	0.050	0.000	0.500	0.00	1.245	1.795	0.000	0.000	0.260	0.000	3.348	3.608	0.000	0.000	0.000	0.000	0.31	0.312
Niger	1.914	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.91	1.914
Nigeria	31.948	0.004	0.000	0.000	0.000	0.067	0.071	0.000	0.000	1.112	0.00	5.435	6.547	0.000	0.107	0.098	12.500	8.390	21.095	0.000	0.000	0.150	0.067	4.01	4.235
Rwanda	2.699	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	1.822	1.822	0.000	0.000	0.000	0.000	0.817	0.817	0.000	0.000	0.000	0.000	0.06	0.060
Senegal	10.533	0.000	0.000	0.000	0.018	1.474	1.492	0.103	0.052	0.520	0.11	2.925	3.715	0.000	0.039	0.016	0.000	1.742	1.797	0.000	0.000	0.016	0.066	3.44	3.529
Seychelles	39.199	0.000	0.073	0.000	0.000	1.056	1.129	0.000	0.000	0.000	0.00	2.059	2.059	0.000	0.000	0.000	13.000	6.305	19.305	0.000	0.847	0.000	1.609	14.25	16.706
Somalia	4.078	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.109	0.109	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.96	3.969
Swaziland	53.257	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.164	0.00	0.194	0.373	0.000	0.000	4.076	23.341	13.655	41.072	6.000	0.000	0.000	0.000	11.82	11.827
Tanzania	7.980	0.000	0.000	0.002	0.000	0.198	0.200	0.000	0.000	0.440	0.19	1.236	1.869	0.000	0.000	0.291	0.000	0.621	0.912	0.000	0.000	0.264	0.053	4.68	4.999
Zambia	12.969	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.003	0.003	0.000	0.000	0.000	0.000	0.280	0.280	0.000	0.000	0.000	3.775	8.91	12.686
Zimbabwe	41.623	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.076	0.076	0.000	0.000	0.000	20.403	10.548	30.951	0.000	0.000	0.000	0.000	10.59	10.596
REDSO/ESA	31.934	0.000	0.000	0.000	0.000	0.265	0.265	0.000	0.000	0.325	0.00	4.880	5.205	0.000	0.000	0.000	0.000	26.870	26.870	0.000	0.000	0.000	0.000	1.59	1.594
REDSO/ESA	2.706	0.000	0.000	0.000	0.003	0.014	0.017	0.000	0.000	0.109	0.00	2.114	2.223	0.000	0.880	0.000	0.000	0.062	0.062	0.000	0.000	0.000	0.000	0.40	0.404
REDSO/ESA	0.238	0.000	0.000	0.050	0.000	0.068	0.118	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.880	0.053	0.000	0.067	0.120	0.000	0.000	0.000	0.000	0.00	0.000
Total Group 1	550.996	0.183	0.087	1.022	0.021	6.825	8.138	2.659	2.719	8.175	0.97	53.278	67.801	8.092	4.366	8.339	88.191	117.318	226.306	1.388	0.855	6.420	7.218	233.32	249.201
	FB77 EXPEN	A1	A2	A3	A4	A5	SUM A	B1	B2	B3	B4	B5	SUM B	C1	C2	C3	C4	C5	SUM C	D1	D2	D3	D4	D5	SUM D
Group Exp by SubCat		% of Tot		Cat A Exp % of Cat A			Cat B Exp % of Cat B						Cat C Exp % of Cat C						Cat D Exp % of Cat D						
SubCategory 1	12.322	2.23%	SubCat 1	0.183	2.25%	2.659	3.92%	8.092	3.5				1.388	0.56%											
SubCategory 2	8.027	1.46%	SubCat 2	0.087	1.07%	2.719	4.01%	4.366	1.9				0.855	0.34%											
SubCategory 3	23.956	4.34%	SubCat 3	1.022	12.56%	8.175	12.06%	8.339	3.6				6.420	2.58%											
SubCategory 4	96.400	17.48%	SubCat 4	0.021	0.26%	0.970	1.43%	88.191	38.9				7.218	2.90%											
SubCategories (1-4)	140.705	25.52%	SubCat 1-4	1.313	16.13%	14.523	21.42%	108.988	48.1				15.881	6.37%											
SubCategory 5	410.741	74.48%	SubCat 5	6.825	83.87%	53.278	78.58%	117.318	51.8				233.320	95.63%											
CheckSum Vert	551.446		Sum 1-5	8.138		67.801		226.306					249.201							Check Hor	551.446				

2. Initial Recipients

The following chart shows a summary of the allocation of initial disbursements of appropriated FY1987 expenditures for Group 1 missions among the four SARS initial recipient categories totaling \$551 million, of which \$140.7 million was applied to private sector activities:

CHART 1

<u>Category</u>	<u>Total</u>	<u>% Total</u>	<u>Private Sector Amount</u>	<u>% Private Sector</u>	<u>% of All Private Sector</u>	<u>Priv. Sect % of All Expenditures</u>
A (priv sect) :	\$8,138,000	1.5%	\$1,313,000	16.1%	0.9%	0.2%
B (PVO/Univ) :	\$67,801,000	12.3%	\$14,523,000	21.4%	10.3%	2.6%
C (publ sect) :	\$226,306,000	41.0%	\$108,988,000	48.2%	77.5%	19.8%
D (US/othpriv):	\$249,201,000	45.2%	\$15,881,000	6.4%	11.3%	2.9%

These figures illustrate that public sector entities (Cat.C) and U.S. and third country private sector entities (Cat. D) are by far the primary recipients of USAID disbursements.

Disbursements to host government and other public sector entities predominated in program expenditures intended to promote indigenous private sector development. In fact, nearly half (48.2%) of the direct disbursements to governmental entities (Cat.C) were devoted to private sector purposes. These public sector entities served as a channel for the distribution of \$108,988,000 to private sector development purposes, accounting for 77.5 percent of all African Bureau spending to promote the private sector.

These figures can be misleading unless the "intended purpose" of the expenditures disbursed to the public sector is understood. The vast majority of these monies channeled primarily through host governments is for "policy dialogue" purposes (Cat. C4). They totaled \$88,191,000 accounting for more than 80 percent of expenditures disbursed directly to host country governments and other public sector entities by USAID to encourage private enterprise development. The merits of SubCategory 4 policy dialogue expenditures for private sector development will be discussed in greater detail in the "Intended Purpose" section which follows.

At the other extreme in terms of amount are the funds disbursed directly to indigenous private sector entities (Cat. A). Nearly 85 percent of the \$8,138,000 total is intended to provide humanitarian assistance. Only \$1,313,000 (16.1%) are disbursed directly to the indigenous private sector to promote its development. This amount represents a mere 0.2 percent of the Africa Bureau's overall portfolio.

U.S. and third country private sector firms (Cat. D) receive the largest share of the Africa Bureau's initial disbursements -- \$249,201,000 (45.2%), but these expenditure levels are primarily a function of PL 480 program expenditures which alone accounted for \$175,023,000. Since much of the PL 480 program is devoted to providing humanitarian food assistance, the small percentage of PL 480 funds promoting private sector activity (6.4%) funded through disbursements to U.S. and third country private sector firms (Cat. D) is not surprising.

In-depth analysis of direct disbursements to non-profit sector entities (Cat. B.) provided some interesting insights. Six of the 31 missions in Group 1 -- Ethiopia, Ghana, Guinea, Mauritius, Seychelles and REDSO/WCA -- did not report any expenditures in Category B.

The remaining 25 missions reported a total of \$65,869,000 disbursed to initial recipients in Category B. Of this total, \$29,940,000 (45%) was through universities with the balance of \$35,929,000 (55%) being channeled through PVOs, NGOs and other non-profit entities (collectively referred to here as "PVOs"). In both cases, the majority of these expenditures supported Subcategory 5, humanitarian/social welfare activities -- \$26,698,000 (89%) for universities and \$26,677,000 (74%) for PVOs.

Considering private sector support activities, PVOs spent over 11 percent of their funds for direct or indirect benefit of the private sector (SubCategories 1 & 2). Examples include:

Cameroon		<u>(millions)</u>
631-0044	Credit Union Development	\$0.105
631-0057	Credit Union Development II (World Council of Credit Unions)	0.516
Central African Republic		
676-0017	Rural Enterprise Development (Africare)	0.463
Kenya		
615-0216	Family Planning Management (Affaire Medical Research Foundation)	0.010

Lesotho		
632-0021	Agr Prod & Inst. Support (SubCat 1)	1.243
	(SubCat 2)	0.555
Malawi		
612-0214	Rural Enter & Ag Bus Dev (SubCat 1)	0.470
	(SubCat 2)	0.110
Mauritania		
682-0233	Human Resources Development	0.050

Universities did not spend any funds in support of activities related to Subcategories 1 or 2. However, 9 percent of University expenditures (\$2.6 million) were in support of private sector infrastructure and training (SubCategory 3). PVOs devoted 11 percent of their expenditures (\$5.1 million) for private sector infrastructure and training.

Examples of private sector infrastructure and training (SubCategory 3) spending by PVOs and Universities are listed below:

		<u>(millions)</u>
Chad		
677-0041	Chad relief Rehab (AFRICARE)	\$0.134
677-0051	PVO Development Initiatives	0.300
Congo		
679-0001	Small Holder Ag Dev I	0.259
679-0002	Small Holder Ag Dev II	0.345
Djibouti		
603-0015	Djibouti Fisheries (Rsch Dev Asso)	0.013
Equatorial Guinea		
653-0002	Cooperative Development (CLUSA)	0.405
Lesotho		
632-0221	Agriculture Production (CUNA/WOCCU)	0.527
Mali		
688-0237	VITA Woodstoves (VITA)	0.295
625-0935	Africare BLE DIRE	0.067
Niger		
683-0234	Ag Production Support (CLUSA)	1.000
683-0245	Rural Integrated Ag Dev (Africare)	0.077
REDSO/ESA		
698-0424	KENGO Regional Stoves (KENGO-NGO KENYA)	0.109
Rwanda		

696-0121	Private Enterprise Dev (Technoserve)	0.416
Somalia		
649-0122	C.D.A. Forestry (VITA) (Africare) (Save the Children)	0.164
Swaziland		
645-0227	Training for Entrepreneurs (CARE)	0.259

It is interesting to note that only one percent of all expenditures to PVO and Universities were devoted to policy dialogue purposes (SubCat. 4). Universities spent \$600,000 and PVOs spent \$300,000 on policy dialogue.

The potential for PVOs to play a greater role in private sector development activities is clearly indicated by the distribution of their activities among the five SARS SubCategories. Nearly 25 percent (\$9 million) of PVO expenditures was in Subcategories 1, 2, and 3. At the same time these institutions were responsible for disbursing an additional \$175 million of PL 480 for humanitarian/social welfare purposes (SubCat. 5). The potential use of PL 480 for private sector development purposes by PVOs seems to be largely disregarded. It is particularly interesting that there is no evidence that church connected organizations have been involved in any efforts supporting private sector development activities.

PL 480 expenditures are generally rated as Category D expenditures, because the initial recipients of the funds are U.S. business entities. However, these commodities are often distributed to their final users through the good offices of PVOs.

In commenting on the role of PVOs in promoting private sector development, the example of Africare is illustrative of the potential that can be achieved. In FY 87 seven USAID missions reported a total of 13 Africare projects, many of which included the participation of other PVOs. Seventeen percent of the total funds expended for these thirteen projects was devoted to some private sector purpose. Five of the thirteen projects had private sector components. In addition to AFRICARE other PVOs who have been involved in private sector promotion are listed below as follow:

Auburn University	CARE	CUNA
CLUSA	DEMATT	KENGO
Harvard University	Indefund	MUSSCO
University of Missouri	University of Wisconsin	
VITA	Save The Children	
Research Development Associates		
World Council of Credit Unions		

Africa Medical Research Foundation

3. Intended Purpose

The following chart shows how the above-described disbursements of appropriated FY1987 expenditures of the Group 1 missions totaling \$551,446,000, were applied in terms of end-user and/or intended purpose according to the SARS SubCategories:

CHART 2

<u>SubCategory</u>	<u>Total</u>	<u>% of All Private Sector</u>	<u>% of All Expenditures</u>
1 (priv. sect. end-user & purpose):	\$12,322,000	8.8%	2.2%
2 (priv. sect. purpose) :	\$8,027,000	5.7%	1.5%
3 (priv. sect. Infrastrctr & Trng):	\$23,956,000	17.2%	4.3%
4 (priv. sect. policy dialog) :	\$96,400,000	68.5%	17.5%
5 (public service & humanitarian) :	\$410,741,000	--	74.5%

Expenditures devoted to encouraging private sector development (SubCat. 1-4) in the Africa Bureau totaled \$140,705,000 which accounted for 25.5% of all appropriated funds expenditures during FY1987 (\$551,446,000).

As can be observed from CHART 2, expenditures supporting private sector policy dialogue (SubCat. 4) was by far the predominant purpose of these expenditures -- \$96,400,000 of the \$140,705,000 or 68.5 percent of all Africa Bureau funds devoted to encouraging private sector development. The policy dialogue component should be analyzed carefully to assess whether the activity funded really is expected to benefit the indigenous private sector.

As noted in the discussion of CHART 1 above and illustrated in Table 1, fully \$88,191,000 of the \$96,400,000 in expenditures allocated to SubCategory 4 pertaining to policy dialogue were disbursed by USAID directly to host governments (Cat. C4).

Policy Dialogue (SubCategory 4) is the most nebulous of the five Subcategories in that it can be argued that any activity that promotes internal political stability in the short or long run leads to benefits for the private sector, as it does for all economic activity. However, many of these policy dialogue

activities seem to be nothing more than government to government transfers.

In the main, most policy dialogue expenditures appear to be aimed at immediate problems, such as balance of payment support, or support to failing inefficient parastatals. At their worst these types of activities may aggravate the overall health of host country economies. At best, many may be considered nothing more than humanitarian or social welfare programs, with little prospect of inducing much needed economic policy reform aimed at strengthening the private sector.

KMA's analysis found that sixteen missions show policy dialogue expenditures, distributed among 34 projects. Seven of these sixteen missions -- Kenya, Malawi, Mali, Niger, Senegal, Somalia, and Zambia -- account for over \$89 million of the \$96 million expended for policy dialogue.

The need for in-depth evaluation of the results of these programs is apparent, if accurate assessments of their inclusion in private sector support initiatives is to proceed.

At least two policy dialogue projects deserve special mention, "Economic and Financial Policy Analysis (635-0225)" in Gambia, and "Economic Policy Reform Program (688-0240)" in Mali.

In the case of Gambia the Statistics and Special Studies Unit of the Ministry of Finance with technical assistance from Harvard University has conducted studies leading to: changes in the tax structure and rates, budget reform, liberalization of trade and pricing, and increasing private access to foreign exchange. It is alleged that these new policies have led to annual increases of real growth of 5 and 6 percent for two years.

In the case of Mali \$4.6 million in policy dialogue expenditures was focused on the Ministry of Finance with technical assistance from Metametrics, Inc. The program has emphasized fiscal reform, including lower tax rates and strengthening tax collection. The program has attempted budget reform, and provides for early retirement from the civil service.

If the policy dialogue efforts in Gambia, and Mali prove to have worked as well as alleged, they might serve as instructive elements in efforts elsewhere.

Missions showing policy dialogue expenditures (SubCat. 4) are listed below along with the projects:

Botswana		(millions)	
622-0241	Work Force and Skills Training II	\$0.233	
690-0206	Southern Affaire Planning Mgmt & Research		0.093

Cameroon		
631-0008	Agricultural Mgmt & Planning	0.500
631-0013	National Cereals Research & Extension	0.200
631-0023	N. Cameroon Seed Multiplication	0.100
631-0052	National Cereals Research & Extension	0.100
Equatorial Guinea		
653-0002	Cooperative Development I	0.270
653-0003	Cooperative Development II	0.020
Gambia		
635-0225	Economic and Financial Policy Analysis	0.369
Ghana		
671-0102	Managed Inputs & Dev of Ag Serv	0.005
Kenya		
615-0213	Structural Adjustment Program Grant	9.673
615-0221	Agricultural Management	0.139
615-0225	Private Sector Housing	0.003
615-0238	Private Enterprise Development	0.001
Lesotho		
632-0080	University of Lesotho	0.011
632-0088	Rural Water & Sanitation	0.025
632-0218	Agricultural Planning	0.004
Malawi		
612-0225	Fertilizer Subsidy Removal	4.200
612-0227	Parastatal Restructuring	0.076
Mali		
688-0210	Operation Haute Vallee	0.733
688-0240	Economic Policy Reform Program (ESF)	4.603
Niger		
683-0246/7	Agricultural Sector Development (ESF)	12.500
625-0929	Planning Management & Research	
Rwanda		
696-0121	Private Enterprise Development	0.015
696-0127	Policy Reform Init in Mfg & Emp (ESF)	0.184
Senegal		
685-0288	Economic Support Fund IV (ESF)	1.000
685-0289	Economic Support Fund V (ESF)	6.000
685-0291	Economic Policy Reform Program I (ESF)	6.000
	PL 480 I	1.609
Somalia		
649-K604	Commodity Imp Prog III (ESF)	2.330

649-K605	Foreign Exchange Mkt Support (ESF)	21.011
Swaziland		
645-0212	Cropping Systems Research & Extension	0.193
698-0510	Program Dev and Support II	0.043
Zambia		
611-0747	Multi Channel Agriculture Market (ESF)	6.403
611-0757	Auction Support (ESF)	14.000

As these figures illustrate, a handful of large program expenditures (10 Projects), totaling \$86,720,000, account for 90 percent of the Africa Bureau's policy dialogue activities. Given the large proportion of private sector spending represented by these ten projects; and given, the relative imprecision in attributing private sector development motives to policy dialogue; a closer examination of these project appears to be warranted. Such an examination could lead to a significant revision in the proportion of Africa Bureau expenditures earmarked for the intended purpose of supporting private sector development.

4. Allocation by Program

The following chart shows how the Africa Bureau's appropriated FY1987 expenditures totaling \$551,446,000, of which \$140,705,000 was intended for private sector development, were distributed among the four program categories -- Development Assistance, Economic Support Funds, Regionally-Funded and PL 480:

CHART 3

<u>Program</u>	<u>Program Expenditures</u>	<u>Private Sector Portion</u>	<u>% of Program Private</u>	<u>Program % of All Private</u>	<u>Program Private Sector % of Total Expndtrs</u>
Dvlpmnt Asstnc:	\$172,549,000	\$45,538,000	26.4%	32.4%	8.3%
Econ Supt Fund:	\$126,525,000	\$86,063,000	68.0%	61.2%	15.6%
Regional Funds:	\$57,183,000	\$3,070,000	5.4%	2.2%	0.6%
PL 480	: \$175,023,000	\$5,384,000	3.1%	3.8%	1.0%

Although PL 480 projects account for the largest single group of expenditures (\$175,023,000), a negligible 3.1 percent of these expenditures (\$5,384,000) -- or in terms of total Africa Bureau expenditures, 1.0 percent -- are devoted to promoting private enterprise. By the nature of the PL 480 program, this outcome could be expected, but it appears that there are some opportunities to better utilize the PL 480 program to achieve private sector objectives, as will be discussed below.

Development Assistance projects account for the next largest single group of expenditures (\$172,549,000), and about 26.4 percent of these expenditures (\$45,538,000) are devoted to promoting private enterprise.

While ESF program expenditures are much lower in the aggregate (\$126,525,000) than Development Assistance or PL 480, they are a source of the vast majority of expenditures devoted to private enterprise development purposes (\$86,063,000). Thus, the ESF program representing only 22.9 percent of the Africa Bureau's portfolio provided 61.2 percent of expenditures allocated to private sector development in the African Bureau during FY1987 representing 15.4 percent of total Africa Bureau expenditures.

Development Assistance funds do appear to be more widely distributed, however, and constitute a component of numerous small projects. ESF expenditures, on the other hand, tend to be concentrated in a few very large projects.

As is obvious from a quick review of CHART 3 on the preceding page, the contribution of Regionally-Funded and PL 480 program expenditures to private sector development is insignificant. The use of these programs to promote private enterprise is exclusively through policy dialogue activities in the case of PL 480, and largely through infrastructure and training in the case of regional programs. Both can offer significant opportunities if properly designed and managed. However, care should be exercised to insure that the private sector objectives are clearly defined and monitored.

The specific program groups summarized here are discussed individually below.

A. Development Assistance

In terms of aggregate expenditures, development assistance accounts for less than one-third of funds spent to promote private sector development. However, the majority of individual projects encouraging private sector development are found in development assistance programs.

The distribution of Development Assistance expenditures for the Africa Bureau by initial recipient and intended purpose for each mission and in total are illustrated in TABLE 2 on the page following. For instructions on interpreting TABLE 2, please review the detailed explanation provided with TABLE 1.

While most development assistance projects must be uniquely tailored to a given mission, some conceptually may have application to several missions. These projects with so-called potential "multi-mission" applicability are listed in the section following "Strategic Recommendations."

Most mission development assistance projects are almost entirely devoted to promoting either private sector or public sector purposes. Some combine components of each. This latter approach could offer greater advantages for the promotion of private enterprise, because it makes private sector development thinking more pervasive throughout a given portfolio.

Such an approach would force project officers to consider ways that traditionally public service and humanitarian programs can also serve private sector development needs. Otherwise, there may be a tendency to view certain activities as solely involving only one sector leading to compartmentalized thinking on the private sector aspects of a portfolio.

TABLE 2

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
Africa DA: FY 87																											
ISSIONS	FY87 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT B4	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D		
Group 1																											
Botswana	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Burundi	2.507	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.660	0.660	0.000	0.000	0.000	0.000	1.302	1.302	0.000	0.000	0.000	0.000	0.000	0.345	0.345
Cambodia	16.864	0.117	0.000	0.000	0.000	0.000	0.117	0.421	0.000	0.000	0.000	0.000	0.068	0.689	0.000	0.000	1.988	0.900	5.170	8.058	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Central African Rep	2.269	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.463	0.000	0.000	0.000	0.499	0.962	0.000	0.000	0.000	0.000	1.307	1.307	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Chad	2.683	0.000	0.000	0.000	0.000	0.020	0.020	0.000	0.000	0.434	0.000	0.000	0.095	0.529	0.000	0.000	0.000	0.000	0.149	0.149	0.000	0.000	0.000	0.000	1.985	1.985	
Comoros	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Congo	0.604	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.604	0.000	0.000	0.000	0.604	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Djibouti	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Equatorial Guinea	1.975	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.455	0.290	1.230	1.975	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ethiopia	19.785	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	19.785	19.785
Zambia	4.927	0.000	0.000	0.000	0.000	0.132	0.132	0.000	0.000	0.000	0.369	3.848	4.217	0.000	0.000	0.000	0.000	0.000	0.211	0.211	0.000	0.000	0.000	0.000	0.000	0.367	0.367
Ghana	1.535	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.530	1.530	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Guinea	1.043	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.638	0.000	0.000	0.000	0.000	0.405	1.043	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Kenya	8.411	0.042	0.014	0.000	0.000	0.000	0.076	0.010	0.010	0.003	0.803	1.422	1.448	0.048	1.529	0.000	0.000	0.000	2.526	4.103	1.388	0.008	0.139	0.000	1.269	2.784	
Lesotho	12.065	0.000	0.000	0.000	0.000	0.000	0.000	1.243	0.555	0.527	0.000	0.374	2.699	0.000	0.000	0.000	0.000	0.000	0.908	0.908	0.000	0.000	3.641	0.029	4.768	0.458	
Malawi	11.890	0.000	0.000	0.000	0.000	0.000	0.000	0.370	0.110	2.441	0.000	3.481	6.602	2.341	0.220	0.932	0.076	1.719	5.288	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Mali	8.857	0.000	0.000	0.502	0.000	0.707	1.209	0.042	0.000	0.295	0.000	2.444	2.823	0.000	0.000	0.000	0.000	4.092	4.092	0.000	0.000	0.000	0.733	0.000	0.733		
Mauritania	4.566	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.000	0.050	1.245	1.345	0.000	0.000	0.150	0.000	0.000	3.071	3.221	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Niger	30.094	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.077	0.000	5.284	6.361	0.000	0.107	0.050	12.500	7.242	19.899	0.000	0.000	0.150	0.000	3.684	3.834		
Mauritius	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Nigeria	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Seychelles	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rwanda	5.236	0.000	0.000	0.000	0.000	1.277	1.277	0.103	0.052	0.520	0.015	1.278	1.968	0.000	0.000	0.016	0.000	1.337	1.373	0.000	0.000	0.016	0.000	0.603	0.619		
Senegal	8.805	0.000	0.073	0.000	0.000	8.937	1.010	0.000	0.000	0.000	0.000	1.639	1.639	0.000	0.000	0.000	0.000	1.701	1.701	0.000	0.047	0.000	0.000	3.608	4.455		
Somalia	17.699	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.164	0.000	0.194	0.358	0.000	0.000	4.076	0.000	11.845	15.921	0.000	0.000	0.000	0.000	1.420	1.420		
Swaziland	7.241	0.000	0.000	0.002	0.000	0.022	0.024	0.000	0.000	0.385	0.195	1.084	1.642	0.000	0.000	0.291	0.000	0.342	0.653	0.000	0.000	0.246	0.010	4.644	4.902		
Tanzania	3.219											0.003	0.003					0.280	0.280					2.934	2.934		
Zambia	0.273	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.043	0.043	0.000	0.000	0.000	0.000	0.230	0.230		
Zimbabwe	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
REDSO/ESA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
REDSO/MCA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Group 1	172.548	0.179	0.087	0.504	0.000	3.095	3.865	2.659	1.190	6.905	0.920	32.870	44.544	3.027	1.854	7.503	13.481	45.220	71.087	1.388	0.855	4.212	0.772	45.826	53.053		
		A1	A2	A3	A4	A5	SUM A	B1	B2	B3	B4	B5	SUM B	C1	C2	C3	C4	C5	SUM C	D1	D2	D3	D4	D5	SUM D		
Group Exp by SubCat	% of Tot																										
SubCategory 1	7.253	4.20%	SubCat 1	0.179	4.63%	2.659	5.97%	3.027	4.26%	1.388	2.62%																
SubCategory 2	3.988	2.31%	SubCat 2	0.087	2.25%	1.190	2.67%	1.854	2.61%	0.855	1.61%																
SubCategory 3	19.124	11.08%	SubCat 3	0.504	13.04%	6.905	15.50%	7.503	10.55%	4.212	7.94%																
SubCategory 4	15.173	8.79%	SubCat 4	0.000	0.00%	0.920	2.07%	13.481	18.96%	0.772	1.44%																
SubCategories (1-4)	45.538	26.39%	SubCat 1-4	0.770	19.92%	11.674	26.21%	25.867	36.39%	7.227	13.42%																
SubCategory 5	127.011	73.61%	SubCat 5	3.095	80.08%	32.870	73.79%	45.220	63.61%	45.826	86.38%																
Checksum Vert	172.549		Sum 1-5	3.865		44.544		71.087		53.053																	

Typically, expenditures under a single development assistance project are relatively small, but in the aggregate can become substantial. It is difficult to say whether development assistance is the "predominant means" of promoting private enterprise in the Africa Bureau. In terms of number of projects, it is, but in terms of dollars, it was second by half to ESF, which totalled \$86,063,000 in private sector development spending (see CHART 3).

One advantage of development assistance projects might be that they are frequently designed with components that promote private sector development in diverse and multiple ways -- i.e., through all four subcategories; whereas, ESF expenditures are generally focused on policy dialogue (SubCat. 4) activities, from which hopefully private sector development results will eventually follow.

While policy dialogue activities are essential and can have widespread impacts throughout a host country's economy, many incremental changes in the way the private sector operates as a result of SubCategory 1-3 expenditures may lead the way for policy changes to reflect the reality of a growing private sector. It is difficult to say which approach is better in the abstract, but the possibility that policy change made be forced by the realities of private sector growth should be considered a possibility. It is through the many and diverse development assistance projects that this widespread structural change is most likely to occur. ESF expenditures falling in subcategories 1 and 2 were limited to two respective projects.

Ultimately, the real measure of which program -- Development Assistance or ESF -- is the "predominant means" of promoting private sector development would have to be based on an evaluation of results or impact. As discussed in the "Introduction" section of this report, measuring results would require data collection and analysis far beyond the scope and purpose of SARS.

B. Economic Support Funds

ESF programs are relatively few, numbering only 42 but representing over \$126,000,000 in expenditures, of which 68 percent (\$86,063,000) was devoted to private sector development.

The distribution of Economic Support Fund expenditures for the Africa Bureau by initial recipient and intended purpose for each mission and in total are illustrated in TABLE 3 on the page following. For instructions on interpreting TABLE 3, please review the detailed explanation provided with TABLE 1.

The tendency for ESF projects to be large compared to the relatively small size of projects in other programs, such as Development Assistance, raises the question of optimum project sizing for private sector development purposes.

In addition to questions of effectiveness associated with optimum project sizing, there are also effectiveness questions associated with policy dialogue projects, that are frequently found in ESF.

Policy dialogue activities, totalling \$75,637,000, accounted for 60 percent of all ESF expenditures and 88 percent of ESF expenditures intended for private sector development. The use of ESF to support other aspects of private sector development (SubCategories 1, 2, or 3) was negligible -- one large project falling in each of subcategory 1 and 2, and several smaller projects in subcategory 3 totalling only \$1.5 million.

As discussed more fully in the preceding section on "intended purpose," basic questions concerning the treatment of policy dialogue must be addressed. Are policy dialogue projects really promoting private enterprise development, or merely stopgap efforts to shore up the host country's economy? The answers to both sets of questions depend upon systematic assessments of project effectiveness, conducted over suitably long periods of time. Such assessments are beyond the scope and purpose of SARS, but are essential to enable a full appreciation of the role and effectiveness of the ESF program in private sector development.

TABLE 3

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
1 Africa ESF FY 87																									
2 COUNTRY	FY87 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT B4	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D
3																									
4 Group 1																									
5 Botswana	11.520	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.166	0.00	5.574	5.740	0.000	0.000	0.386	0.000	4.595	4.981	0.000	0.000	0.053	0.233	0.515	0.799
6 Burundi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
7 Cameroon	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8 Central African Rep	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9 Chad	11.436	0.000	0.000	0.000	0.000	0.067	0.067	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	10.086	10.086	0.000	0.000	0.000	0.000	1.283	1.283
10 Comoros	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11 Congo	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12 Djibouti	3.139	0.000	0.000	0.007	0.000	0.027	0.034	0.000	0.000	0.013	0.00	0.856	0.869	0.000	0.000	0.064	0.000	1.431	1.495	0.000	0.000	0.737	0.000	0.004	0.741
13 Equatorial Guinea	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
14 Ethiopia	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15 Gambia	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
16 Ghana	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17 Guinea	5.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	5.000	0.000	0.000	0.000	0.000	5.000	5.000	0.000	0.000	0.000	0.000	0.000
18 Kenya	9.891	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	9.673	0.000	9.673	0.000	0.000	0.000	0.000	0.218	0.218
19 Lesotho	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
20 Malawi	4.665	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	4.200	0.465	4.665	0.000	0.000	0.000	0.000	0.000	0.000
21 Mali	9.003						0.000						0.000		4.000		4.000		8.000				0.603	0.400	1.003
22 Mauritania	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
23 Mauritius	1.914	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.914	1.914
24 Niger	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
25 Nigeria	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
26 Rwanda	0.184	0.000	0.000	0.000	0.018	0.000	0.018	0.000	0.000	0.000	0.10	0.000	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.066	0.000	0.066
27 Senegal	13.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	13.000	0.000	13.000	0.000	0.000	0.000	0.000	0.000	0.000
28 Seychelles	3.969	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.969	3.969
29 Somalia	25.003	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	23.341	1.662	25.003	0.000	0.000	0.000	0.000	0.000	0.000
30 Swaziland	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31 Tanzania	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
32 Zambia	27.801	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.076	0.076	0.000	0.000	0.000	20.403	2.919	23.322	0.000	0.000	0.000	0.000	4.403	4.403
33 Zimbabwe	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
34 REDSO/ESA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35 REDSO/MCA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36 Total Group 1	126.525	0.000	0.000	0.007	0.018	0.094	0.119	0.000	0.000	0.179	0.10	6.506	6.785	5.000	4.000	0.450	74.617	21.158	105.225	0.000	0.000	0.790	0.902	12.704	14.396
37	FY87 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT B4	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D
38 Group Exp by SubCat	% of Tot			Cat A Exp % of Cat A			Cat B Exp % of Cat B			Cat C Exp % of Cat C			Cat D Exp % of Cat D												
39 SubCategory 1	5.000	3.95%	SubCat 1	0.000	0.00%		0.000	0.00%		5.000	4.7		0.000	0.00%											
40 SubCategory 2	4.000	3.16%	SubCat 2	0.000	0.00%		0.000	0.00%		4.000	3.8		0.000	0.00%											
41 SubCategory 3	1.426	1.13%	SubCat 3	0.007	5.08%		0.179	2.64%		0.450	0.4		0.790	5.49%											
42 SubCategory 4	75.637	59.78%	SubCat 4	0.018	15.13%		0.100	1.47%		74.617	70.9		0.902	6.27%											
43 SubCategories (1-4)	86.063	68.02%	SubCat 1-4	0.025	21.01%		0.279	4.11%		84.067	79.8		1.692	11.75%											
44 SubCategory 5	40.462	31.98%	SubCat 5	0.094	78.99%		6.506	95.89%		21.158	20.1		12.704	88.25%											
45 CheckSum Vert	126.525		Sum 1-5	0.119			6.785			105.225			14.396				CheckSum H	126.525							

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C. PL 480

PL 480 program expenditures are almost exclusively allocated to Category 5, humanitarian/public service activities, with only 3% attributable to support of the private sector through only the policy dialogue component. The distribution of PL 480 expenditures for the Africa Bureau by initial recipient and intended purpose for each mission and in total are illustrated in TABLE 4 on the page following. For instructions on interpreting TABLE 4, review the detailed explanation provided with TABLE 1.

Of the 31 missions that are classified in Group 1, the FY1989 C.P. shows that 15 received PL 480 in FY1987. PL 480 expenditures of these missions totaled \$83 million, not including Ethiopia which was not listed. However, four of these missions did not report receiving any PL 480. They are Chad, Guinea, Lesotho and Mauritania. Of the remaining eleven listed missions, five agree as to the amounts of PL 480 listed in the FY1989 C.P.

The Group 1 missions reported having received \$70 million in PL 480. When these amounts are added to the special contribution of \$105 million in FY1987 to Ethiopia, the total reported is \$175 million.

All seven of the missions classified in Group 2 are listed in the CP as having received PL 480, totaling \$102 million. However, only six reported receiving PL 480 totaling \$107 million. The five missions classified in Group 3 did not respond to the private sector survey. The CP lists them as having received \$49 million in PL 480.

Altogether, PL 480 expenditures for the Africa Bureau appear to have amounted to approximately \$331,000,000; although this discussion addresses only the \$175,000,000 expended by the Group 1 missions.

The primary vehicle for distributing PL 480 funds appears to be PVOs. PVOs distributed \$125 million worth of the \$175 million PL 480 contribution to Group 1 missions. All of their expenditures were in support of humanitarian and social welfare purposes (SubCat. 5). Of the remaining \$50 million, \$45 million was distributed by host governments for humanitarian/social welfare purposes.

Policy dialogue purposes (SubCat. 4) captured the balance of \$5 million, representing 3 percent of total PL 480 expenditures.

TABLE 4

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26		
1 Africa PL480 FY 87																											
2 COUNTRY	FY87 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D		
3																											
4 Group I PL480																											
5 Botswana	5.375	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.375	5.375	
6 Burundi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
7 Cameroon	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
8 Central African Rep	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
9 Chad	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
10 Comoros	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
11 Congo	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
12 Djibouti	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
13 Equatorial Guinea	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
14 Ethiopia	104.920	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	104.920	104.920	
15 Gambia	1.890	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.890	1.890	
16 Ghana	12.300	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	12.300	12.300	
17 Guinea	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
18 Kenya	9.292	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9.292	9.292	
19 Lesotho	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
20 Malawi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
21 Mali	0.225						0.000						0.000						0.000						0.225	0.225	
22 Mauritania	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
23 Mauritius	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
24 Niger	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
25 Nigeria	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
26 Rwanda	2.844	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.844	2.844	
27 Senegal	11.948	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.609	10.339	11.948	11.948	
28 Seychelles	0.109	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.109	0.109	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
29 Somalia	10.407	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	10.407	10.407	
30 Swaziland	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
31 Tanzania	9.750	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.775	5.975	9.750	
32 Zambia	5.963	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.963	5.963	
33 Zimbabwe	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
34 REDSO/ESA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35 REDSO/MCA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
36 Total Group I	175.023	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.109	0.109	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.384	169.530	174.914	
37	FY87 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D		
38																											
39 Group I Exp by SubCat		% of PL480		Cat A Exp% of Cat A			Cat B Exp% of Cat B			Cat C Exp % of Cat			Cat D Exp % of Cat D														
40 SubCategory 1	0.000	0.00%		0.000	0.00%		0.000	0.00%		0.000	0.00%		0.000	0.00%													
41 SubCategory 2	0.000	0.00%		0.000	0.00%		0.000	0.00%		0.000	0.00%		0.000	0.00%													
42 SubCategory 3	0.000	0.00%		0.000	0.00%		0.000	0.00%		0.000	0.00%		0.000	0.00%													
43 SubCategory 4	5.384	3.08%		0.000	0.00%		0.000	0.00%		0.000	0.00%		5.384	3.08%													
44 SubCategories (1-4)	5.384	3.08%		0.000	0.00%		0.000	0.00%		0.000	0.00%		5.384	3.08%													
45 SubCategory 5	169.639	96.92%		0.000	0.00%		0.109	100.00%		0.000	0.00%		169.530	96.92%													
46 CheckSum Vert	175.023						0.109						174.914														

AK

No PL 480 was allocated to the other private sector subcategories (1, 2, and 3). This result is understandable, given the nature and basic intent of the PL 480 program. However, some opportunities to use PL 480 to encourage indigenous private sector development might be available.

Two missions, Senegal (\$1.6 million) and Tanzania (\$3.8 million) used PL 480 for policy dialogue purposes. These missions demonstrated a certain degree of creativity in attempting to find ways to promote private sector development through the PL 480 program. Their efforts show that a primarily humanitarian/social welfare program can be designed to promote private sector development by helping to remove constraints on private sector economic activity.

D. Regionally-Funded

Regionally-Funded projects are of negligible consequence in terms of private sector development expenditures. Africa Bureau's regionally funded projects were dedicated largely to public service and humanitarian assistance projects.

The distribution of Regional or Centrally-Funded expenditures for the Africa Bureau by initial recipient and intended purpose for each mission and in total are illustrated in TABLE 5 on the page following. For instructions on interpreting TABLE 5, please review the detailed explanation provided with TABLE 1.

Regionally-Funded expenditures totalled \$57,183,000 among 136 projects. However, only \$3,070,000 (5%) was devoted to private sector development purposes. Private sector expenditures were so small that it is difficult to draw any meaningful conclusions about them.

Regionally-Funded projects are managed through disbursements primarily to public sector entities (e.g., \$34,546,000 allocated to Category C) and to a lesser extent to the non-profit sector (\$11,910,000 allocated to Category B).

The tendency for regional projects to be oriented toward humanitarian and public service purposes may correspond with the missions of the program offices with which these expenditures are associated -- e.g., health and family planning. However, there may be opportunities for including a greater private sector emphasis in some regionally-funded projects, particularly those focused in agriculture, science and technology.

TABLE 5

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
1 Africa Regional FY87																									
2 MISSION	FY87 EXP	CAT A1	CAT A2	CAT A3	CAT A4	CAT A5	SUM A	CAT B1	CAT B2	CAT B3	CAT B4	CAT B5	SUM B	CAT C1	CAT C2	CAT C3	CAT C4	CAT C5	SUM C	CAT D1	CAT D2	CAT D3	CAT D4	CAT D5	SUM D
3 Group 1																									
4 Botswana	0.583	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.093	0.470	0.583	0.000	0.000	0.000	0.000	0.000
5 Burundi	0.487	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.487	0.487	0.000	0.000	0.000	0.000	0.000
6 Cameroon	0.362	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.362	0.362	0.000	0.000	0.000	0.000	0.000
7 Central African Rep	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8 Chad	0.699	0.000	0.000	0.000	0.000	0.037	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.115	0.115	0.000	0.000	0.000	0.000	0.539
9 Comoros	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
0 Congo	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1 Djibouti	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2 Equatorial Guinea	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3 Guinea	0.920	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.920	0.920	0.000	0.000	0.000	0.000	0.000
4 Ethiopia	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5 Gambia	0.849	0.000	0.000	0.000	0.000	0.050	0.050	0.000	0.000	0.000	0.000	0.366	0.366	0.000	0.000	0.000	0.000	0.000	0.332	0.332	0.000	0.000	0.050	0.071	0.121
6 Ghana	0.304	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.075	0.000	0.229	0.304	0.000	0.000	0.000	0.000	0.000	0.000
7 Kenya	0.305	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.014	0.014	0.000	0.000	0.000	0.000	0.291	0.291	0.000	0.000	0.000	0.000	0.000	0.000
8 Lesotho	1.637	0.000	0.000	0.019	0.000	0.009	0.028	0.000	0.000	0.000	0.000	0.036	0.036	0.015	0.000	0.000	0.000	0.076	0.091	0.000	0.000	1.400	0.000	0.102	1.502
9 Malawi	3.372	0.000	0.000	0.000	0.000	0.140	0.140	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.000	0.100	0.000	3.082	3.232	0.000	0.000	0.000	0.000	0.000	0.000
0 Mali	9.307	0.000	0.000	0.442	0.000	2.376	2.818	0.000	0.000	0.067	0.000	1.266	1.333	0.000	0.000	0.000	0.000	3.651	3.651	0.000	0.000	0.000	0.000	1.505	1.505
1 Mauritania	0.817	0.000	0.000	0.000	0.000	0.118	0.118	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.110	0.000	0.277	0.387	0.000	0.000	0.000	0.000	0.312	0.312
2 Mauritius	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3 Niger	1.854	0.004	0.000	0.000	0.000	0.067	0.071	0.000	0.000	0.035	0.000	0.151	0.186	0.000	0.000	0.048	0.000	1.148	1.196	0.000	0.000	0.000	0.067	0.334	0.401
4 Nigeria	2.699	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.822	1.822	0.000	0.000	0.000	0.000	0.817	0.817	0.000	0.000	0.000	0.000	0.060	0.060
5 Seychelles	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6 Swaziland	2.269	0.000	0.000	0.000	0.000	0.197	0.197	0.000	0.000	0.000	0.000	1.647	1.647	0.000	0.039	0.000	0.000	0.385	0.424	0.000	0.000	0.000	0.000	0.000	0.000
7 Senegal	5.446	0.000	0.000	0.000	0.000	0.119	0.119	0.000	0.000	0.000	0.000	0.420	0.420	0.000	0.000	0.000	0.000	4.604	4.604	0.000	0.000	0.000	0.000	0.303	0.303
8 Somalia	0.148	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.148	0.148	0.000	0.000	0.000	0.000	0.000	0.000
9 South Africa	0.739	0.000	0.000	0.000	0.000	0.176	0.176	0.000	0.000	0.055	0.000	0.152	0.207	0.000	0.000	0.000	0.000	0.259	0.259	0.000	0.000	0.018	0.043	0.036	0.097
0 Tanzania	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
1 Zambia	7.586	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.586	7.586	0.000	0.000	0.000	0.000	0.000	0.000
2 Zimbabwe	13.837	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.125	0.000	3.543	3.668	0.000	0.000	0.000	0.000	8.575	8.575	0.000	0.000	0.000	0.000	1.594	1.594
3 REDSO/ESA	2.706	0.000	0.000	0.000	0.003	0.014	0.017	0.000	0.000	0.109	0.000	2.114	2.223	0.000	0.000	0.000	0.000	0.062	0.062	0.000	0.000	0.000	0.000	0.404	0.404
4 REDSO/MCA	0.238	0.000	0.000	0.050	0.000	0.068	0.118	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.053	0.000	0.067	0.120	0.000	0.000	0.000	0.000	0.000	0.000
5 Total Group 1	57.184	0.004	0.000	0.511	0.003	3.371	3.889	0.000	0.000	0.391	0.000	11.519	11.910	0.045	0.039	0.386	0.093	33.943	34.546	0.000	0.000	1.418	0.160	5.260	6.838
6		A1	A2	A3	A4	A5	SUM A	B1	B2	B3	B4	B5	SUM B	C1	C2	C3	C4	C5	SUM C	D1	D2	D3	D4	D5	SUM D
7 Group1 Exp by SubCat	% of Regnl			Cat A Exp % of Cat A				Cat B Exp % of Cat B						Cat C Exp % of Cat C					Cat D Exp % of Cat D						
8 SubCategory 1	0.069	0.001	SubCat 1	0.004	0.10%		0.000	0.00%					0.065	0.19%				0.000	0.00%						
9 SubCategory 2	0.039	0.001	SubCat 2	0.000	0.00%		0.000	0.00%					0.039	0.11%				0.000	0.00%						
0 SubCategory 3	2.706	0.047	SubCat 3	0.511	13.14%		0.391	3.28%					0.386	1.12%				1.418	20.74%						
1 SubCategory 4	0.256	0.004	SubCat 4	0.003	0.08%		0.000	0.00%					0.093	0.27%				0.160	2.34%						
2 SubCategories (1-4)	3.070	0.054	SubCat 1-4	0.518	13.32%		0.391	3.28%					0.583	1.69%				1.578	23.08%						
3 SubCategory 5	54.113	0.946	SubCat 5	3.371	86.68%		11.519	96.72%					33.963	98.31%				5.260	76.92%						
4 CheckSum Vert	57.183		Sum 1-5	3.889			11.910						34.546					6.838							
5		A1	A2	A3	A4	A5	SUM A	B1	B2	B3	B4	B5	SUM B	C1	C2	C3	C4	C5	SUM C	D1	D2	D3	D4	D5	SUM D

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Clearly, there is no inherent reason that regionally-funded projects could not be utilized to promote private enterprise. Systematic thinking in terms of how a given project might influence private sector development -- for the better or worse -- would be helpful in this regard.

E. Local Currency

The distribution of Local Currency in US dollar equivalent expenditures for the Africa Bureau by initial recipient and intended purpose for each mission and in total are illustrated in TABLE 6 on the page following. For instructions on interpreting TABLE 6, please review the detailed explanation provided with TABLE 1.

As TABLE 6 illustrates Africa Bureau "reported" Local Currency expenditures totaled \$84,391,000. While each mission was requested to report its local currency or provide a certification that they had none, compliance apparently was not as complete for local currency data as for appropriated funds.

Of the 31 Group 1 missions, eight -- Burundi, Ghana, Mauritania, Mauritius, Seychelles, Somalia, Zambia and Zimbabwe -- reported total expenditures in US dollar equivalents of \$84,391,000. Zimbabwe alone accounted for \$63,040,000 or 74.7 percent of this total. Subcategory 5, representing assistance to public sector and humanitarian activities, accounted for \$84,200,000 or 99.8 percent of local currency expenditures.

The remaining \$191,000 representing only .23 percent of total local currency expenditures was classified as a subcategory 3 expenditure. These local currency expenditures programmed for private sector development were all in a single mission -- Somalia. They involved private sector training activities -- Kismayo Port Rehabilitation Project (649-0114) and Somalia Management Training and Development (649-0119) and accounted for three percent of the Somalia mission's \$6,986,000 in local currency expenditures.

Of the seven Group 2 missions, two -- Guinea-Bissau and Sudan -- reported total local currency expenditures of \$28,413,000. Thus, ten of the 38 missions in Groups 1 and 2 reported local currency expenditures totalling \$112,804,000.

Many other missions are known to have local currency accounts, but did not supply data regarding amounts and SARS allocation of those expenditures. The total US dollar equivalents in local currency then cannot be accurately calculated and analyzed in a meaningful way.

From discussions in some missions, it is clear that these local currency accounts are apparently not considered to be mission funds; rather, they are viewed as the property of the host governments. Therefore, some missions do not appear to be concerned about how these funds are utilized. Generally speaking, the ten missions in both Groups that reported local currency expenditures view their local currency accounts as a joint resource with the host government, and the funds accordingly are jointly programmed.

It would seem that local currency is a valuable resource and should be utilized where possible to at least the partial benefit of the private sector, but as illustrated by the results of the SARS analysis above, the amount so devoted is negligible.

5. Summary Synthesis of Expanded Data

As indicated in the "Overview" section above, 7 missions participated in the SARS process, but because of unresolved questions about the classification of their expenditures, their data was not included in the detailed synthesis above. KMA does concur, however, in the classification of some of their project expenditures, and to that extent has incorporated such data into this summary of the Bureau's overall portfolio.

TABLE 7 on the page following shows the summary SARS appropriated expenditure data for the Group 2 missions. As noted, a portion of the various classifications have not been reconciled.

Adding the expenditures reported by Group 2 missions, on which there is concurrence, with the totals of the Group 1 missions, discussed in the preceding synthesis section, results in the distribution of expenditure data among the 4 Categories, 5 Subcategories and 4 Appropriated Program Funds, as illustrated in the charts following.

a. Initial Recipients

The following chart shows a summary of the allocation of initial disbursements for Group 1 missions plus the reconciled portions of the Group 2 missions expenditures among the four SARS Categories totaling \$640,296,000, of which \$157,546,000 was applied to private sector activities:

CHART 4

<u>Category</u>	<u>Total</u>	<u>% Total</u>	<u>Private Sector Amount</u>	<u>% Private Sector</u>	<u>% of All Private Sector</u>	<u>Priv. Sect % of All Expenditures</u>
A (priv sect):	\$16,989,000	2.7%	\$9,573,000	56.3%	6.1%	1.5%
B (PVO/Univ) :	\$81,789,000	12.8%	\$16,761,000	20.5%	10.6%	2.6%
C (publ sect):	\$272,376,000	42.6%	\$112,360,000	41.3%	71.3%	17.5%
D (US/othpriv):	\$269,132,000	42.0%	\$18,852,000	7.0%	12.0%	2.9%

Comparing Chart 4 with Chart 1, representing the Group 1 mission expenditures, shows little change in most initial recipient allocations. The sole exception is in Category A. The amount of funds disbursed directly to private sector initial recipients doubled, from \$8,138,000 to \$16,989,000.

TABLE 7

	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
	FY87 EXPEN	A1	A2	A3	A4	A5	SUM A	B1	B2	B3	B4	B5	SUM B	C1	C2	C3	C4	C5	SUM C	D1	D2	D3	D4	D5	SUM D
Group II Totals																									
Burkina Faso	15.932	0.000	0.000	0.000	0.000	0.000	0.000	0.270	0.000	0.145	0.00	0.967	1.382	0.054	0.062	1.055	0.262	4.790	6.223	0.000	0.050	0.809	0.172	7.29	2.427
Cape Verde	4.767	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.028	0.120	2.453	2.601	0.000	0.000	0.000	0.000	2.16	2.166
Liberia	9.444	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.100	0.100	0.000	0.092	0.000	0.000	8.724	8.816	0.530	0.000	0.000	0.000	0.00	0.530
Guinea-Bissau	3.120	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.143	0.143	0.000	0.000	0.320	0.000	0.000	0.320	0.290	0.000	0.893	0.057	1.41	2.657
Sudan	26.363	0.310	0.000	0.000	0.000	0.000	0.310	0.000	0.127	0.032	1.79	0.580	2.335	0.000	0.000	2.040	0.049	22.964	25.053	0.158	0.253	0.000	0.127	0.12	0.665
Uganda	24.618	2.911	0.000	0.000	0.000	0.591	3.502	0.330	0.000	0.605	0.25	6.465	7.650	0.137	0.000	0.000	0.000	0.502	0.641	0.000	0.000	0.000	0.000	12.82	12.825
Zaire	49.902	6.186	0.000	0.000	0.674	0.000	6.860	0.195	0.000	0.127	0.00	5.393	5.715	0.000	0.789	3.345	0.093	4.710	8.937	3.764	0.000	0.848	0.000	24.57	5.890
Total Group II	136.156	9.415	0.000	0.000	0.674	0.591	10.680	0.795	0.127	0.909	2.04	13.448	17.325	0.191	0.943	6.788	0.524	44.145	52.591	4.742	0.303	1.750	0.356	48.40	27.160
Tot Exp By SubCat		% of Tot																							
SubCategory 1	15.143	11.12%																							
SubCategory 2	1.373	1.01%																							
SubCategory 3	9.447	6.94%																							
SubCategory 4	3.600	2.64%																							
SubCategories (1-4)	29.563	21.71%																							
SubCategory 5	106.593	78.29%																							
CheckSum Vert	136.156																								
	FY87 EXPEN	A1	A2	A3	A4	A5	SUM A	B1	B2	B3	B4	B5	SUM B	C1	C2	C3	C4	C5	SUM C	D1	D2	D3	D4	D5	SUM D
Sp II Unreconciled																									
Burkina Faso	1.267	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.000	0.145	0.000	0.000	0.195	0.055	0.062	0.683	0.000	0.001	0.001	0.000	0.100	0.981	0.000	0.000	1.081
Cape Verde	2.360	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.028	0.000	0.146	0.176	0.000	0.000	0.000	0.000	2.166	2.166
Guinea-Bissau	2.985	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.040	0.260	0.000	0.000	0.320	0.290	0.557	0.393	0.000	1.417	2.657
Liberia	4.512	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.100	0.100	0.000	0.092	0.000	0.000	3.790	3.882	0.530	0.000	0.000	0.000	0.000	0.530
Sudan	2.573	0.310	0.000	0.000	0.000	0.000	0.310	0.000	0.127	0.032	0.000	0.380	0.539	0.000	0.000	1.059	0.000	0.000	1.059	0.158	0.253	0.000	0.127	0.127	0.665
Uganda	4.151	1.511	0.000	0.000	0.000	0.000	1.511	0.330	0.000	0.605	0.250	1.318	2.503	0.137	0.000	0.000	0.000	0.000	0.137	0.000	0.000	0.000	0.000	0.000	0.000
Zaire	26.348	0.000	0.000	0.000	0.000	0.000	0.000	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.545	0.093	0.232	0.138	0.641	0.000	0.000	0.000	22.574	0.800
Total Unreconciled	44.176	1.829	0.000	0.000	0.000	0.000	1.829	0.480	0.127	0.782	0.250	1.798	3.337	0.192	0.214	4.575	0.093	4.169	6.511	1.639	0.918	1.374	0.127	26.284	7.099
% of Sp II Unreconcl	32.45%	19.43%	#DIV/0!	#DIV/0!	0.00%	0.00%	17.13%	60.38%	100.00%	86.03%	12.22%	13.37%	19.26%	100.52%	22.69%	67.40%	17.75%	9.44%	12.38%	34.54%	300.33%	78.51%	35.67%	54.30%	26.14%
Reconciled GpII	91.980	7.586	0.000	0.000	0.674	0.591	8.851	0.315	0.000	0.127	1.796	11.650	13.988	-0.001	0.729	2.213	0.431	39.976	46.080	3.183	-0.607	0.376	0.229	22.125	20.061
GpI+Reconciled GpII	642.976	7.769	0.087	1.022	0.695	7.416	16.989	2.974	2.719	0.302	2.766	64.928	81.789	0.091	5.095	10.552	88.622	157.294	272.386	4.491	0.248	6.796	7.447	255.445	269.262

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b. Intended Purpose

The following chart shows how the above-described disbursements by the Group 1 missions plus the reconciled portions of the Group 2 missions expenditures were applied in terms of end-user and/or intended purpose according to the SARS SubCategories totaling \$640,296,000, of which \$157,546,000 was applied to private sector activities:

CHART 5

<u>SubCategory</u>	<u>Total</u>	<u>% of All Private Sector</u>	<u>% of All Expenditures</u>
1 (priv. sect. end-user & purpose):	\$23,195,000	14.7%	3.6%
2 (priv. sect. purpose)	: \$8,149,000	5.2%	1.3%
3 (priv. sect. Infrastrctr & Trng):	\$26,672,000	16.9%	4.2%
4 (priv. sect. policy dialog)	: \$99,540,000	63.2%	15.5%
5 (public service & humanitarian)	: \$485,083,000	--	75.8%

As noted in the above analysis of "Initial Recipient" disbursements following Chart 4, adding the reconciled portions of Group 2 missions increases the relative amount of private sector expenditures. Because these Group 2 expenditures were concentrated in SubCategory 1, the figures for SubCategory 1 are changed significantly by the inclusion of Group 2 data.

Subcategory expenditures nearly double from \$12.3 million to \$23.2 million. However, in the aggregate there is little change in the relative expenditure levels for private sector development. Compare the last column of Charts 2 and 5 on pages 12 and 30 respectively.

c. Allocation by Program

The following chart shows how \$640,296,000 in reconciled expenditures, of which \$157,546,000 was applied to private sector activities, were distributed among the four appropriated funds program categories -- Development Assistance, Economic Support Funds, Regionally-Funded and PL 480:

CHART 6

<u>Program</u>	<u>Program Expenditures</u>	<u>Private Sector Portion</u>	<u>% of Program Private</u>	<u>Program % of All Private</u>	<u>Program Private Sector % of Total Expendtrs</u>
Devlpmnt Asstnc:	\$209,500,000	\$50,509,000	24.1%	32.1%	7.9%
Econ Supt Funds:	\$146,195,000	\$86,063,000	58.9%	54.6%	13.4%
Centrllly-Funded:	\$62,624,000	\$3,223,000	5.1%	2.0%	0.5%
PL 480	: \$24,309,000	\$5,384,000	2.8%	3.4%	0.8%

The allocation of expenditures among programs and by sector is changed very little by the inclusion of Group 2 mission data. Comparing Chart 6 above with Chart 3 on page 15 shows very little difference in terms of percentages devoted to private sector development.

6. Additional Observations

One of the deficiencies underscored by the SARS data collection and analysis effort is that there are major discrepancies between the FY1987 expenditure data reported by individual missions and that reported to Congress in the CP89.

Of the Group 1 missions, the expenditures of 28 were listed in the CP89. REDSO/ESA, REDSO/WCA and Ethiopia figures were not included. In the case of only a few small mission portfolios was there consistency between the mission reported figure for appropriated expenditures and that reported in the CP89. Twenty missions reported higher figures, and eight missions reported a lower amount than cited in the CP.

For the most part, KMA used the figures reported by the missions, because it was felt that they were more intimate with the actual levels of expenditures and other activities for each project than were financial management officials in Washington.

The problem remains that various policy decisions are based on the expenditure figures provided in the CP and from the SARS process, and it is difficult to estimate the accuracy of these divergent sources.

There was occasional criticism from individual missions about the effectiveness of the process by which the SARS reports were completed. That process is outlined in the "Methodology" section of this report. The multiple reviews and critiques conducted as part of the process proved to be very valuable, however. Many initial classifications, unsupported by appropriate project descriptions, were changed by the missions after KMA raised specific questions concerning classification which were more consistent with the given project descriptions.

IV. STRATEGIC RECOMMENDATIONS

Numerous AID personnel, in the field and in Washington have commented on the SARS and its objectives. KMA & Associates has accumulated considerable experience from analyzing FY1985 expenditures, from conducting the development of the SARS during FY1987, and from the collection, compilation, and analysis of data on the Africa Bureau project portfolios.

On the basis of these inputs and experience the following actions are recommended:

1. While more than three-quarters of monies intended to encourage private sector development are disbursed by USAID to public sector entities (primarily to the host country government), this allocation need not be considered permanent. If USAID efforts are effective, at some point the percentage of funds disbursed to private sector entities should be increased. USAID needs to develop a mechanism by which it can evaluate whether the level of development in a given mission has progressed to the point that would permit the indigenous private sector a greater role in managing assistance funds. Direct disbursements of funds to the private sector would be increased when the appropriate determination is made.

2. Similarly, the non-profit sector serves as an important vehicle for the management of usaid funds, yet patterns of project expenditures indicate that some types of non-profit entities are more likely than others to manage projects in ways that promote private enterprise. An explicit assessment of the role of PVOs in the promotion of private enterprise should be considered.

3. Bureau guidance on country strategies, projects and budgets should be more specific concerning use of U.S. resources to promote discernible results in terms of new economic activity and changes in policies/regulations conducive to private sector growth. More explicit guidance should encourage innovative thinking in the design of projects to ensure that opportunities for private sector development are recognized and incorporated as components. More specific training of direct hire staff should

also be offered to assure their effectiveness in undertaking or supervising such design work.

The effectiveness of diffused efforts involving the incorporation of "private sector development" components in a wide variety of projects should be explored. The alternative large scale concentrated programs do not necessarily guarantee success. The use of multiple diverse projects, each containing a private sector component might have more resounding impact overall than a single, more-focused effort.

Particularly noteworthy in regard to "innovative thinking" was the "Private Sector Family Planning" (615-0223) project in Kenya which provides \$1,336,000 in support for family planning services through private sector organizations. Another, under various titles in different missions -- the "VITA Woodstoves" (688-0237) in Mali, the "Gituza Forestry" (698-0502/02) in Rwanda -- incorporated a private sector component (entrepreneurial and technical training) into a project whose primary purpose, reducing the consumption of scarce wood resources, was essentially public service in nature.

It is essential to ask as part of every project evaluation -- at the beginning, mid-term, and at the end -- "Is there a private sector alternative, or some way to promote private sector development?"

4. Both PL 480 and Regionally-Funded programs provide very little in the way of expenditures to promote private enterprise. With respect to PL 480, however, it is clear from the Title I project in Senegal that it is possible to incorporate a private sector component in what is traditionally a program focused heavily on humanitarian and public service activities.

The Africa Bureau should review the PL 480 programs of other bureaus to see if there are additional ways to offer opportunities for private sector development through PL 480, particularly in promoting private sector operations, policy dialogue and market changes involving the U.S. private sector.

Similarly, the "Gituza Forestry" project (698-0502/02) in Rwanda demonstrates how private sector components can be better incorporated in Regionally-Funded programs through more focused thinking. A systematized approach for examining Regionally-Funded programs in assessing their potential impacts on private sector development could serve to achieve more creative thinking.

5. ESF programs, in particular, need to be more precisely designed to ensure that their frequently large expenditures are definitely devoted to private sector goals. There often appears to be a temptation to use ESF to shore up the economies of host countries. These purposes may overshadow policy dialogue objectives focused on private sector development.

Closer scrutiny of ESF expenditures will at least allow USAID to know what goals such expenditures are in reality devoted to.

6. With regard to "policy dialogue," in particular, the Africa Bureau should evaluate outputs of policy dialogue expenditures to determine if accomplishments merit the high dollar expenditures involved.

Although policy dialogue expenditures may take several years to register an impact, it would not be premature to review expenditures in past years to assess their success in promoting a healthier environment for growth of private enterprise. Such an assessment could be helpful in evaluating the effectiveness of development assistance and other expenditures in promoting policy reform.

Even if outputs are not yet apparent, careful analysis of projects where policy dialogue is intended to promote change should be conducted to assess whether the suggested policy can be realistically expected to promote the indigenous private sector. Some mechanism will have to be devised to test policy dialogue programs for results.

7. Commodity Import Purchase (CIP) programs should be considered in host countries where they

can best be utilized. These expenditures can provide a dual benefit to both indigenous and U.S. private sector entities. The "Structural Adjustment Program Grants" (615-0213) program in Kenya is a case in point.

8. African missions should consider ways to make greater utilization of the U.S. private sector as a means of encouraging an indigenous private sector.

In Mali, for example, the mission uses U.S. Jeep vehicles and had mechanics specially trained to maintain and repair them. While mission operating funds rather than program funds were used to finance the purchases and training, the impact on indigenous private sector development could be the same.

If USAID considered how to "Buy American" to the greatest extent practicable and used its policy dialogue levers to seek equal treatment from host governments to facilitate U.S. imports in exchange for U.S. assistance, it may be possible to encourage U.S. private sector companies to institute a maintenance and servicing infrastructure that could act as a catalyst for indigenous entrepreneurs.

9. There should be some method for mission personnel to examine systematically a prospective project design and anticipate the expected results both positive and negative in terms of private sector development, including policy/regulatory change. This may require training of U.S. staff in private sector analysis and planning. USAID should consider providing financial cash flow analysis training, general business planning, and design training.

In so doing, there may be an enhanced opportunity for them to see how individual project components can be structured to promote private sector development more broadly throughout the host country's economy. That consideration should be made an integral part of every project evaluation.

10. Similarly, mission managers should have a means to review private sector outputs resulting from each projects's expenditures and to assess progress of host country governments in satisfying the policy reform conditions subsequent to USAID expenditures (e.g., reduction in subsidies, elimination of parastatals, loosening of import and export controls, etc.).

Such assessment mechanism should be designed to provide a rapid means of analysis, yet require a minimum of administrative burden. Again, specially tailored private sector training for senior mission management should be provided to assure that senior mission staff is able to play this role.

11. The potential use and role of Local Currency expenditures to promote private sector development should be evaluated. These could serve as powerful tool, yet some missions are apparently unconcerned about how local currency is used. Among those that take local currency assets more seriously, the utilization of local currency to encourage private sector development is virtually non-existent.

12. Projects With Potential Multi-Mission Application

The following projects have potential for multi-mission application. They are presented in detail in the individual mission SARS Forms comprising PART 2 of this report. They are outlined here as a focal point of attention. This opportunities suggested here might be considered by other missions.

A. Botswana -- "Primary Education Improvement, Phase II" (633-0240) --

In strengthening the capacity of M.O.E. to organize curriculum programs for primary teacher education, entrepreneurial elements are stressed. The project encourages children to develop entrepreneurial skills.

B. Cameroon -- Credit Union Development (631-0044) --

A private sector credit federation has been established which aims to increase the access of rural Cameroonians to credit for commercial purposes.

- C. Kenya -- "Private Sector Family Planning" (615-0223) DA --
Encourages family planning via the private sector, including delivery of services through private organizations.
- D. Kenya -- "Rural Private Enterprise" (615-0220) DA --
Expands private sector enterprise in rural areas.
- E. Lesotho -- Agricultural Production and Institutional Support (632-0221) --
Provides direct production and marketing assistance to enable small farmers to enter into high value cash crops for commercial purposes.
- F. Malawi -- "Rural Enterprises and Agribusiness Development Institutions" (612-0214) DA --
Provide support to small and medium entrepreneurs involved in priority type economic activities.
- G. Malawi -- "Parastatal Restructuring" (612-0227) DA --
Intends to bring about sales of parastatal enterprises to the private sector.
- H. Mali -- "Operation Haute Vallee" (688-0210) DA --
Broad program to commercialize agriculture in the Haute Vallee, involving credit extension and technical assistance.
- I. Mali -- "VITA Woodstoves" (688-0237) DA --
Production and marketing of woodstoves to improve fuel consumption efficiency and to generate private enterprise.
- J. Mali -- "Economic Policy Reform Program" (688-0240) ESF --
Attempts to provide an environment for growth and employment in the private sector through fiscal reform, and restructuring of budget leading to early retirement of the civil service.

K. Rwanda -- "Fish Culture" (696-0112) DA --
Intends to improve marketing of commercial fish.

L. Rwanda -- "Policy Reform Initiative"
(696-0127) ESF --
Broad effort to promote the growth of small and medium
enterprises, rationalize trade policies, and reduce the
role of parastatals.

M. Senegal -- "PL 480 Title I".
Uses PL 480 generated local currency as incentive in
policy dialogue to achieve deregulation of marketing and
transport of cereals, and to privatize agricultural
input distribution.

N. Uganda -- "Rural Economic Recovery" (617-0108) --
Imports of tractors by private sector company to support
rehabilitation of rural income generating activities in
war damaged areas. U.S. Ford tractors are imported.
Project generates local currency.

V. METHODOLOGY

During May 1988 through April 1989, KMA & Associates (KMA) obtained and assembled information concerning U.S. AID expenditures for FY1987 for all but five missions in the Africa Bureau portfolio. This information was obtained through discussions with project and desk officers and other officials in AID/W. With preliminary data compiled in the SARS format, KMA conducted trips to selected missions the region to assist mission representatives in evaluating their projects and completing their reports under SARS.

The evaluations were completed through face-to-face meetings with Mission officials. In September 1988, KMA representatives participated in USAID's FY1989 Workload Scheduling Conferences in Abidjan, Ivory Coast and Nairobi, Kenya for the purpose of assisting the remaining Africa Missions with their SARS implementation for FY1987.

The Missions were informed of SARS requirements and KMA's availability to assist by State Cable 263158 of August 8, 1989. Most came prepared to discuss their portfolios and to ask questions about the classification of specific projects. Two Missions -- Botswana and Somalia -- experienced difficulties necessitating an additional field trip by KMA in December to assist them.

Pursuant to State Cable 263158, the Missions were to provide their initial SARS response by October 20, 1988 for KMA review, correction and comment. Few met this deadline, and as illustrated by the Group 3 missions listed, some never replied. Together, these missions represent a relatively small amount of expenditures and their failure to respond should have little impact on the conclusions of this report.

KMA reviewed incoming submissions, compared them to the FY1989 CP, evaluated the classifications of expenditures and prepared a response to the missions. KMA's response included revised SARS Forms prepared in a consistent manner and an "Attachment A" to the transmittal letter which explained KMA's interpretation of projects and any changes it made based on the SARS Manual. The "Attachment A" also posed questions to the Missions, the answers to which would clarify ambiguities and other sources of confusion.

The missions were given 30 days from the date of KMA's letter to respond. A few met their deadlines, many were received a short time afterward and some were extremely

late. Two missions never responded with their final comments.

Upon receipt of the mission amended SARS Forms and responses to KMA's "Attachment A" questions, KMA reviewed the data, made necessary corrections, conducted a portfolio evaluation and compiled the finalized SARS Forms with the evaluation summary attached as PART 2 of this report.

Most missions grasped the SARS process and were responsive to KMA's inquiries. They are listed as "Group 1" missions, and their completed SARS Forms can be expected to be fairly reliable. As such, the expenditure figures of these missions were compiled into a synthesis for the Africa Bureau.

A much smaller group -- the "Group 2" missions provided completed SARS Forms, but either did not respond to KMA or their responses to KMA's inquiry were inadequate. Mainly, substantial expenditure classifications appeared to be inconsistent with the project descriptions provided or they did not answer the questions raised leaving ambiguities in their data.

Because of the discrepancies, their expenditures were not included in the Bureau's overall evaluation. Expenditures classifications that could be reconciled with available information were separated out and included in a secondary summary analysis -- the "Summary Synthesis of Expanded Data." Even with the omission of these mission portfolios, a large enough amount of reliable data was collected to yield valuable insights about the Bureau's overall portfolio.

The exclusion of these mission's data should not necessarily be viewed as a negative reflection on their performance. Uganda SARS reports, for example, were well done and forwarded in a timely manner. The mission cabled a concurrence in KMA's final report as clarified by comments sent by pouch which was never received. As a result, it was impossible to determine how specific revisions should be addressed.

A third group of five missions never provided any SARS data, and as such no portfolio forms on those missions were included in KMA's final report. The total appropriated expenditures of these missions as cited in the CP89 were reported in the total illustrating the level of Bureau expenditures, but then excluded from analysis.