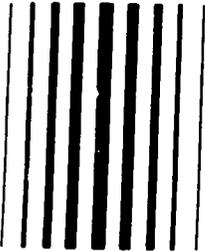
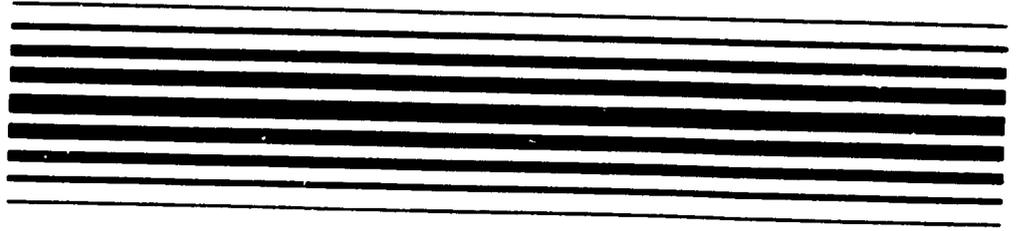


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**Evaluation and Development
Information Methods IQC**

Near East Bureau

**Regional Private Enterprise
Development Project**

Evaluation Report

October 21, 1992

For:

The United States Agency for International Development

Prepared by:

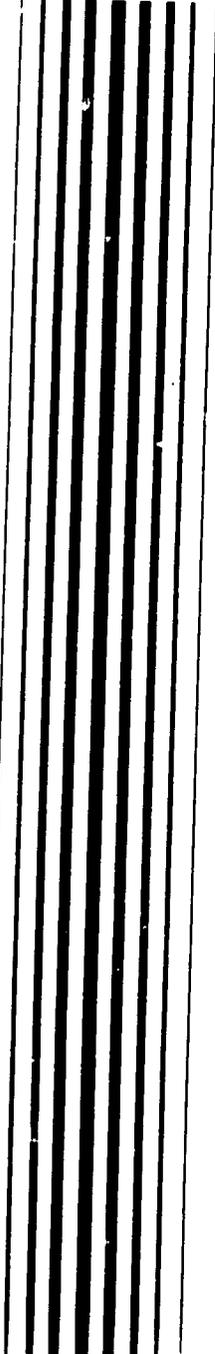
Ralf Hertwig

and

Clare Humphrey

**A contract between the U.S. Agency for International Development and the
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AED



Near East Bureau

**Regional Private Enterprise Development
Project**

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**Ralf Hertwig
Clare Humphrey**

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Acronyms and Abbreviations

ANE - Bureau for Asia and the Near East
ANEE - Bureau for Asia, Europe and the Near East
ANE/PSD - ANE Bureau, Office of Private Sector Development
APRE - Asia Bureau for Private Enterprise
ASACI - American Society of Agricultural Consultants,
International
ASEAN - Association of South East Asian Nations
AT&T - American Telegraph and Telephone
CBI - Cooperative Business International
CTE - Center for Technology Exchange (of U.S.-ASEAN Council)
CTIS - Center for Trade and Investment Services
EXIMBANK - Export-Import Bank of the United States
FY - Fiscal Year (as for example, FY 89- Fiscal Year 1989)
GABDI - Governor-Ambassador Business Development Initiative
GSP - (U.S. Trade) General System of Preference
HC - host country
HGC - Host Country Government (HGCs- Host Country Governments)
IBRD - International Bank for Reconstruction and Development
ICEG -International Center for Economic Growth
ICS - Institute for Contemporary Studies
IESC - International Executive Service Corps
IMCC - International Consulting Corporation (private consulting
firm)
IQC - Indefinite Quantity Contract
ISTI - International Service & Technology Institute (private
consulting firm)
ITIP - Office of International Trade and Investment Promotion
ITMAF - International Technology Management Finance, Inc. (private
consulting firm)
LDC - less developed country (LDCs- less developed countries)
MTAP - Market and Technology Access Project
NASDA - National Association of State Development Agencies
NCBA - National Cooperative Business Association
NE - Bureau for the Near East
MAWTC - Mid-American World Trade Center
PAA - Project Authorization Amendment
PACD - Project Assistance Completion Date
PAIICO - The Philippines Agribusiness and Industrial Investment
Company
PASA - Participating Agency Service Agreement
PEDP - Private Enterprise Development Project (Also known as RPED)
PETRA - Private Enterprise & Technical Resources Assistance Project
(a \$12 million project in Jordan, which runs from 1986
through 1994)
PID - Project Identification Paper
PIO/T - Project Implementation Order/Technical
PITO - Private Investment and Trade Opportunities Project
PPC - AID Bureau for Program and Policy Coordination (now
reorganized)
PRAGMA - Private training contractor and consulting firm
PRE/PEDS - Bureau of Private Enterprise, Private Enterprise

Development Support Project

- PSC - personal service contractor (contract)**
- PSS - Private sector support**
- SDA - State Development Agencies**
- SEDO - U.S. State Economic Development Office**
- SOW - Statement of Work**
- USG - U.S. Government**

Chapter I - EXECUTIVE SUMMARY

The Near East Bureau of the U.S. Agency for International Development (USAID) contracted the Academy for Educational Development (AED) to evaluate the Private Enterprise Development Project (PEDP), variously numbered as #298-0050 and 398-0050. The review was conducted over a period of eight weeks in September and October of 1992 by a two-man team recruited by the AED.

The Private Enterprise Development Project (PEDP, original Project No. 298-0050), also referred to by the acronym RPED, was designed and activated in 1984 by the then Near East Bureau (NE) of the U.S. Agency for International Development (USAID) to stimulate development the national economies in AID-recipient countries through the private sector. The Project has been amended three times (in 1988, 1989, and 1992) under the Asia and Near East Bureau (ANE), the same Bureau with several European countries thrown in and, finally, back to the Near East Bureau (NE), with the revised purpose of "encouraging priority initiatives for private sector development through a rapid response funding mechanism."

Since travel to the field was not authorized for this task, the evaluation was essentially a desktop review and survey, based on a thorough analysis of available files, meetings in the Washington, D.C. area with present and past NE Bureau personnel and other USAID officers, contractors, and other persons at one time or another associated with the PEDP as consultants or project managers. In addition to these interviews and the review of relevant files, the evaluation team designed and sent to all concerned Missions and Regional Bureaus a PEDP Background Questionnaire and, subsequently, a more intensive Sub-Project Questionnaire to selected Missions and the Asia and Near East Bureaus requesting information about a representative sample of the 101 sub-projects and activities carried out under the program since its inception in 1984.

There are four major objectives in any project evaluation. Within the context of A.I.D. projects, these objectives may be stated as follows: 1) to assess the effectiveness of the project in achieving its purpose, goals and objectives as described in the project paper; 2) to determine the impact of the project on Mission program and country development; 3) to assess organizational and operational procedures followed by the Missions and by Bureau management; and 4) to identify those features of the project that have impeded progress and those that can be strengthened and replicated in similar projects.

To deal effectively with these four issues this evaluation report is presented in six chapters. Chapter 1 is this Executive Summary. Chapter 2 describes the purpose, objectives, scope and limitations, and methodology and general approach of the evaluation. Chapter 3 provides historical background on the

PEDP, highlighting its evolution over time, with emphasis on the Project's change in focus on sector priorities and implementation, and the NE Bureau's role as a client of the Project, including description of the original authorization and subsequent amendments in 1988, 1989, and 1992.

The principal analysis of the PEDP is presented in Chapter 4, which includes tables and charts covering the various functional and geographic emphases of the program, then an analysis of the five priority programming areas (trade and investment, financial markets, private sector support, training and business exchange, and privatization). This is followed by an analysis by country and region, an analysis of program organization and administration, and a set of analytical reviews of 37 illustrative sub-projects for which sufficient material was available in the files to allow a reasonably accurate reconstruction of the sub-projects, aided, in some cases, by responses from the Missions to the Background and Sub-project questionnaires. Chapter 5 provides a summary analysis of the program and addresses a set of six study questions raised in the Scope of Work for the evaluation exercise. Chapter 6 contains findings, recommendations, and lessons learned.

The PEDP operated more as a flexible, responsive and, at times, innovative task-oriented funding mechanism for both overseas Missions and AID/Washington than as a program with clearly defined and achievable development goals in AID recipient countries. In any case, it has been a generally flawed program, lacking focus and the concentration needed for producing directly attributable impact on private sector development in the countries administered, alternately, by the Near East Bureau, the Asia and Near East Bureau, the Europe and Near East Bureau and, after they split, the Near East Bureau again.

PEDP's purpose, goals, and objectives have been too grandiose for the way the program has been structured and operated. Even its acknowledged advantages of flexibility and timeliness of response have been blunted by inadequate staffing and inconsistent supervision and management. In many respects, much of the PEDP's value has been in assisting AID in overcoming its own structural and procedural inadequacies. Seen from a more broad Bureau managerial perspective, the PEDP was useful in providing the Regional Bureau with a flexible proactive programming arm with which to stimulate and implement innovative activities and promote top level Agency policy initiatives.

Of the 101 sub-projects, a number were well designed and professionally implemented; but their impact and effectiveness cannot be measured with any certainty, mainly because no recognizable systems for project evaluation, reporting, monitoring, and follow-up were ever put into operation on a consistent basis. Moreover, at the Mission level, the PEDP was plagued by the Agency-wide malaise of a lack of institutional memory.

On another plane, the degree to which host country governments and, especially, local private sector leaders and institutions were involved in the design and implementation of the overall program and individual sub-projects - a sine qua non for truly effective private sector development projects - is not readily apparent from available documentation.

The program has been gradually transformed by USAID policy makers over the eight years of its life from an initial concern with host country priorities to more concern for U.S. commercial interests and comparative advantages and, finally, from essentially a program of assistance to Missions programs for private sector development to greater emphasis on Regional Bureau-perceived optimal economic development strategies, plans, objectives, and initiatives. PEDP sub-projects were frequently funded jointly by Missions funds and, more particularly, major Central Bureau-sponsored programs. Not infrequently, the PEDP effort and sub-projects have been peripheral in relation to the efforts of larger, more focused, and better financed programs and, on occasion, not in consonance with Mission or country programming priorities.

The findings in Chapter six generally reflect what has been outlined in the preceding paragraphs. The major recommendations included continuation of the program (but only after thorough restructuring and reform), changes for improved project management, and greater focus in programming activities carried out under the program. The lessons learned arise from the fundamental managerial and programmatic issues and problems raised in the text and highlighted in the findings and recommendations.

Chapter II - INTRODUCTION

A - Purpose and Objectives of the Evaluation

The Private Enterprise Development Project (PEDP, original Project No. 298-0050), also referred to by the acronym RPED, was designed and activated in 1984 by the then Near East Bureau (NE) of the U.S. Agency for International Development (USAID) to stimulate development the national economies in AID-recipient countries through the private sector. The PEDP was identified as Project No. 298-0050 when launched in 1984. It has been amended three times (in 1988, 1989, and 1992) under the Asia and Near East Bureau (ANE), the same Bureau with several European countries thrown in and, finally, back to the Near East Bureau (NE), with the revised purpose of "encouraging priority initiatives for private sector development through a rapid response funding mechanism."

Five priority fields of interest have been identified for project emphasis: (1) trade and investment, (2) financial systems development, (3) private sector support, (4) training and business exchange, and (5) privatization. A total of \$8,000,000 has been authorized for the PEDP, and the life of the amended project has been extended to September 30, 1994.

The present evaluation task, performed by the Academy for Educational Development (AED) for the Near East Bureau of USAID under Contract No. PDC-005-I-18-9061-00, has a dual purpose and several objectives.

The primary original purpose of this evaluation, as stated in the contract's Scope of Work (SOW), "is to assess the immediate results of the individual activities or sub-projects funded under the project and evaluate the success of the project in promoting follow-on private sector trade investment or other commercial operations."

The second purpose is to evaluate the PEDP as a rapid and flexible funding mechanism. This point had been a part of the evaluation from the start, as the first of three objectives stipulated in the SOW. But its importance increased as the evaluation exercise proceeded, until the AED and the NE Bureau mutually agreed that it should be considered one of the primary considerations on which to rate the effectiveness of the PEDP. The three objectives in the SOW were:

- (1) Review and document the activities and outputs of the PEDP as well as the effectiveness of the flexibility and quick response aspects of the project;
- (2) Identify the strengths and successes along with the weaknesses and failures of the PEDP activities; and

- (3) Recommend changes or improvements for the remainder of the project and for possible follow-on activities.

The reasons for elevating evaluation of the PEDP as a funding mechanism from an objective to one of the two primary purposes of the evaluation exercise will be explained at length in later sections of this report.

B - Scope and Limitations of the Evaluation

In serving those purposes and objectives, the following tasks were stipulated in the SOW:

- (1) Review all documentation pertaining to this project and the sixty-some funded thereunder (NOTE: the evaluators have actually identified 101 sub-projects);
- (2) Analyze and classify by subject area the activities and sub-projects of this project since its inception;
- (3) Select a sample of the sixty-some (sic) sub-projects for in-depth evaluation and analysis following the study questions (listed immediately) below;
- (4) Prepare a brief questionnaire for Mission comment regarding the usefulness and timeliness of the technical assistance provided under this project;
- (5) Identify and correspond with a sample of Mission project officers who requested the assistance as well as other Mission and/or Host Country persons familiar with selected project activities;
- (6) Prepare and submit written reports and deliverable as outlined.

The SOW further outlined certain study questions to be addressed. They were:

- (1) What has been the impact and effectiveness of the technical assistance provided under the PEDP and (its) sub-projects?
- (2) Given the emphasis on flexibility and timeliness in PEDP, what has been the degree of flexibility and timeliness of the sub-projects and to what extent has this been effective support for the Mission's private sector program and activities?
- (3) What have been the major accomplishments of the project activities and sub-projects to date? What have been the major obstacles to progress?
- (4) What evidence exists to indicate that one type of activity or sub-project is more effective than other types? Have these activities been consistent with Agency priorities?
- (5) What evidence exists to indicate that the project has resulted in increased investment or employment in the private sector of the countries assisted?
- (6) What are the "lessons learned" from this project?

The two AED evaluators, Messrs. Ralf Hertwig and Clare E. Humphrey, designed a comprehensive strategy to perform all of the tasks and address all of the questions just listed. The first task was to determine what sub-projects were actually implemented under the PEDP. An initial survey, based primarily on a list provided by the Near East Bureau, was helpful in indicating ninety-some sub-projects or funded activities, rather than the sixty-some noted in the SOW. As the search proceeded, additional documentation on sub-projects gradually became available. The AED team's continuing search (through the life of the evaluation effort) for more substantial documentation eventually turned up 101 sub-projects that were either fully funded through the PEDP or buy-ins or through cost-sharing with other funding sources in USAID. The number of sub-projects may actually be greater than that, because of multiple grants and/or amendments to agreements with several organizations that carried out more than one sub-project activity. The evaluators believe that there have been other projects partially funded through the PEDP, but the documentation is too sketchy to confirm others with any degree of specificity.

The evaluation team catalogued and categorized the 101 sub-projects, by priority field of interest, type of activity, fiscal year, funding level, geographic area (country or region), and whether the activity emanated from Mission or regional Bureau impetus. This exercise was essentially descriptive and statistical.

The evaluators' ability to analyze actual results of the sub-projects and, particularly their impact on the private sector in-country, was limited by several constraints. The most important problem was lack of sub-project files and documentation. Project files, which were to be made available to the team at the outset of the project, were not available in any significant amount until the third week; and the bulk of the material eventually made available from NE files was not in the hands of the team until the end of the fourth week, or halfway through the eight weeks of this evaluation exercise. Additional sub-project and other materials, including lists of prospective interviewees, continued to arrive during the fifth and sixth weeks, when the research phase of the evaluation exercise should have been over and when the writing of this report was already in full progress. As late as the sixth week of the eight-week evaluation project, the AED team was still lacking any documentation whatsoever on almost one-third of the sub-projects; and much of the material on hand was sketchy and logistical in nature. A good deal of the material was concerned with other programs or was only obliquely related to a specific PEDP sub-project. Much of it was, therefore, of only marginal use for evaluating this particular program as such.

Virtually none of the material was useful for gauging impact on private sector development in recipient countries, mainly because the information provided was not sufficient to serve such

a purpose. Furthermore, there were no sub-project evaluations available that were performed by either the Missions or the Bureau. Most of the documentation was in the form of proposals or PIO/Ts, SOWs, or some related type of document in advance of implementation, or were notes of conference proceedings or consultants' report. An evaluator might be able in some cases to rate the importance of the ideas or plans presented or the performance of the tasks; but there was no evidence on which to base an evaluation of the impact on the private sector or, indeed, the economic growth and development of the recipient countries.

The principal feature of the supporting documentation that was available was that other than a stray cable or two no evaluations or progress reports of any of the sub-projects was ever made in the context of the PEDP, in so far as the evaluators could determine.

The absence of project reports and supporting documents from the Missions was apparently due to a combination of factors. For one thing, the sub-projects under the PEDP, often supplemented ongoing Mission projects and covered a very wide spread of types of activity, which made it difficult to measure significant impact in any given field, other than possibly in "trade and investment" and, to an to a lesser extent, the scattered work in "private sector support." The same is true of lack of concentration in geographic spread, which covered not only countries in the Near East, but also in Asia and Europe, plus attention to regional and Agency-wide programming. Privatization and financial markets development are extremely complex activities; and scattergun approaches cannot really accomplish anything of consequence. Diffuse programs like the PEDP can only provide special supplemental assistance to a Mission's (or even a Bureau's) major privatization effort.

Missions and the Regional Bureau were not sufficiently forthcoming with the in-depth project information and evaluations the AED team wanted on the sub-projects selected for in-depth study. Frequent changes of personnel and programming direction at all levels of the Agency had much to do with this, combining with a general lack of institutional memory stemming from poor and inconsistent reporting, inadequate filing and archival systems, and lack of sub-project monitoring and follow-up.

The fact that supervision of individual country programs has been shifted over the life of the project from the Near East Bureau (NE), to the Asia and Near East Bureau (ANE), then flirt briefly with parts of Europe (ENE) and now back to the Near East Bureau (NE), was definitely an obstacle to the team's investigations. For example, the sub-projects carried out in the earlier years in Turkey and Portugal were virtually untraceable in the Europe Bureau in Washington, D.C. Useful reports from Missions on sub-projects funded in fiscal years 1984-1986 was virtually unobtainable.

The lack of monitoring and evaluation was also partially due to the fact of co-mingling of funds for activities in cooperation with other, larger, more focused programs. PEDP sub-projects ran the risk of falling between stools, although some (such as those done in concert with PEDS, MTAP, IESC, and others) have probably been evaluated in the context of the other, higher priority, more focused, and better financed program. In any case, the combination of these factors severely limited PEDP sub-project evaluation or impact study. Furthermore, particularly in the earlier years of the PEDP, PIO/Ts did not require that sub-project report be submitted to the Regional Bureau.

The AED team has, however, analyzed a goodly number of significant sub-projects under the PEDP, though not as deeply as originally intended. Nevertheless, as the evaluation exercise proceeded, and the number of sub-projects increased from the original 60 to 101, there was a gradual swing to emphasizing evaluation of the PEDP as a convenient and flexible regional bureau funding mechanism, which, in the opinion of the AED evaluating team, gradually came to furnish the real raison d'etre for the PEDP and represent its most measurable accomplishments.

Despite the above-mentioned shortcomings, inhibiting factors, and constraints, the AED team firmly believes that it carried out an evaluation of the PEDP which is sufficiently comprehensive and in-depth to provide a useful analysis of the strengths and weaknesses of the PEDP, including meaningful findings, recommendations, and lessons learned as guidance for future programming of this general genre.

C - Methodology and Approach of the Evaluation

The analysis of the overall project and of individual sub-projects was carried out by four principal methods: (1) gathering, reading, and analyzing both basic documents dealing with the design and authorization of the PEDP and individual sub-project files; (2) design and use of two questionnaires; (3) conversations in Washington, D.C. with USAID personnel and project principals presently or formerly associated with the PEDP and/or the sub-projects; and (4) application of team members' experience with other private sector development programs of USAID and other donor agencies.

The AED team attempted to supplement the documentary material provided by the working files of the Near East Bureau with a search of materials in the A.I.D. Library and CDIE in Rosslyn. The search was largely unproductive. An exhaustive search of the computerized files turned up only five entries for the PEDP. Four of these were related to the various project amendments to the PEDP. The team and the library personnel were able to locate only one of the 101 sub-projects carried out under the PEDP in the library records. It is quite possible that some of the sub-projects involving cost-sharing with other USAID

programs might, as mentioned above, be found in the files of those other programs; but the complicated process of finding them was jointly determined to be unproductive given the time and logistical constraints imposed on this evaluation.

Also, it should be mentioned that considerable confusion and overlap was encountered with the acronym "PEDP" with other private sector development programs, such as PEDS and PETS, among others. As a matter of fact, the team found at least three other private sector development programs that were referred to as a "private sector development project" or PEDP.

The principal instruments for analyzing the overall program and the sub-projects were project-related documents kept in the NE Bureau's files, and two questionnaires designed by the evaluation team. In the second week of the evaluation exercise, the team sent a two-page "Background Questionnaire" to 14 Missions in Europe, Asia and the Near East, that had at one time or another carried out PEDP-funded sub-projects. That questionnaire asked about the Mission's general familiarity with the PEDP, the activities carried out with PEDP funds, and the general usefulness of the assistance to the Mission's own private sector development program. The form also asked if the Mission had encountered any particular difficulty with the program. Thoughts and recommendations for improvement were requested.

Of the fourteen questionnaires sent out, responses were received from only ten Missions. Of these, only three responded to the background questionnaire by the end of the fourth week of this evaluation; two disclaimed any previous use of the PEDP, and another confused it with PEDS. When the team went back to them with a list of sub-projects supported by PEDP funds, one-sentence responses received from two were of no help whatsoever to this evaluation. In the seventh week of the evaluation (only four days before submission of the draft report to A.I.D.), three other Missions (Nepal, Oman, and Yemen) and Egypt again sent their responses. One (Nepal) stated that it had received "some minor help" from PEDP and that most of the assistance it received came from the PEDS project. Yemen reported that it was unable to complete the questionnaire because the officers who might have participated in the PEDP departed Yemen during the Gulf Crisis. Since the Mission had no private sector program and was with limited staff, Yemen requested not to be included in further questionnaires and participation in the PEDP evaluation. Finally, in the middle of the eighth week of this evaluation, three other Missions (Bangladesh, Jordan, and Morocco) sent their well prepared responses.

The Background Questionnaire, and the explanatory cover letters from AED and NE/DR, are attached as Appendix B.

The other questionnaire, dispatched to six Missions and the Near East Bureau, was six pages in length and consisted of 27 questions. Entitled "Sub-Project Questionnaire," it was designed

by the third week of the evaluation effort, but not sent out until the fifth week, mainly because the team did not possess sufficient project-specific material on hand until that time on which to base an intelligent selection of the most significant sub-projects to be singled out for more intensive investigation and analysis. The selection of the sub-projects to be given more intensive investigation was done jointly by the AED team and officers of NE/DR.

The Sub-project Questionnaire asked about the purpose and objectives of the sub-project, particularly as the activity related to Host Country or Mission priorities for private sector development, relation to other Mission activities, etc. It also asked for an evaluation of the impact of the project on private sector development in the country. The form was particularly interested in determining the degree to which the local government and, especially, the private sector had been involved in both the design and implementation of the sub-project. Various external and project-specific factors affecting the success or failure of the sub-project were explored. The Missions were asked about project reporting, monitoring, and follow-on activities, as well as the potential of the sub-project for sustainability and replicability. The Missions were requested to cite the accomplishments of the sub-project and how it fulfilled Mission objectives. Finally, the questionnaire asked for any significant findings, recommendations, and lessons learned. The Sub-Project Questionnaire and AED and NE/DR cover letters are attached as Appendix C.

Useful responses were received from only five Missions (covering only nine sub-projects), and they came in only days before submission of the draft report to AID. Of the nine, six were rated a "good" and "useful" for this evaluation exercise. Of those six, three came from the Egypt Mission.

Because of an almost complete lack of meaningful Mission response to the general and project-specific questionnaires, and manifested lack of institutional memory, it was decided late in the project to abandon a planned effort to engage in lengthy discussions over the telephone with Mission or Host Country persons familiar with the specially selected sample of the more significant sub-projects. Since travel to the field had never been built in as a part of this evaluation exercise, the lack of meaningful exchange with the Missions and Host Country clients resulted in this being essentially a desktop study, although available files were thoroughly scrutinized and conversations were held in Washington, D.C. with a number of persons previously involved in overseas sub-projects.

The evaluators themselves applied the points in the larger questionnaire when analyzing individual sub-projects so that the team's investigations would be uniform, systematic, and balanced.

Reference was also made to the A.I.D. Evaluation Handbook (April 1987), material in the Team Planning Meeting Briefing Book (CDIE Impact Evaluation Series), several other CDIE publications, and other evaluations of private sector development programs. Personnel of CDIE and the A.I.D. Library were most cooperative and helpful to the AED team. Special thanks go to John Godden of NE for his rapid and efficient responses to our requests for assistance and for caring about our daily logistical and telecommunications support requirements in Washington as well as with the Missions. Gary Vaughan of the NE Bureau was the team's primary source of guidance. He was of invaluable assistance in providing files and, as the person most familiar with the program in recent years, was most helpful and accommodating in answering the team's many questions and requests before his departure for the Near East on October 23.

Chapter III - THE DESIGN OF PEDP

The following sections are intended to provide an overview of the Near East Bureau (NE) Regional Private Enterprise Development Project (PEDP), primarily for the reader not familiar with it. The sections contain information believed to be relevant to understanding the basics of the project, the methodology, findings, conclusions and recommendations of this evaluation. Moreover, the sections serve as a point of reference for the analysis of the project and sub-projects presented in Chapter IV.

A - Historical Development

PEDP was authorized on April 5, 1984 with a grant funding of \$2.8 million over a 7-year period and a project assistance completion date (PACD) of September 30, 1990. That authorization was subsequently amended on January 8, 1988 to increase the level of funding to \$2.975 million, to extend the PACD to April 30, 1991 and cover all Near East, Asian, ASEAN and South Pacific programs, that is, a total of 17 countries. A second amendment, February 14, 1989, increased grant funding to \$8.0 million over a period of nine years and five months from the original date of authorization. The amendment, therefore lengthened the authorized life of the project by an additional two-and-a-half years, to September 30, 1993. Funding was increased by \$5.025 million "to allow the Missions and the Bureau to build the project into their five-year planning horizons." An Action Memorandum of April 24, 1992 requested a third Project Authorization Amendment (PAA) to extend the PACD to September 30, 1994.

Concerning the disbursement/use of actual project funds, an Action Memorandum, dated April 22, 1992, requesting the third PAA, stated that since the original PA in FY 84, over 60 separate sub-project activities had been carried out in Asia, Near East and Europe, and that \$4.5 million of the \$8.0 million of funds authorized had been committed, leaving \$3.5 million in "mortgage." Of the \$4.5 million committed funds accrued expenditures stood at \$3.1 million, leaving \$1.4 million in "the pipe line." Annual obligations in recent FYs were said to have averaged around \$1.0 million (in FY 89 and FY 90, only, as may be observed in Table 2, Chapter V, of this report), and the same amount was projected for FY 92.

B - The Original Project Authorization

The project purpose, according to the original 1984 Project Paper (PP) was: "to provide NE Bureau Missions with the flexibility to respond to host country priorities for private sector development foster private enterprise growth and

development." Also, the project was to provide Near East Bureau (NE) and Missions the flexibility to respond, in a timely manner, to those NE countries that "are willing and that have positioned themselves to rapidly implement activities that will foster private enterprise development." The project was to assist the Missions accomplish the following: identify constraints, and design and implement activities which address the impediments identified through institution building, technical/managerial assistance, transfer of U.S. technology and, "where feasible," investment capital.

The project goal was "to assist in fostering the development and growth of private enterprise in the AID recipient countries of the Near East Region, both individually and collectively, so that it might assume an increasing burden and the leading role in providing the long term economic growth needed."

The PP identified eight recipient countries: Jordan, Lebanon, Morocco, Oman, Portugal, Tunisia, Turkey, and Yemen. These countries were said to provide "the best opportunities for significant private sector growth and receptivity to AID assistance." Activities financed under the project in Portugal (where AID was phasing out), Turkey (no AID mission) and Tunisia were to show specific benefits both to the country and to U.S. interests. Egypt was excluded because its private sector program was said to have been "adequately funded" and was therefore not in need of PEDP funding. In the January 8, 1988 Amendment the list of countries was expanded to include all missions in the newly formed Asia and Near East Bureau (ANE) and in the ASEAN and South Pacific Regional programs, 17 countries in all, and the ceiling for sub-project approval by the Office Director, NE/PD, was increased from the original ceiling of \$75,000, to \$100,000.

Prior to the April 1984 PP, AID private sector reconnaissance missions visited Egypt, Jordan, Tunisia, Turkey and Portugal in March and June of 1982, to assess the climate for private sector development in the region, with particular emphasis on identifying problems and opportunities for AID assistance to the local private sector and U.S. investment, trade, and technology transfer. A major result of these reconnaissance visits was "the repeated request by host country governments and the private sector alike for greater AID involvement in assisting private enterprise growth."

A planning team was to visit Morocco with the same terms of reference some time later on in the PEDP project.

The Project Paper identified the following areas for funding:

- Economic policy and sectors environment: a) Defining policy constraints to economic and private sector growth and identifying alternative policy approaches suitable policy dialogue with host country governments (HCGs); b) Improving

policy analysis and formulation capacity and reformulating economic policies that encourage market development and foster private enterprise growth.

- Money and capital markets: a) Development of markets and institutions to improve and expand forms of financial intermediaries; b) disclosure and capital market regulation.
- HCG institutions impacting on private sector development: Improve investment climate and environment for private business.
- Investment promotion: identifying and stimulating private investment and strengthening investment promotion capabilities.
- Small and medium scale private enterprises: improving performance, efficiency and upgrade technical and marketing capabilities.
- Public and private financial institutions: improving their analytical capabilities and operational efficiency.
- Host country (HC) and U.S. business associations and professional societies: Fostering and developing links between them to: a) strengthen their capacity to represent private business interest; b) provide for an exchange of trade and investment information.
- Private U.S. Investment Promotion to support U.S. trade and investment.
- Entrepreneurs and managers, particularly in small and medium scale enterprises.

The types of assistance or activity in the identified areas included:

- technical and managerial (primarily through assistance by the International Executive Service Corps on a cost-sharing basis),
- training (entrepreneurial, vocational, mid-level and advanced management) including establishing new and/or upgrading the capabilities of existing vocational training facilities,
- studies and surveys (including funding to potential U.S. investors to partially recover the cost of conducting pre-investment feasibility studies---50% of eligible \$U.S. costs up to a maximum of the \$75,000 sub-project limit),
- conferences and workshops, held either in the U.S. or the host country,

- transfer of U.S. technology and, investment capital,
- funding for a limited quantity of project-related commodities.

Funding of activities was to be implemented through sub-projects, PEDP's primary project implementation mechanism. Proposals for sub-projects were submitted to the Bureau by Missions, HCGs and private sector entities, or were to be developed by the Bureau itself. In all instances the Bureau was responsible for monitoring the project. Funds for given fiscal year (FY) had to be fully obligated in that FY; funds not fully obligated by July 15 of a given FY were to be reallocated to other Bureau uses.

All funds were provided on a grant basis. They were to finance the cost of U.S. source and origin services and goods in activities that would not be financed by other mission funds. Local currency costs were to be financed only on an exceptional basis. HCGs and private sector entities were expected to provide local currency and in-kind services for all local currency financing needs for sub-projects.

C - Amendments to the Original Project Authorization

1. - February 14, 1989 Project Amendment

The Project Paper Supplement (PPS), authorized by the Project Authorization Amendment (PAA) February 14, 1989, introduced the following noteworthy changes to PEDP:

- Extension of life of project to 9 years and 5 months from the date of the initial obligation, with a planned PACD of September 30, 1993;
- Increase in grant funds from \$2.975 million to \$8.0 million over the life of the project.
- Administrative modifications to improve implementation, monitoring and evaluation procedures and the overall management of the project.
- Modifications in the project purpose and project activities to reflect the then recently formed Asia and Near East (ANE) Bureau's new "strategy and approach to private sector development."

Flexibility, timeliness and rapid response were still an important aspect of the project purpose; they were referred to as "the key to successful" project implementation. Included were new guidelines on how to initiate and respond to private sector

development needs in a more rapid, flexible manner. The goal of the project, however, remained the same as originally stated in the FY 84 PP.

The Bureau's new strategy for private sector development identified five "strategic priority areas" to permit "better focusing of the use of project funds." These priority areas the Project Paper Supplement incorporated into the original PP's description of eligible activities. The areas of project fund usage contained in Section 2.10 of the original PP (mentioned earlier) were superseded by the following, new priority areas:

- Trade and Investment (T&I): emphasis on the areas where the U.S. private sector "has demonstrated capabilities, such as new technology transfer, power and telecommunication, agribusiness, biotechnology, and services."
- Private Sector Support: increased emphasis on micro and small business development ("understanding micro-enterprise activities and institutional constraints affecting them"), and strengthening business and professional associations.
- Privatization: assisting in implementing HCGs' privatization programs, with emphasis in two priority areas: health services and municipal services.
- Training and Business Exchanges: U.S. and HC training at the managerial, technical and vocational levels.
- Financial Systems Development: improve the environment for financial systems development.

Trade and Investment was given first priority. The other four areas were to be supported in accordance with funding availability and their relevance to meeting Missions' objectives set out in their respective private sector strategies. Activities to be funded were those listed in the original Project Paper and Project Amendment. Proposals for Regional funding were to meet the following criteria:

- support and be directly related to the five priority areas;
- address a major constraint to private sector development;
- aim to produce an impact on achieving sustainable and increased economic growth and employment, and state the expected impact.

Cost-sharing guidelines remained the same. However, reference to the International Executive Service Corps (IESC) was deleted from the section dealing with technical and managerial assistance. Missions were now free to select any provider of assistance or services---not only IESC.

The Project Authorization Amendment (PPA) noted that at a Mission Directors' conference, held in Lisbon in 1987, all participants had agreed that the implementation mechanisms set forth in the original Project Paper were "time-consuming in accessing technical assistance...and in approving sub-projects." Consequently, to further streamline the implementation process the PPA introduced the following provisions:

- Deletion of Annex B, Sub-project Financing Request Information Requirement, for all activities. It was up to the individual mission to "exercise prudent judgement in documenting its rationale for an activity."
- The services of a core contractor, over a three-year period, to provide technical assistance and support on a call-type contract basis, to ensure services would be available when needed.
- Use of project funds to co-finance Mission requests for buy-ins to other Bureau contracts (with PRE and S&T, for example).
- Use of purchase order procurement as appropriate.
- Screening of all project proposals without other Bureau offices involvement in the screening process.
- Authority for the Director, ANE/PSD, Office of Private Sector Development (established in mid-1988), to approve sub-projects costing up to \$200,000.

2. - April 24, 1992 Project Amendment

The April 24, 1992 Amendment extended the life of the project for an additional year, but maintained the project's FY 89 authorized funding level. The PACD changed from September 30, 1993 to September 30, 1994 for two reasons: a) to fund "certain components of the project that were not likely to be completed by September 30, 1993," such as i) the U.S.-Arab Chamber of Commerce's T&I Support Project, and ii) a sub-project consisting of an additional buy-in to PRE's Cooperative Agreement with the National Association for State Development Agencies for trade and investment activities in the NE region; b) to serve as a "funding window" and as a "funding bridge" for sub-projects until the new FY 93 NE regional T&I Project becomes operational.

Again, there was a change in emphasis of priority areas. "Rather than funding a wide variety of studies and pilot projects scattered throughout the ANE Region as in the past," the project would now focus on three areas of concentration: **Trade and**

Investment, Privatization, and Financial Markets." Training and business exchanges and private sector support activities were no longer considered priority areas.

D - Monitoring and Evaluation

The FY 89 Project Paper Supplement (PPS) accompanying the FY 89 Project Paper Amendment (PPA) raised issues about the lack of monitoring, reporting, and evaluation activities by the Missions and the Bureau, noting that "little in the way of organized attention seems to have been spent in follow-up." The Bureau had reviewed the results of projected funded activities prior to the preparation of the PPS and concluded that "while the funds appeared to be used for purposes intended, little was available on results."

Throughout the present life of PEDP, effective monitoring and evaluation of funded activities was not one of the project's strong points. The original FY 84 Project Paper required Missions to periodically report on the status of all on-going activities financed by the project and to submit to the Regional Bureau an activity completion memo reporting on what was accomplished and lessons learned. Furthermore, three evaluations were to be performed: a short term two week desk evaluation in March 1985 involving Missions and NE/PD, only; a long term evaluation in August 1986 and a final evaluation in March 1989 in concert with a U.S. consulting firm.

The FY 89 PPS required that contractors were now to submit reports documenting progress and problems; data on immediate impacts of each project activity was to be gathered to be "grouped and analyzed." Missions were to report on the contractor's performances and on how the results of the contractor services "will be utilized." Evaluation criteria for PEDP as a whole would concentrate on its success in encouraging new initiatives in the priority areas by assessing the immediate results of each new initiative financed under the project, and by the immediate results and follow-on activities to new initiatives in the priority areas. These criteria would help "determine whether the project successfully facilitated ANE Bureau's priorities and how this purpose might be better achieved."

E - Core Technical Support Component

Of some significance for project implementation in the second quarter of FY 89 was Bureau retention of a consulting firm, contracted at a pre-determined level of effort, to provide technical consulting services over a three year period, and the possibility of providing additional core funding as needed, based on acceptable performance of the contractor. Work by the contractor was to be performed upon specific task orders issued by the Bureau. The contractor would estimate the cost of the

tasks and obtain Bureau funding approval. All funds were to be expended on the basis of task orders. The PPS did not, however, specify the kind of work that was to be required of the contractor. An evaluation of the contractor's performance in the field was to be done by the Missions by cable to the Bureau. The criteria to be used to assess the project's and the contractor's success were:

- timeliness and quality of the work performed,
- expansion of project-funded activities with bilateral funding in the field,
- stimulating new private sector activities, and
- the extent to which the Bureau's five priority areas were incorporated into Mission strategy documents.

F - Quick and Flexible Response Mechanisms

The ANE Bureau designed the project to function as a "quick response mechanism to provide additional resources for a broad range of private sector activities in the Bureau," and for developing Missions' private sector programs. In other words, operationally PEDP was to be a convenient, flexible, opportunity-responsive funding mechanism to facilitate financing Agency, Bureau, and Mission-perceived private sector programming needs.

The built-in features of flexibility and rapid response to financing requests and for maintaining Bureau control over funding utilization were:

- Use of sub-projects as the initiating mechanism for the request for funds, originating with a proposal from the entity requesting assistance, and as the implementing mechanism for their disbursement.
- Use of AID direct contracting, Project Implementation Orders (PIOs), IQCs, RCs, PASAs and buy-ins, and PSCs to the maximum extent possible as the obligating document and primary disbursement-of-funds mechanism rather than a bilateral agreement with the respective AID recipient government. The use of these non-bilateral agreement funding mechanisms gave the Bureau and the missions great flexibility in programming project resources since the mechanisms do not require, as do bilateral agreements, prior allocation of resources to HCGs, nor deobligation or reobligation authority. Therefore, formal HCG approval for every project was no longer required, saving time and, perhaps more importantly, allowing the Bureau and the Missions to work directly with the private sector, and to freely implement Agency priority interventions.

- Project management almost exclusively at the Bureau level. This central control of disbursement of funds has several advantages: a) it can remove the obstacle of HC resistance to the use of bilateral funds for non-government activities; b) Mission could determine project eligibility and develop its own procedures for obtaining HCG approval of sub-projects. The Bureau developed eligibility criteria to provide uniformity and consistency to the project and to be applied across the board by all participating missions. Also developed was an outline of the required general information that benefiting HC and U.S. private sector entities were to submit to the Missions or to the Region for all financing requests.
- Intervention tailored to the specific needs of the HC and a project needing assistance, that is, design and implementation of small interventions that best advance the overall goals, objectives and priorities of the HCGs, private sector entities, AID Missions and the Near East Bureau, given limited funding levels for all countries in the NE region and with some AID programs phasing out (Portugal, for example) or some countries without an AID Mission (Turkey, and more recently, Yemen). Sub-projects were to be kept small and to the point in terms of their effectiveness, limiting the funding to a maximum of \$75,000; however, larger sub-projects costing more than that amount could also be implemented.
- The areas earmarked for funding were broad and open, flexible in content and purpose, more or less broad categories of activities that may include other activities to accommodate the particular needs of each country, sector, and enterprise at a particular time and place.
- Ability to direct project funds exclusively to new private sector initiatives that would not or could not be financed by other Mission funds. It is often impossible to foresee in the early stages of project design all the intervening assistance activities needed to bring the project to a satisfactory or desired conclusion. PEDP made allowance for this by providing the funding necessary to supplement on-going activities with "strategic" interventions that could maximize overall effectiveness of an on-going project.
- Use of technical support contracts and long term technical assistance contracts at a determined level of effort on a call-type basis. Such contracts can, when well managed, provide some permanent technical support in the area of overall project design, implementation, management, logistical and ad hoc assistance to meeting the operational needs of the project. Moreover, they have the potential for ensuring quick access to technical assistance, and avoiding delays in obtaining short term highly specialized technical services which otherwise might not be available at the time

when needed. Together with buy-ins and PASA arrangement, such core technical support assistance can ease the Bureau's workload and has contributed to the project's effectiveness as a rapid funding mechanism.

Chapter IV - ANALYSIS OF THE PEDP

This chapter will approach analysis of the PEDP along five lines:

- (1) A recapitulation in one all-encompassing table of the project to show the scope and nature of the sub-projects funded under the PEDP over the life of the project (1984-1992) to date;
- (2) Discussion of the PEDP in terms of the five priority fields of interest it was supposed to emphasize;
- (3) Portrayal of the geographic spread of the project by country and region, along with a discussion of the interrelation of Mission and regional bureau goals and objectives for the overall project and the sub-project;
- (4) An analysis of the project's organization, administration, and operations; and
- (5) A review of a representative sample of sub-projects carried out through full or partial funding from the PEDP.

Because of the PEDP's great variety and disparity in sub-project activity, both at the Mission and regional bureau levels, it will be necessary (after this 5-pronged scrutiny) to provide a summary analysis in an attempt to tie together all of the threads of the PEDP and come up with a composite and coherent mosaic. That summary analysis will be provided in Chapter V, and will be structured along the following lines:

- (1) A discussion of the evolving purpose, goals, and objectives of the PEDP, primarily from the standpoint of its designers and managers in USAID/W;
- (2) Responses to the "Study Questions" raised in the SOW for this evaluation exercise; and
- (3) Analysis of the PEDP as a program and as a funding mechanism.

Findings, recommendations, and lessons learned will be formulated in Chapter VI.

A - Overall Descriptive Analysis

Table 1 on the following eight pages provides as complete a record of the sub-projects that were funded and implemented under the PEDP as can be compiled from available documentation.

The most striking feature of Table 1 is the diversity of project activity and the multiplicity of organizations that have been involved as organizers, contractors, and recipients. It should be mentioned that the dollar amounts listed in the columns for the five priority fields for individual sub-projects were

Summary of PEDP Funded Sub-Projects

FY	Mission and Regional	Proj No.	Description of Sub-project	\$ Trade & Investment	\$ Financial Systems Develop.	\$ Private Sector Support	\$ Training & Business Exchange	\$ Privatization	Comments
87	Bangladesh	34	Privatization					15,000	Contract Amendment
	Regional	35	Private Sector Strategy Development	132,000					Contract Amendment
88	Yemen	36	Computer College			54,622		40,000	IESC Grant Amendment.
		37	IESC Trade & Investment Services, (TIS)	100,000					
	Philippines	38	PAIICO Charter and Legal Analysis	75,000					
	Regional	39	CBI Country Exp. Study	25,000					
		40	Trade and Investment Conference	35,378					
	Regional	41	Health Care Conference						
		42	U.S.T.R Automate ASEAN Trade Data	82,000					
Thailand		43	I.C.E.G. 6 Country Visit			88,000			Informal Sector Analysis
		44	Technical Finance Facility		75,000				Study of Thailand for ASEAN Applications ITMAF
89	Jordan	45	Women's Small Business Export Test			41,044			Handicraft Sewing Petra Project
	Oman	46	Business Development Center	55,000					Oman Chamber of Commerce
	Turkey	47	Trade & Investment Promotion	25,000					Buy-in to PRE of \$184,000 Grant to IESC subsequently, not implemented.

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Summary of PEDP Funded Sub-Projects

FY	Mission and Regional	Proj No.	Description of Sub-project	\$ Trade & Investment	\$ Financial Systems Develop.	\$ Private Sector Support	\$ Training & Business Exchange	\$ Privatization	Comments
89	Portugal	48	Trade & Investment Promotion	25,000					<p>Buy-in to PRE of \$184,000 Grant to IESC. Subsequently, not implemented.</p> <p>AT&T Mixed Credit Study. SB Promotion and Project Design for CBI.</p> <p>State Department and CD Personnel Visits.</p> <p>Sustainability Support of Business Council.</p> <p>Preparation of a Series of Studies by the Center.</p> <p>PECC.</p> <p>Buy-in to provide access to computerized T & I info for 3 Asian, 2 NE countries, & Pakistan.</p> <p>TA Support for Missions. Informal Sector Studies.</p> <p>Agency-wide T & I project management analysis.</p>
	Indonesia	49	Trade & Investment Support	75,000					
		50	Telecommunications	65,000					
	Nepal	51	National Cooperative Business Association			26,700			
	Philippines	52	GSP Seminar	5,645					
	Bangladesh	53	Bangladesh/U.S. Council Support	85,000					
	Regional	54	U.S.-ASEAN Center for Technical Exchange	221,500					
		55	Pacific Economic Coordination Conference	150,000					
		56	International Trade & Investment Promotion (ITIPs)	25,000 +50,000					
		57	ASACI-Agribusiness	260,000					
		58	I.C.E.G. - Presentations by H. de Soto			150,000			
		59	Trade and Investment Promotion	15,000					

Summary of PEDP Funded Sub-Projects

FY	Mission and Regional	Proj No.	Description of Sub-project	\$ Trade & Investment	\$ Financial Systems Develop.	\$ Private Sector Support	\$ Training & Business Exchange	\$ Privatization	Comments
89		60	Entrepreneur's International Training Sponsorship					30,000	Buy-ins.
	Turkey	61	IESC			25,000			PRE Grant (not implemented).
	Portugal	62	IESC			25,000			Incremental Funding PRE (not implemented)
	Regional	63	Workshop Logistical Support Private Sector Workshop Facilitation (TRG) Travel and Per Diem for Speakers at Workshop			56,188			Original ANE IQC Buy-in Workshops in Thailand and Jordan.
	Thailand	64	Financial Sector Assessment		20,000				PSD add-on \$20,000 PRE/PW Contract Buy-in.
	Nepal	65	AID/W-AEMP Course	7,000					Funding for Participant.
	Regional	66	Private Enterprise Development Project (PEDS)	9,450					Add-on to PEDS with \$12,998 from PD&S Funds.
		67	PEDS Buy in: Egypt T & I Study Indonesia T & I Study I.C.E.G. Workshop	204,370					Ernst and Young (PIO/T sent to PRE/PD). Not yet programmed.
		68	PECC Incremental Funding	175,000					ANE Grant Amendment.

Summary of PEDP Funded Sub-Projects

FY	Mission and Regional	Proj No.	Description of Sub-project	\$ Trade & Investment	\$ Financial Systems Develop.	\$ Private Sector Support	\$ Training & Business Exchange	\$ Privatization	Comments
90	Regional	69	ASEAN	100,000					ASEAN State Business Development Initiative Ambassador Orr. Private Sector Development (ANE Contract). Computerized Information System.
		70	(PSD) Support Contract			284,830			
		71	Trade & investment with ITIP	75,000					
91	Egypt	72	Trade & Investment Promotion	99,151					Export Enterprise Development Project #263-0226 buy-in through Coopers and Lybrand SRI Task Order. Buy-in with IMCC for Europe Trade Show, N.E. Export Promotion Courses. Buy-in grant with NASDA Egypt Flour Mill Office Support Activities. Core funded. Core funded.
	Regional	73	Market & Technical Access Project (MTAP) PIO/T "IMCC" #1632228 A \$50K PIIIO/T "IMCC" # 1632848 S \$50 K	100,000					
		74	Trade & Investment Promotion	300,000					
		75	Trade Investment Enterprise Support and Privatization (TIES) Increase core Funding to Ernst & Young	50,000				50,000	
	Regional	76	Survey of Agribusiness Trade Associations	13,830					
		77	Center for Trade and Investment Services	39,213					

Summary of PEDP Funded Sub-Projects

FY	Mission and Regional	Proj No.	Description of Sub-project	\$ Trade & Investment	\$ Financial Systems Develop.	\$ Private Sector Support	\$ Training & Business Exchange	\$ Privatization	Comments
91	Regional	78	Donor & USG Agencies Activities in Financial Markets		11,795				Core funded. Cooper & Lybrand for production of Financial Markets guide book.
		79	Research and Support for Bureau for Near East	12,793	12,000				Logistical Support for USG agencies series of T & I seminars.
		80	Financial Markets Guidebook		19,473				Core funded. Cooper & Lybrand.
		81	Bank Trade Associations Project Design				34,700		Core funded preliminary report of assessing the possibilities.
		82	International Business Internship Program				10,994		Core funded preliminary report on a possible design.
		83	International Business Internship Program				12,740		Core funded preliminary report on the design of such a program.
92	Jordan	84	Free Trade and Zone Assessment	45,438					Core funded consultant's report.
	Egypt	85	Economic and Research Institute			15,596			
		86	Design and Private Sector Initiatives			32,149			
	Jordan	87	Customs Reform						Funding not yet determined.
	Regional	88	Trade and Investment Seminar Series	29,706					Strategies for Emerging Markets. Core funded.
		89	Trade and Investment Seminar Series follow-on	33,835					Strategies for Emerging Markets. Core funded.

FY	Mission and Regional	Proj No.	Description of Sub-project	\$ Trade & Investment	\$ Financial Systems Develop.	\$ Private Sector Support	\$ Training & Business Exchange	\$ Privatization	Comments
92	Algeria	90	Financial Restructuring Training Course for Algerian Bankers		36,780				Core funded. Request from the Mission.
	Turkey	91	Financial Sector Development Project		150,000				Price Waterhouse.
	Oman	92	Financial Sector Development Project		50,000				Price Waterhouse.
	Turkey	93	Privatization and Development Promotion Studies and Training					100,000	Financial Markets Studies.
	Regional	94	Privatization and Development Promotion Studies and Training					100,000	Financial Markets Studies.
		95	Entrepreneurs International				100,000		R & D Managed Program OIT/PP.
		96	National Association State Agencies (NASDA)	100,000					Pre buy-in to be completed by 9/23. Part of Marketing Technology Access Project. Unsuccessful.
		97	IMCC Market Center Study	60,000					Core funded.
	Tunisia	98	Privatization of Air Tunis					32,000	Mission Support through PRE/EM. Ongoing project.
	Regional	99	Agribusiness Trade Association Conference with Citizens Network	10,000					Establish ideas for NE New FY93 T & I program.
		100	American Society of Agribusiness Consultants (ASAC)	60,000					Support NE Regional Project.
		101	OPIC Investment Region	40,000					Joint Investment Mission to Tunisia and Egypt.

arrived at through a review of available project files. Allocation of some of the items to the various columns could be open to varying interpretations; but the review team believes they reflect a generally accurate picture of financial distribution by field.

In any case, and by any criteria, the PEDP has provided a wide range of services to Missions and their program and strategies for private sector development (hereinafter referred to as "psd"). Sub-project assistance of this type has included financial and technical assistance in such varied areas as policy reform, development planning strategies, development of financial services and embryonic capital markets, free trade zones, export promotion, management and entrepreneur training, industrial production, agribusiness, privatization, technology transfer, health program support and management, legal analysis, service industry improvement, informal sector micro-business, women in business and, especially, trade and investment.

The list of sub-projects is indicative rather than inclusive. It indicates a program with commendable flexibility, and freedom to experiment, two of the main objectives of the PEDP's designers. It has also reinforced one of the earlier purposes of the project to support host country development priorities.

The list also reflects a program that has perhaps been too diffuse, verging on a scattergun approach and lacking the focus and sense of guided purpose which would permit greater accomplishment in a given field or even in any given country. While the PEDP has stated a definite long-range purpose and several objectives and has been guided by a model of sorts, actual performance has not operated in line with any strict model or strategy. It was this weakness that prompted senior staff of the Asia and Near East Bureau to revise and refine the PEDP in the last few years of the 1980s. They changed the general orientation of the program from general host country priorities to a more defined set of programming fields. They chose five: trade and investment (hereinafter referred to as T&I), financial systems development, training and business exchange, privatization, and private sector support (a "category" which retained some of the catch-all traits and advantages of the earlier program). Eventually, as the record and the Table show, these five were honed down to three: T&I, financial systems, and private sector support.

This shift coincided with (in fact was shaped by) a two-pronged policy and programming debate going on in the top levels of the Agency. It is not within the province of this evaluation to investigate that debate exhaustively; but some mention of it is essential because of the profound influence it had on the PEDP. For our purposes in this evaluation, we will classify "the debate" as basically revolving around two issues: relative priorities between programming that could produce an immediate

direct impact on meeting basic human needs and programming in psd with long-range and indirect multiplier effects on the different sectors of the national economy; and, within the general area of psd, programming more directly with the private sectors in both the United States and overseas. Some of these intra-agency discussions, besides dealing with these two question and the issues surrounding them, also involved differing perceptions, priorities, and prerogatives among the Missions, Regional Bureaus, and Central Bureaus. The arguments were ideological, hypothetical and operational.

A number of studies on various aspects of private sector development (and, especially, on T&I and financial markets) were undertaken in the mid- and late eighties. Also, major Central Bureau programs were launched in privatization, financial markets, and private enterprise development support (PEDS). These programs supported an Agency-wide strategy to promote the private sector as the "engine" of economic growth and to foster "free and open societies." As part of this, all ANE Missions were requested in FY 1987 to develop at least privatization projects before the end of the fiscal year and T&I action plans by the middle of following Fiscal Year. AID-assisted programs, especially in trade and investment, were intended to encourage export industries, greater diversity within the economies of recipient countries, modernization through imported technology (preferably from the United States), and private sector business linkages between the U.S. and the LDCs.

Of course, the debate within the Agency was not occurring in a vacuum. This was also a period when pressure from a variety of sources was being exerted on every agency of the U.S. Government dealing with foreign countries and international affairs to reduce the adverse trade balance and promote U.S. business interests and products overseas.

These arguments and pressures appear to have had a marked influence on the PEDP. As documented in Chapter III, in the late eighties, the Private Sector Division of ANE Bureau changed the focus, orientation, and operating methods of the PEDP. The five priority categories mentioned above took precedence, and were ultimately narrowed down to three. At the same time, there was a noticeable switch from host country priorities to stressing the interests of U.S. business and sub-sectors where the United States had "comparative advantage." Efforts to create closer ties with U.S. business interests, both at home and abroad, were stepped up, as were attempts to increase links between U.S. and foreign firms and business associations.

The evaluation team has noticed two other shifts concurrent with what has just been described. The ANE Bureau made a concerted effort to increase more direct work with the private sector in its psd programming efforts. While remaining responsive to request from field Missions for assistance to sub-projects (excellent sub-projects in Egypt, Jordan, Tunisia, and

Thailand are evidence of that), the Bureau nevertheless gave increasing attention and emphasis to programs initiated within the Bureau. A greater percentage of PEDP sub-projects increasingly showed this orientation from 1987 on.

These initiatives tended to take two forms: multi-country or regional projects and Bureau directed projects aimed at increasing awareness and capacities within the Agency for psd programming. Senior officers of the Bureau felt that many USAID professional staff were not sufficiently knowledgeable in designing and implementing psd programming and, further, were not accustomed to dealing directly with the local business community. This mirrored an impression echoed by many evaluators of USAID projects that some officers had never come to terms with doing business with business. This supposed non-business attitude cannot be analyzed in depth here, given the scope and limitations of the study; but it is a view which the evaluation team has arrived at through interviews with persons in the private sector and through association with this and other USAID psd programs.

One result of all this was holding of an increasing number of conferences, workshops, and seminars dealing with the fields of priority interest, particularly T&I and financial markets and systems. Table 1 clearly shows this change in programming direction and control. A concerted effort was made to increase awareness in the Agency (and in other agencies of the U.S. Government) of the value of psd programming and of ways to go about working in this field. Some officers and persons outside the Agency interviewed for this evaluation stated emphatically that the most significant programming carried out by the PEDP were the three T&I Private Sector Officers Workshops held in Indonesia in March 1988 and in Thailand and Jordan in May 1990. They hold this opinion not only because the three workshops were successful in themselves, but also for what prior and subsequent thought and action and follow-up meetings and seminars they spawned. Some of this effort has continued into the present year and is, therefore, too recent to evaluate.

As mentioned in Chapter II, sub-project reporting from Missions to the Bureau in Washington has been intermittent at best. Some Bureau officers said they did not even request it, particularly when the sub-project originated in the Mission. This, in combination with the fact that no evaluations have been done of PEDP-supported sub-projects, has made it virtually impossible for the evaluation team to determine the effectiveness of the 101 interventions and, perhaps even more important, the impact on LDC private sector development, measured in terms of economic growth and national income. In the case of sub-projects where documentation is available, it is usually a proposal or a PIO/T or proceedings of a conference or workshop, or a consultant report. In most cases, these materials documented that a

designated task was carried out under a Scope of Work; but the evaluation team had little or no way of determining the ultimate effectiveness of the activity on private sector development goals and objectives.

The team could not in most cases even determine the extent to which host country governments and, especially, private sector people and organizations were involved in either the design or implementation phases of the activity. The scanty documentation from the field and, for the most part, the very nature of many of the sub-projects, point to minimal participation of country governments and a very narrow spectrum of private sector representation. The team's experience gained in other evaluations of psd programs for USAID and other major donor agencies has shown that the extent to which the private sector is included from start to finish, rather than being just a passive recipient at the end of the chain, often determines the success or failure of the program. However, the information from the field is incomplete, and the team was thus denied a valuable evaluation tool.

In fairness, it should be mentioned that some of the sub-projects do not readily lend themselves to immediate impact evaluation, for example compiling and publishing guidebooks (in T&I and Financial Markets), holding of workshops and training programs, or developing lists of potential sources of assistance (like agribusiness firms and banking and trade associations). The question of how these manuals, training, and lists of associations were eventually used and how effective they were utilized, however, remains unanswered. The evaluation team was forced, therefore, to resort to anecdotal evidence from interviews. While comments of informed persons is useful, the lack of written evaluation and other documentation is unfortunate, because these particular activities were considered by interested parties as extremely important to the attainment of the goals and objectives of the PEDP.

The evaluation team was able to determine from a number of files that the speed of response to Mission requests was extremely rapid for the PEDP in comparison with other A.I.D. programs. It was often a matter of just weeks to get a sub-project launched after the request. This was especially well documented in the case of the 15 Task Orders carried out under the contract given to Ernst and Young and subsequently taken over by Coopers and Lybrand. Persons familiar with other sub-projects also commented very favorably on this aspect of the PEDP. A frequently heard comment was that this is one good reason for a Regional Bureau having such a fund. The time between proposal and implementation is usually much longer, even when the proposed activity is within a large Mission, and definitely more prolonged when applying to a Central Bureau controlled program, such as PEDS or Financial Markets in PRE.

B - Analysis by the Five Priority Fields of Interest

Tables 2 and 3 show the varying emphasis placed on the five priority programming fields, both in terms of funding levels and numbers of sub-projects over the life of the project to date (1984-1992). Table 2 also shows that a total of \$6,512,169 has been allocated through June 1992 out of the \$8,000,000 authorized for the PEDP. Chart 1 shows graphically the differential in spending among the five categories, and clearly demonstrates the overwhelming emphasis on programming in and for T&I. Further, the set of five graphs gathered under Chart 2 shows visually how funding varied over time in each category.

These Charts and Tables show clearly that the greatest emphasis was on promoting trade and investment, as project management intended. Approximately half of all sub-projects and 60% of the funds were directed toward activities aimed at promoting T&I. Private Sector Support was a distant second with 24 sub-projects and 22% of the funding. Further evidence of the overwhelming interest in T&I and Private Sector Support was that Coopers and Lybrand, in an attempt to avoid confusion with the PEDS program (which they also administer under contract), gave the PEDP the title Trade and Investment Enterprise Support (TIES) in their records.

Surprisingly, Financial Systems Development, while considered of the utmost importance in the minds of the PEDP's project managers, has consumed only 6% of the funds through 9 sub-projects. Privatization, while involving the same number of sub-projects (9), was actually allocated more money (8%). Training and Business Exchange was the least used field (6 sub-projects and 3% of the funding), almost half of that for support to AID's Entrepreneurs International program. Training literally died as a separate programming field after the shift in 1988. This is somewhat misleading, however, since many of the sub-projects dealing with issues in the other four fields of interest involved training in one form or another.

Programming activity (particularly in dollar obligations) has been heavier in the last four years of the project (i.e., 57 projects and 62% of all obligated PEDP funds in the period 1989-92). The peak was 1989, when 16 sub-projects were carried out, including 12 for T&I, the highest total for any one category in a single year. In fact the 1989 allotment for T&I (\$1,057,145) almost equalled the total allocations for 1984-1992 for all the other categories except Private Sector Support (\$1,452,165), which is actually a catch-all for a variety of activities.

The effectiveness and impact of the sub-projects in the five areas is difficult to document with any exactitude. Considering the great concentration on trade and investment, it should be borne in mind that programming in T&I normally takes a long gestation period (perhaps 5 to 10 years) to come to fruition,

Table 2
Annual Obligations by Program Area

FY	Trade & Investment	Financial Systems Development	Private Sector Support	Training & Business Exchange	Privatization	Total
84	\$263,700	\$0	\$141,419	\$9,900	\$67,030	\$482,049
85	383,133	0	160,617	0	0	543,750
86	140,000	0	200,000	0	124,450	464,450
87	212,000	20,000	131,000	0	15,000	378,000
88	317,378	75,000	142,622	0	40,000	575,000
89	1,057,145	0	217,744	30,000	0	1,304,889
90	570,820	20,000	411,018	0	0	1,001,838
91	614,987	43,268	0	58,434	50,000	766,689
92	378,979	236,780	47,745	100,000	232,000	995,504
Total	\$3,938,142	\$395,048	\$1,452,165	\$198,334	\$528,480	\$6,512,169

Table 3
Number of Sub-projects by Program Area and Year

FY	Trade & Investment	Financial Systems Development	Private Sector Support	Training & Business Exchange	Privatization	Total
84	3	0	3	1	2	9
85	7	0	5	0	0	12
86	2	0	2	0	3	7
87	3	1	2	0	1	7
88	5	1	2	0	1	9
89	12	0	3	1	0	16
90	6	1	5	0	0	12
91	7	3	0	3	1	14
92	8	3	2	1	1	15
Total	53	9	24	6	9	101

Chart 1

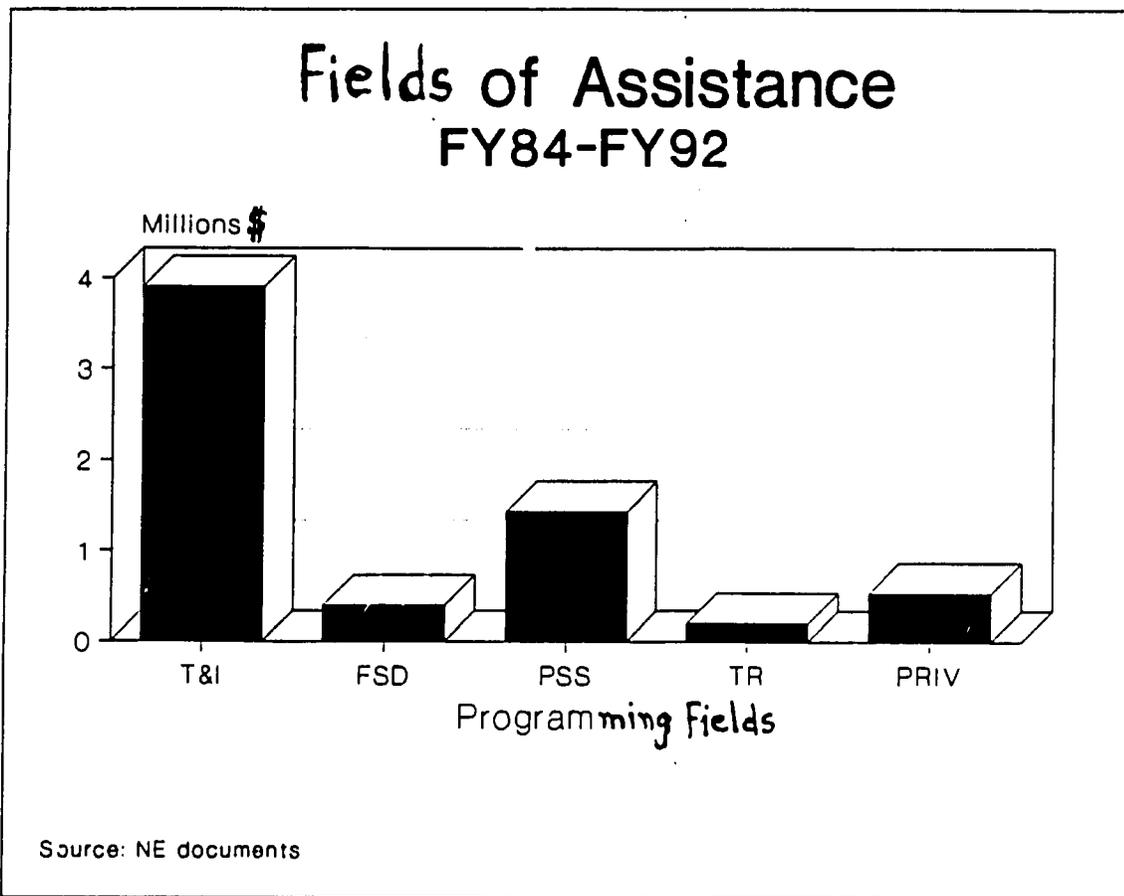
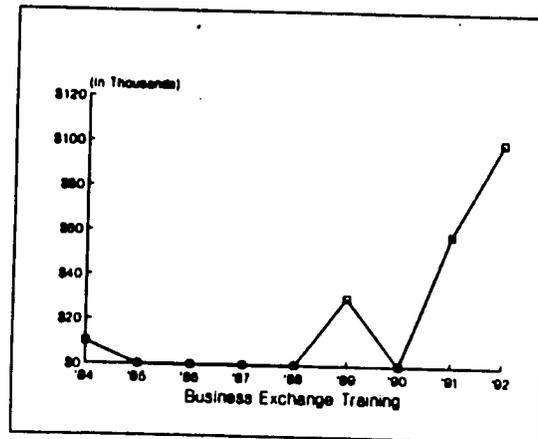
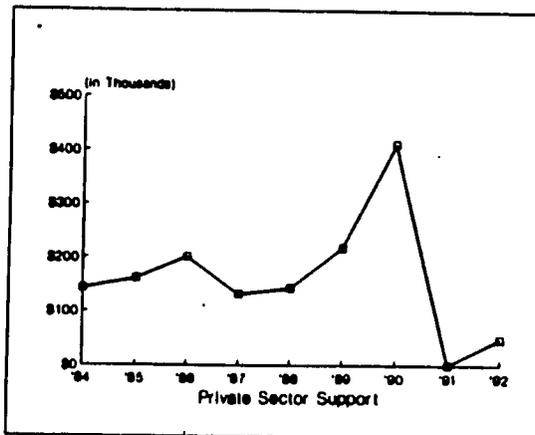
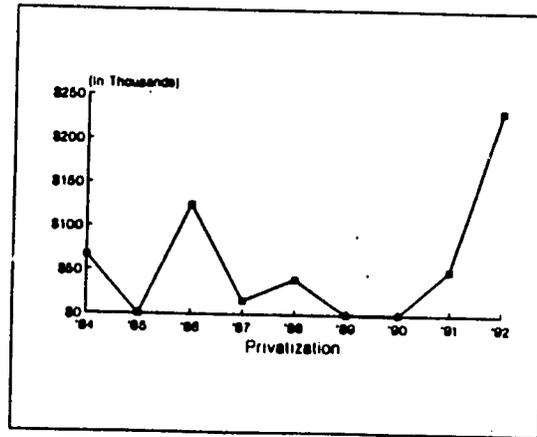
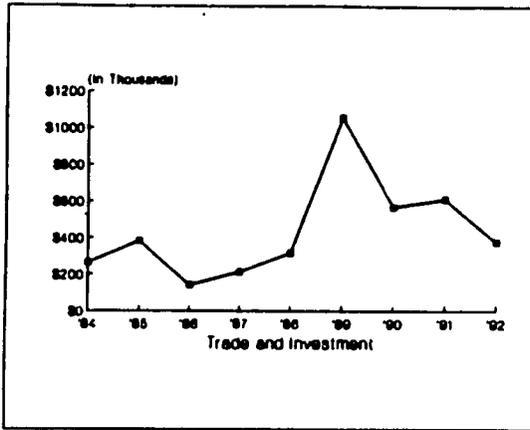
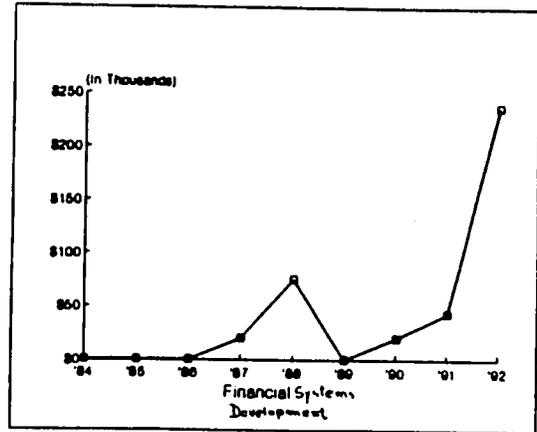
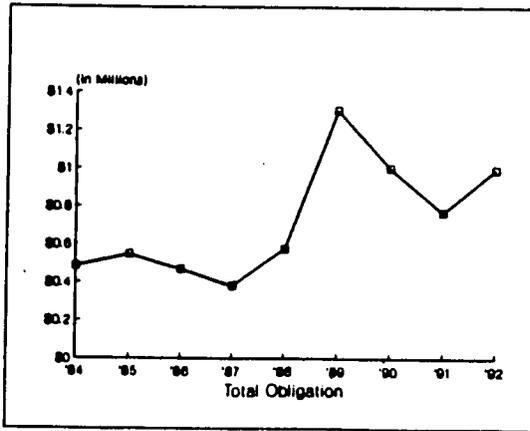


Chart 2
Yearly Total Obligations
and
Yearly Obligations By Program Field



especially in a sluggish economy. A number of independent studies have come to this conclusion. Consequently, when evaluating the T&I portion of the PEDP portfolio, one should not ask too much of the program too early in the game, especially since a major thrust of the T&I activity was to increase awareness and capabilities within A.I.D. for this type of activity, in other words, work at the first stages of a changed approach to developing programming in this complex arena.

A.I.D.'s and, particularly, PRE's effectiveness in these areas had never been very apparent, mainly because the programs themselves and the packages and approaches for presenting them had never been geared to everyday practices of the business world. The Regional Bureaus entered this particular field even later, although individual Missions have intermittently pursued this type of programming over the years.

Most of the studies on the Agency's programming for psd have concluded that A.I.D. has been more comfortable programming with and for governments than directly with the private sector and more successful when operating in fields of traditional Agency interest, such as financial markets policy reform, agriculture, health and education, and infrastructure development rather than psd as such or privatization or T&I. A major study carried out in mid-1990 for PRE of 44 agency-wide psd programs indicated that projects and programs aimed at T&I were generally less successful than activity in financial markets, policy reform, regulatory environment, and small and medium sized enterprise development. The same pattern seems to have occurred in the case of the PEDP, but the record is incomplete and inconclusive.

C - Analysis by Country and Region

Table 4 indicates the geographic spread of the sub-project activity carried out under the PEDP program by country and regional programs and by programming category each year and totally. Chart 3 summarizes much of the same data visually. The set of five line graphs under Chart 4 show obligations by year in Near Eastern countries, for the Bureau and in Asian countries. Chart 5 provides special clarification of on T&I and Private Sector Support (PSS) in Near Eastern countries.

Table 4 and Charts 3 and 4 demonstrate rather strikingly the transformation and transition of the PEDP. What started out as a Mission or host country-specific demand-driven program gradually, but inexorably shifted to an emphasis on regionally oriented sub-project interventions controlled by the Regional Bureau. In the earlier years, a greater number of sub-projects were directed at Yemen, Morocco, and Turkey; but country-specific emphasis lessened in the latter stages of the program's life. Parallel to this was increasing emphasis on U.S. objectives and interests in promoting T&I.

Table #4 Annual Obligations & Sub-Project Distribution by Region

Regional Groupings	T & I	FSD	PSS	TBEX	PRIV	TOTAL
FY '84						
7 Near East	125,000		141,419	9,900	67,030	343,349
2 Europe	138,700					138,700
Asia						
Bureau						
9 Total	263,700		141,419	9,900	67,030	482,049
FY '85						
10 Near East	258,934		160,617			419,551
2 Europe	124,199					124,199
Asia						
Bureau						
12 Total	383,133		160,617			543,750
FY '86						
3 Near East			200,000		50,000	250,000
3 Europe	140,000				50,000	190,000
Asia						
1 Bureau					24,450	24,450
7 Total	140,000		200,000		124,450	464,450
FY '87						
3 Near East		20,000	131,000			151,000
1 Europe	65,000					65,000
1 Asia					15,000	15,000
2 Bureau	147,000					147,000
7 Total	212,000	20,000	131,000		15,000	378,000
FY '88						
2 Near East	100,000		54,622			154,622
Europe						
2 Asia	75,000	75,000				150,000
5 Bureau	142,378		88,000		40,000	270,378
9 Total	317,378	75,000	142,622		40,000	575,000
FY '89						
2 Near East	55,000		41,044			96,044
2 Europe	50,000					50,000
5 Asia	230,645		26,700			257,345
7 Bureau	721,500		150,000	30,000		901,500
16 Total	1,057,145		217,744	30,000		1,304,889
FY '90						
1 Near East	60,000					60,000
2 Europe			50,000			50,000
3 Asia	67,000	20,000				87,000
7 Bureau	443,820		381,018			804,838
13 Total	570,820	20,000	411,018			1,001,838

Continuation of Table #4

Annual Obligations & Sub-Project Distribution by Region

Regional Groupings	T & I	FSD	PSS	TBEX	PRV	TOTAL
FY '91						
2 Near East	199,151					199,151
Europe						
Asia						
11 Bureau	415,838	43,268		58,434	50,000	567,538
13 Total	614,897	43,268		58,434	50,000	766,689
FY '92						
1 Near East	45,438	86,780	47,745		32,000	211,963
2 Europe		150,000			100,000	250,000
Asia						
8 Bureau	333,541			100,000	100,000	533,541
17 Total	378,979	236,780	47,745	100,000	232,000	995,504

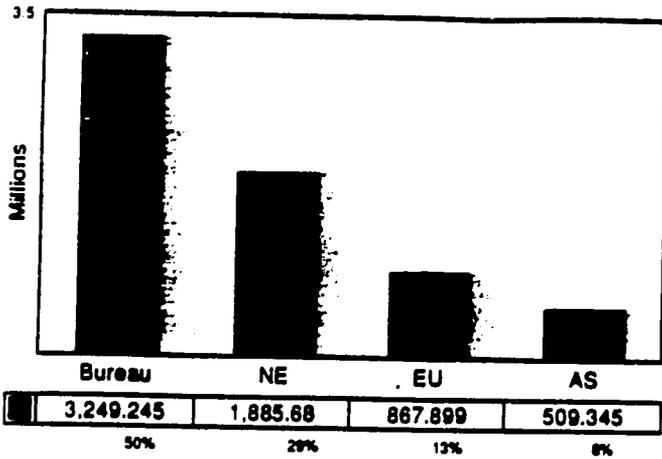
103 Projects

Priority Programming Areas

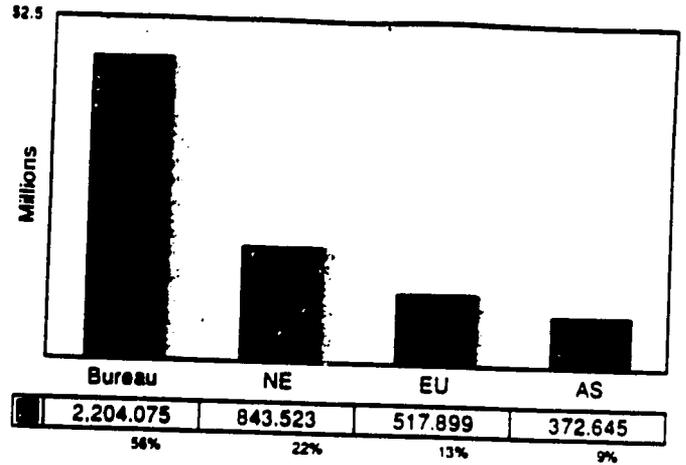
Geographic	T & I	FSD	PSS	TBEX	PRV	TOTAL
Near East	843,523	106,780	776,447	9,900	149,030	1,885,680
European Countries	517,899	150,000	50,000		150,000	867,899
Asia	372,645	95,000	26,700		15,000	509,345
Bureau	2,204,075	43,268	599,018	188,434	214,450	3,249,245
Grand Total	3,938,142	395,048	1,452,165	198,334	528,480	6,512,169

Chart 3
Total Obligated Funds by Program Field and by Region

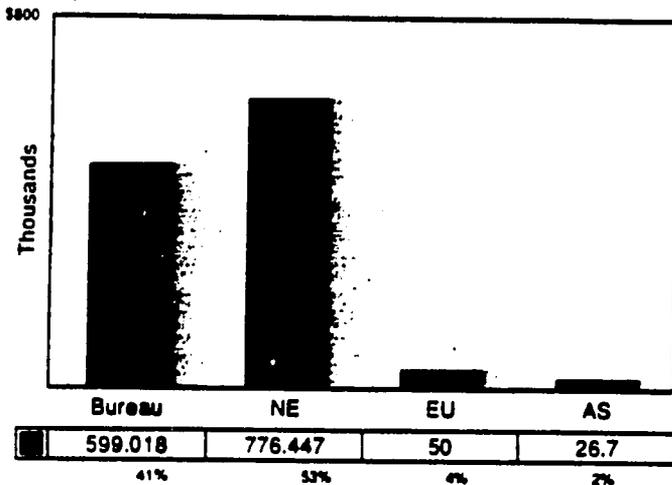
Total Obligations



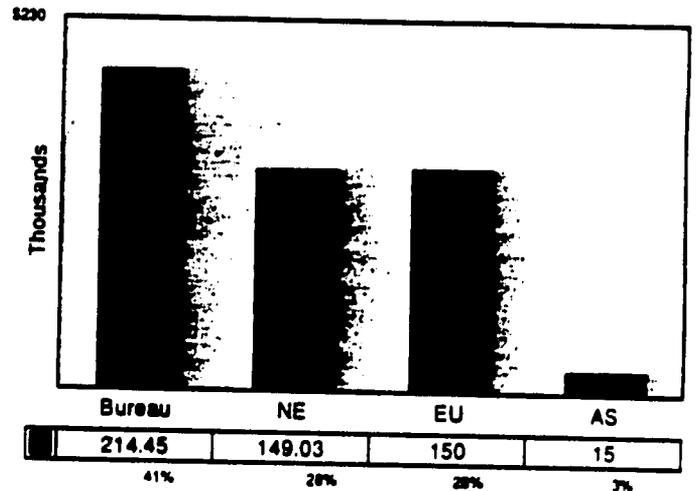
Trade and Investment



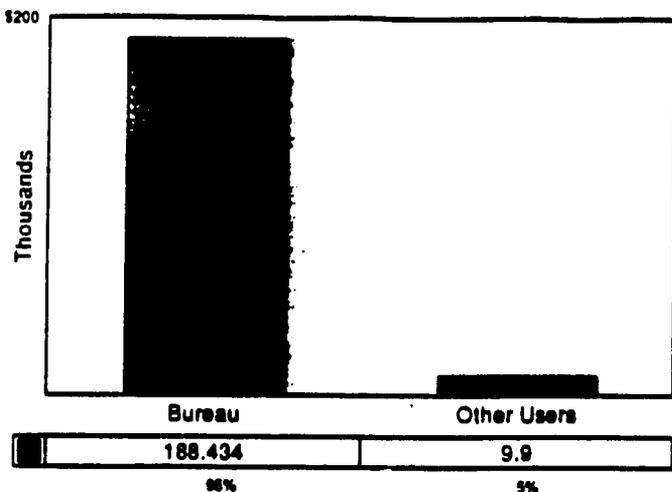
Private Sector Support



Privatization



Training and Business Education



Financial Sector Development

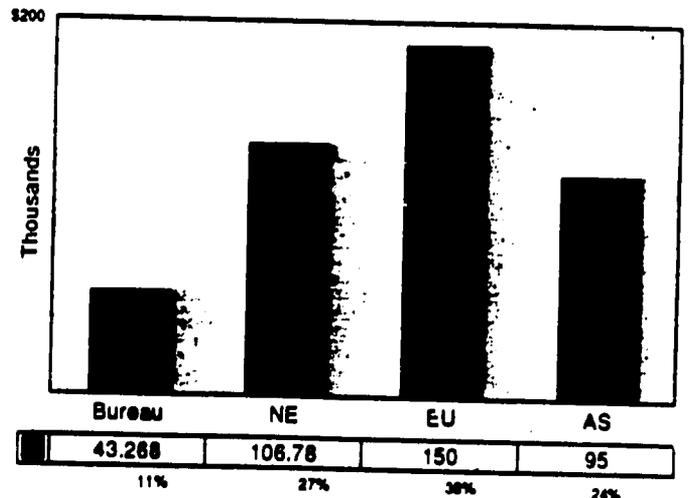
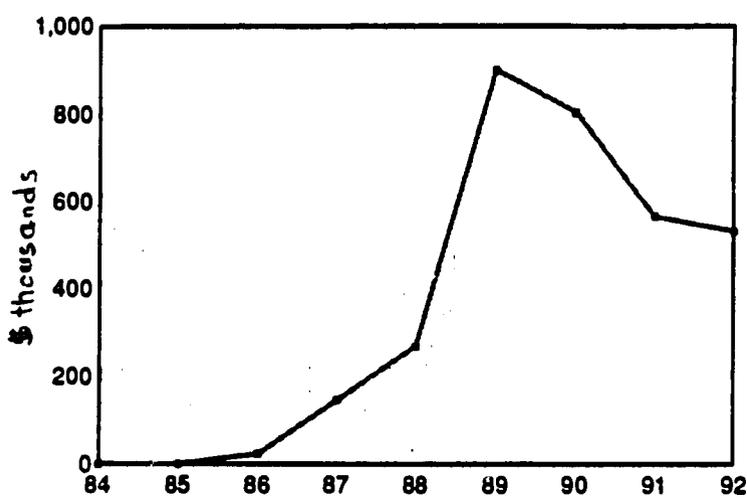
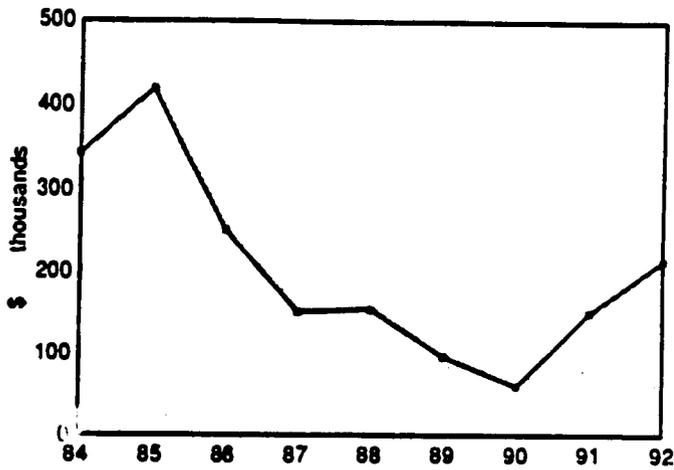


Chart 4
Annual Obligated Funds by Region

Bureau Originated



Near Eastern Countries



Asian Countries

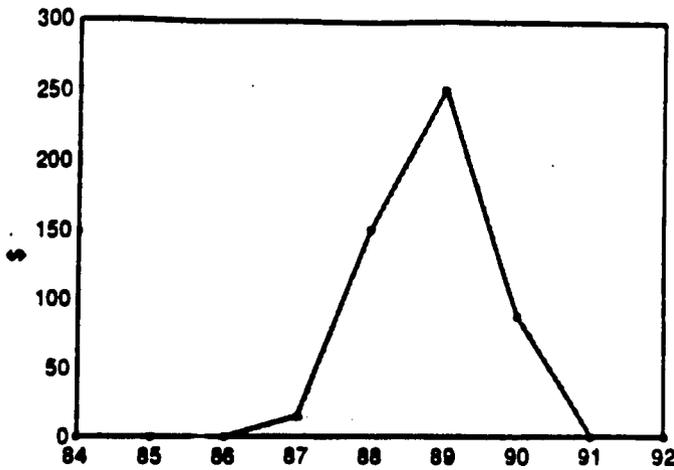
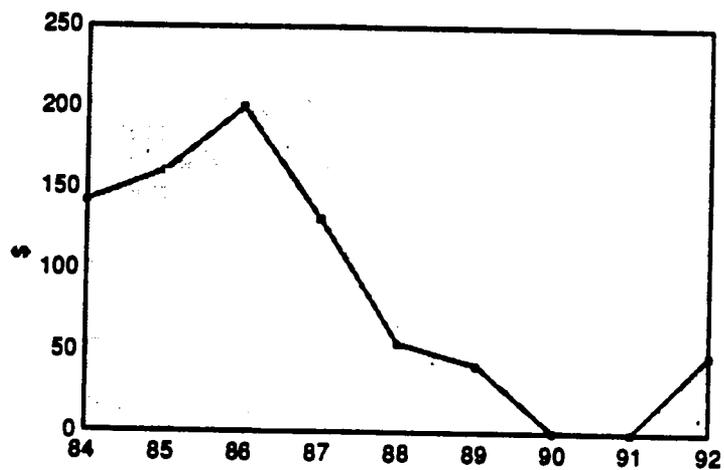
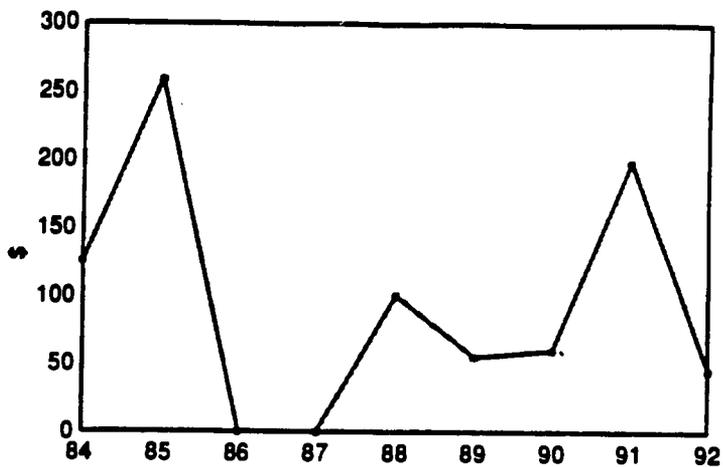


Chart 5
Annual Obligated Funds in Near Eastern countries
for
Private Sector Support and Trade and Investment

Private Sector Support



Trade & Investment



(NOTE: The numbers in the far left column of the Table 4 indicate the number of sub-projects carried out in each area.)

Based on the figures in Table 4, the percentage of funds allocated by Bureau-originated activities increased steadily over the years until 1990 and then declined somewhat thereafter, in the following pattern:

1984 -	0
1985 -	0
1986 -	5.3%
1987 -	38.9%
1988 -	40.7%
1989 -	69.1%
1990 -	80.3%
1991 -	74.0%
1992 -	53.65

Of the 101 sub-projects implemented under the program, 38 were aimed at individual Near East countries, 14 toward two countries in Europe, 10 in Asia, and 39 were regional in nature and orientation. The emphasis on one country or another or one region or another is also a reflection of the transferring of the PEDP from NE to ANE to ANEE to ENE and back again to the present NE Bureau as the result of A.I.D.'s perennial reorganizations and regional realignments. One result of this has been lessening of the chances for significant impact in any one place, as well as lessening of demand for PEDP assistance from the Bureau's six remaining active Missions. In 1987, under ANE, PEDP had a outreach that included 17 Missions.

Several other aspects of PEDP assistance to country programs should be mentioned at this point. Based on a review of available documentation and on the comments of interviewees, PEDP appears to have been a convenient and productive vehicle for introducing new ideas and approaches that might have been more difficult to launch under normal funding channels. This was convenient for either or both local Missions and the Regional Bureau in pursuing their own goals and objectives for psd. Sub-projects for export promotion and technology transfer in Egypt, establishing investment funds in Thailand, the Business Development Center in Oman, Computer College Training Center in Yemen, and policy issues related to T&I in Indonesia and in Jordan, come to mind. There are several other examples of this that are cited in Section E of this Chapter. For the most part, however, PEDP interventions in countries with large budgets for private sector development were often peripheral, making little impact on either the direction or success of the psd program.

The PEDP has been much more important to the Regional Bureau in introducing new ideas and approaches and in abetting and pursuing Agency-wide and Government-wide political and economic policies, goals and objectives. The general feeling among interviewees for this evaluation appeared to be that Regional

Bureaus have more clout than Central Bureaus in introducing new or controversial approaches because of their influence over Mission budgets. The series of workshops on trade and investment are excellent examples of this. The program was also an experimental and, to some extent, useful vehicle for promoting U.S. interests in other cases as, for instance, the AT&T Mixed Credit Project in Indonesia and NASDA's flour mill in Egypt, the ASEAN programs, the Turkey financial sector project, and the Thailand Technical Finance Facility project, come in mind.

One final point might be made about one specific advantage the PEDP has provided for certain regional programs. Informed persons associated with the Market Technology Access Program (MTAP) and the Center for Technology Exchange in the U.S.-ASEAN Business Council have mentioned the great value the PEDP has been to their efforts for two reasons: first, because it enabled them to venture into new areas more easily than through normal funding channels; and second, PEDP assistance was crucially important "bridge assistance" between regular funding cycles. Supporters of these two programs have been frank in stating that the programs might not have survived without the PEDP assistance.

D - Analysis in Terms of PEDP Organization and Administration

The organization and administration of the project has not served it or its objectives efficiently and effectively for most of the life of the program. Except perhaps at the very start in 1983-1984 and during the period of intensive restudy and ideological and programmatic transformation in 1988-1989, the PEDP has not been very well organized or adequately staffed. At the present time, the program is basically run by one capable but overburdened officer in NE/DR, who carries other general and Bureau responsibilities besides private sector development, although the latter is his primary concern.

Other Regional Bureaus have staffs of at least three to four professionals, and sometimes more. This was also true when the PEDP was under the umbrella of ANE, a time of great ferment, planning, change, and project implementation, responsive to top Agency management's policies and plans for expanding and improving psd programming throughout the Agency. In later years, several changes in staffing because of shifting from one Bureau to another and other reasons have disrupted continuity and adversely affected program planning and sub-project implementation. For example, several potentially valuable sub-projects have been contemplated but not implemented (and eventually deobligated) because routine Task Orders were not prepared and distributed to waiting contractors. The sub-projects and funding numbered 87, 91, 92, and 94 in Table 1 are examples of this disruption.

One of the real weaknesses of PEDP has been a woefully inadequate and unsystematic filing and record keeping systems.

For all practical purposes, there is no comprehensive systematically organized record of the overall planning and operation of the program and its sub-projects. One former project manager of the program in Washington commented that they never really felt the need of requesting reports, much less evaluations from the field Missions on sub-projects. A related weakness of the program has been a general lack of project and sub-project monitoring and follow-up. Perhaps this situation stems at least partially from regarding the PEDP more as a funding mechanism than a program with focus and programmatic goals, for at least a major part of its life.

Some additional comment should be made about the files that were gradually made available to the AED evaluation team. There are huge gaps, with perhaps slightly over 50% of the sub-projects with no documentation, and a number of others, including some major sub-projects, with only meager documentation. Also, much of the material that was made available was not pertinent to the actual sub-projects of the PEDP, and only peripherally pertinent to the overall planning of the program; but it was also mixed together in one jumbled mass that had to be scanned. Consequently, it was difficult even to reconstruct the overall program, much less evaluate it and its parts. Several Findings and Recommendations will be offered in Chapter VI about this situation.

One final note on program effectiveness. One of the primary objectives of PEDP in its later years was to increase programming activity directly with the private business sector, business people and groups, both in the United States and in recipient countries. The evaluation team has not been able to document whether this intention ever got much beyond the exploratory and information-dispensing stages; but the impression is that it did not. The lack of well seasoned businessmen on the staff of the PEDP-supported Center for Trade and Investment Services (CTIS), for example, makes one wonder how effectively it will serve the interests of private sector clients except to dispense information, hold seminars, tradefares and conferences.

E - Review of an Illustrative Sampling of Sub-Projects

The Scope of Work for this evaluation project stipulated that of the "60 some sub-projects" comprising the PEDP a representative sample should be singled out for intensive analysis. The AED evaluation team approached this particular aspect of the evaluation exercise in the following fashion.

First, in the course of three meetings with officers of the Near East Bureau, they expressed their priorities for selecting certain projects for in-depth analysis. Upon review of the list of sub-project compiled by NE/DR, the AED team determined that the actual number of sub-projects is 101. Based primarily on the recommendations of NE/DR, a list of 59 sub-projects was assembled which received primary attention of the AED evaluation team. Several of the sub-projects were included on the list upon the specific recommendation of the AED team.

The AED team has, however, reviewed the other 42 sub-projects to the extent that useful material was available and also subject to the team's appraisal of the importance of the sub-project to the overall purpose and activity of the PEDP. Some projects were eliminated because they were too recently undertaken for useful evaluation or were too small and inconsequential or were insufficiently documented to permit meaningful evaluation possible.

The 59 were selected on the basis of geographic spread among NE countries (with a representative sampling from other regions formerly serviced by the PEDP) and regional projects, distribution among the five priority programming fields, monetary size and programming complexity of the activity, and time spread from 1984 to 1992, with an emphasis on activity since 1988, as well as on those sub-projects that had been receiving funding from PEDP recurrently. Every attempt was made to strike a representative balance. Finally, 37 sub-projects were identified by the AED team suitable and representative for presentation in this review and analysis. For easy reference, they are presented in the same order as they are listed in Table 1.

2. Morocco: IESC Grant

This IESC \$50,000 grant agreement, requested and drawn up by the Mission, was to provide technical and financial assistance to small business development projects not to exceed \$15,000 for any individual project. IESC was to try to obtain a contribution (in local currency) from the client of at least 50% of the cost of supporting the IESC Volunteer Experts, whose per diem cost was fixed at \$34,000 for the 2-year period of the grant (September 1984-September 1986). A report covering each individual project was to be

submitted to the Mission within 30 days after the project's completion date.

The technical services to be provided were to be focussed on local exporting enterprises or institutions whose primary function was to serve such enterprises to stimulate investment and economic growth and reduce Morocco's chronic balance of trade deficit. The Volunteers were to spend from two to three months working with Moroccan firms to help solve problems of production and management. On the basis of requests from clients, IESC was to develop individual projects and provide the appropriate Volunteers to implement them. IESC, in its grant application, had targeted between 10 to 15 project starts for 1984-1985, including those financed by AID. Each project was to be approved by the Mission. A final report was to be submitted to the Mission by IESC within 30 days following the termination of the Grant.

In April 1985 the grant was supplemented by a grant amendment using additional \$50,000 in SDA funds from Morocco's FY 85 OYB.

These grants to IESC, according to the SOW that accompanied the grant agreement, were "intended to form an important and integral part of a larger private sector development program in Morocco," and symbolized "the agreement of AID and the IESC to cooperate fully in the implementation of such a program."

There are not reports in Bureau files describing IESC's accomplishments. However, see project review 16 for additional comments.

3. Yemen: Export Production Analysis

This sub-project grant agreement, dated 9/24/84, was to provide technical assistance to small scale industries and limited commodity assistance to the Federation of Yemen Chambers of Commerce and Industry. The Chambers were to assist affiliated entrepreneurs (by law, all businesses had to be affiliated and the Chambers were basically government institutions, not private organizations) to start new small-scale industries and assist existing producers in solving some of their production, marketing and management problems. The Federation, the grantee, was to make a contribution of \$33,391 to the project, which had a PACD of 11/30/85.

A final report on the outcome of this project could not be obtained from Bureau files. However, a TDY Bureau visit to Yemen in early 1988 reported that the Federation had not been very responsive to its membership, and that a full

scale private sector strategy development effort was not warranted "because the government is not encouraging it."

The Mission was unable to respond to the AED evaluation teams's PEDP questionnaire concerning this and other PEDP funded sub-projects (particularly the numerous IESC activities that followed beginning with 1985) from 1984 to 1988 (Yemen, after 1988 no longer received new PEDP assistance) because all the Officers who might have participated in the PEDP funding had departed Yemen during the Gulf Crisis. "The knowledge base no longer exists to complete [the team's] extensive questionnaire," the Mission observed, and requested that it not be further included in the PEDP evaluation. Therefore, most of the sub-project descriptions concerning Yemen are based on documents which the team was able to compile from various non-Mission sources.

16. Morocco: IESC Grant Add-On

In a cable to the ANE Bureau, dated December 19, 1985, USAID/Morocco requested that an additional \$50,000 from PEDP be added on to the existing FY 84 IESC grant agreement in order that IESC can continue to provide technical assistance to small and medium size firms, especially those with an export potential. The request was approved and funding was authorized on February 5, 1986. Essentially, this funding was to bridge financing of IESC activities over to the second quarter of FY 86 until funds could be made available through the Mission's bilateral program with funding included in its newly designed Private Sector Export Promotion project, through which the Mission expected to finance all future IESC activities.

Evidently, IESC's services have been greatly appreciated and are in great demand in Morocco. Concerning IESC's activities through March 21, 1988, the Mission noted in its response (via FAX) to the AED evaluation team's sub-project questionnaire, on October 26, 1992, that IESC concentrated on promoting Moroccan exports. Sub-project funds were used to cover costs of 24 IESC Volunteer assignments with an equal number of Moroccan firms, who were the sub-project's primary beneficiaries. There were no major secondary beneficiaries.

The Mission reported that the IESC grants were the only significant use of PEDP by the Mission because there were many other sources of technical assistance available, using both institutional contracts and IQCs. However, the two grants "were instrumental in financing the start-up of the IESC program in Morocco, a program which has grown substantially since 1984 and is "now one of the largest and most diverse IESC programs worldwide," the Mission reported.

The grants were later succeeded by a \$4.0 million, six-year Mission-funded project and, beginning in July 1992, by another \$10.4 million five-year project--"both in the form of cooperative agreements between USAID/Morocco and IESC." The Mission has a relatively large and strong private sector program, and a new project addressing microenterprise development was programmed to begin during FY 93-94.

The sub-projects did enable the Mission to undertake an activity that it might not otherwise had been able to undertake, because, the Mission noted, "at the time, there was no other likely source of support for the IESC grant in question." The Mission identified IESC's capacity to provide "credible" U.S. experts to solve business problems as a success factor, and noted that factors limiting success included start-up difficulties and high turnover in IESC Volunteer country directors.

The Mission reported that a most recent evaluation of IESC conducted by Louis Berger showed, as apparently other IESC evaluations have shown, that "measurable impacts have occurred at the firm level." Unfortunately, the PEDP AED evaluation team did not have the opportunity to review the Louis Berger evaluation.

19. Yemen: IESC Grant

This sub-project was originated by the Mission and funded a grant agreement with the International Executive Service Corps (IESC) to provide support "for the expansion of its program to Yemen." IESC was to provide technical and managerial assistance to six or eight agribusinesses, beginning September 30, 1985 and ending December 31, 1986.

Each IESC project with any single client could be assisted with a contribution from this grant not to exceed \$8,300. The IESC Volunteer Expert (VE) was to determine the exact amount. Other and indirect costs directly attributable to the project's activities were considered cost sharing on the part of IESC and were to be obtained from sources other than the grant. It was hoped that individual IESC clients would make a 50% contribution to the cost of supporting the VE. The average client contribution was estimated to be \$9,300. Thus, the maximum grant supported cost was estimated to be \$17,600 for a two-month assignment of an IESC volunteer.

IESC was to inform the Mission in writing of any advisory project proposal, including the IESC/Client agreement, terms of reference of the project and a budget estimate. If the Mission wished to voice any objection to the proposal, the

Mission was given the option to do so within fifteen working days after receipt of the proposal from IESC.

IESC was given full responsibility for monitoring and evaluating the project. The VE, upon completion of his assignment with particular client, was to prepare a written report, and a review of the project was to be made by the IESC country director one year after its completion. That review was to include information on changes in production, profits, sales, employment, "and other appropriate indicators."

These reports may or may not have been written. According to the grant agreement, they were to have been submitted to the Mission. A final report also was to have been submitted within sixty days following the termination of the grant. As the AED evaluation team already noted (sub-project #3, paragraph 2), reports cannot be found in Bureau files, and the Mission no longer has information on hand to permit a full assessment of IESC's activities and accomplishments.

Concerning its activities in Yemen over the period 1984 through June 1988, IESC had encountered some problems which were communicated to ANE Bureau in May and June of 1988. Some of the more pertinent ones were the following:

- The ratio of AID versus client contribution to cover costs of an IESC volunteer was too low. Client contribution, in particular was set too high. Not enough clients could be found to make the program economically viable.
- From the beginning, the hope for the division of \$9,300 and AID's maximum contribution of \$8,300 per project "was a bad guess on everybody's part."
- Clients, even though their contribution was to be made in local currency, "resisted contributing to the equivalent of \$9,300." A number of projects were done where the clients' contribution was "quite small." Some had agreed to contribute not more than \$6,500.
- The Missions was inclined to supporting all costs associated with an assignment that were not covered by the client contribution.
- Draw downs against the Letters of Credit for grant payments to IESC had been made at the AID established maximum per project. Even so, IESC had actually expended in total \$13,000 above and beyond that ceiling on the projects it had been assisting.

- Of the total number of projects originally identified by IESC on its "project development visits," only 50% to 60% would actually be implemented.

- Beginning with 1985 through July 1988, IESC had developed a total of 34 "requests for assistance," of which 16 had been canceled by the clients, 6 had been "successfully completed," and 12 more were either scheduled to start or under recruitment.

For additional comments, see sub-project description 37.

29. Yemen: SME Technical Assistance

This sub-project amended the original IESC grant agreement of September 1985. The grant increased funding to \$150,000 with and extended the project completion date to September 30, 1988. The request for this add-on of \$100,000 came from the Mission via cable dated January 14, 1987. ANE Bureau approval was given with the PIO/T dated 2/9/87.

Actually, Mission had made an earlier request in September 1986 for \$300,000 to fund 15 Volunteers and a country director for Yemen.

The grant amendment was to permit IESC to extend technical and management assistance to 8 to 10 additional Yemeni firms. The actual number was to depend upon client contribution to total project costs, duration of each project, and the degree to which IESC was able to minimize operating costs and "multiply the impact of each Volunteer." Funds were not to be used to finance the cost of an IESC resident director. Volunteer assignments in Yemen were to continue to be programmed by sending TDY IESC staff from either Egypt or the IESC office in the United States.

30. Yemen: Financial Markets Analysis

This \$20,000 sub-project funded a buy-in to PRE's Financial Markets Project, under contract with Arthur Young, and supported a financial markets assistance needs assessment. The request for this funding came from the Mission (Sana'a 04040), dated May 26, 1987, and received Bureau approval with PIO/T, dated May 8, 1987. Turn-around time was approximately 2 weeks.

31. Yemen: Small Scale Industry Assessment

The Mission requested this buy-in to the S&T Bureau ARIES project contracted with Robert Nathan and Associates to fund a small scale industry assessment. The request came by cable (Sana'a 05605) and is dated, July 28, 1987, although discussions with S&T/RD/ESE on this activity had been underway at least since July 21. The Mission proposed to supplement this funding with \$11,200 (later on increased to \$19,400 from Mission PD&S funds). Emphasis was to be given to the agribusiness sector in identifying strategies and feasible interventions designed to develop and strengthen agribusiness entrepreneurs, enterprises, institutions, and policies. Three copies of the final report were to be delivered to AID/W "as directed by the Mission."

32.(and 35.) Private Sector Strategy Development

This \$15,000 buy-in to PRE/PEDS supported the preparation of various documents designed as promotional and training tools for planning and programming private sector development activities in the field. Its immediate purpose was to provide additional funding to PRE PEDS and the Bureau's own PD&S funds (\$132,000) in support of developing a private sector strategy and implementation options (based on PEDS' standardized SOW framework for private sector development) in Tunisia, Sri Lanka, Nepal.

Work in Nepal primarily assisted the Mission in planning for privatization of state operated enterprises (SOEs). Approximately 50% of PEDS funding was absorbed by the Tunisia study. That Mission contributed \$20,000 of its own funds.

This sub-project contributed greatly to the successful development and publication of ANE's Trade and Investment Operational Guide in the latter part of 1990, and helped develop the curriculum which was presented at the Private Sector Officers' (PSO) trade and investment (T&I) conference/workshop held in Jakarta in March 1988. Also produced for the workshop was the document "Review of Activities Designed to Encourage International Trade and Direct Foreign Investment in ANE Client Countries," October 19, 1987, a precursor to the 1990 Regional T&I Operational Guide.

There are no other documents about this activity in the file other than a PIO/T, dated 8/28/87, and a PIO/T, dated 8/25/87 with their respective SOWs.

36. Yemen: Computer College

This sub-project financed a three-month (4-person month) feasibility study for establishing a private not for profit computer training institute. The request for this funding originated in the Mission and was communicated to the ANE Bureau by telephone in conversation between Mission Director and PEDP project manager. The request was approved on the grounds that "in the circumstances," the formal procedure of project approval as set out in the PEDP 1984 Project Paper, "would be unnecessary." The project's SOW (not in the files) was dated 8/88 and had been reviewed by ANE/PSD, and "the matter fully discussed with the Director." An Bureau action memorandum, dated 9/13/88, approved funding not to exceed \$49,425 (actually, \$54,622 had been obligated) to "help the Director" fully fund the \$88,000 feasibility study.

It is to be noted that the study was funded even though it was assumed at the outset that the initial cost of establishing and developing the computer institute would have to be funded from private U.S. sources. At that time there was no indication as to who these sources might be. Recurrent costs were to be met fully from fees generated by its training programs. This was to be a one time AID/Yemen assistance effort. The Mission indicated that it would not assist in the solicitation of contributions from private sources. This project, already prior to the feasibility study, was known to be difficult to implement because it lacked a secure financial support base.

37. Yemen: IESC Trade and Investment Services (TIS)

Funding proposal for this sub-project was initiated and developed by IESC to enhance its support of AID/Yemen's business development program through trade and investment activities, by focussing on specific targeted industry sectors, and through the use of the network of IESC Volunteers to encourage and develop joint and co-ventures between U.S. and Yemen businesses. Although IESC activities were open to firms in all sectors, this sub-project was to give priority to food processing firms "with 14 contracts awaiting Volunteers." On May 4, 1988, IESC submitted the proposal to the Mission, which, in turn, brought it to ANE Bureau's attention in a May 31 Fax of a draft concept paper on a possible new trade and investment project. A cable from the Mission, dated June 9, 1988, formalized the request for PEDP assistance in the amount of \$100,000. The Bureau approved the request 13 days later with a POI/T, dated June 22, 1988.

The sub-project, in effect, added an additional \$100,000 to the original IESC grant, bringing total PEDP funding of IESC activities in Yemen to \$250,000. It extended the

project completion date to September 30, 1990. In addition, IESC/TIS activities were being funded by the TSFS project (279-0083-Technical Service and Feasibility Study) with \$40,000 to "bridge-finance current IESC private sector activities" until funds became available from a Mission new private sector project (YES) which was to contain "an expanded IESC program."

IESC was to "complete" 14 to 18 projects, the exact number would depend on the number of cancellations of these projects by the clients. The cancellations could most likely be reduced by reducing the amount of client contribution (refer to sub-project description 19 for additional elaboration on this issue). It was never made clear what was meant by the phrase "completing a project." A IESC bimonthly status report of the TIS project, June 30, 1989, listed the following accomplishments:

- Between January and March 1989 IESC had been "working" with 19 clients. Of these, 14 had been contacted, only 4 had Volunteers "working for them," and one had a Volunteer scheduled. In addition, two Volunteers were being recruited for two other projects (bringing the total number of active projects to six).
- An ICES/TIS office was being established in Sana'a to facilitate its activities and support cooperation with ITIP for joint ventures.
- There was now a full-time TIS project officer in the US-based office and an investment promotion officer (a Yemeni) working for TIS in an office established in Sana'a.
- According to some AID/W ITIP officers, TIS was the only serious trade and investment activity underway in Yemen.

All in all, not a very impressive list of project goal-oriented accomplishments. There was no mention of, nor is there a record of joint ventures ever having been consummated. In a cable to ANE, in early September 1987, the Mission observed that its "trade and industry components" of its private sector activities were being addressed through the centrally funded MTAP project which specifically focussed on developing trade and investment links between U.S. and Yemeni firms. However, the problem was that MTAP's joint venture efforts were "frustrated by overly high Yemeni expectations...foreign exchange financing, and poor quality control on Yemeni products, e.g., coffee and hides."

In early September 1987 the Mission observed, in Sana'a 07116, addressed to the Bureau, that even though IESC volunteers are in great demand their management advice often conflicts with traditional family business practices "and is therefore often not followed." By early February 1988 the Mission was still without "a formal private sector strategy beyond the April 1987 Action Plan submission," a cable from the Bureau to the Mission acknowledged. However, by early 1990 the Mission had developed its Yemen Enterprise Support (YES) Project.

One significant aspect of this grant amendment was the subsequent request by ANE (in the form of a proposed amendment, dated July 8, 1988) to delete the reference to maximum amount of AID grant contribution to each individual IESC assisted project in the original grant agreement and in the June 22, 1988 grant amendment (see project description 19). IESC made the proposal, in a June 15, 1988 letter to the PEDP manager, that it wished to determine the amount of contribution "based on the realities of the marketplace conditions in Yemen as agreed to by IESC and USAID/Yemen in each individual case." It is not known whether the ANE contracts office approved and implemented the proposal.

38. The Philippines: Philippines Agribusiness and Industrial Investment Company (PAIICO) Charter and Legal Analysis

This \$75,000 study, undertaken between August and December 1988, at the behest of the Mission, did not go anywhere. Probably more than \$100,000 had been committed to this project without success. A preliminary design study for the PAIICO facility had been prepared, prior to PEDP assistance and prior to March 1987, by a PD&S funded consultant. This PEDP sub-project, therefore, was a component of a proposed larger Mission Financial Resources Mobilization Project developed in 1987 with assistance from International Service & Technology Institute (ISTI) which identified the PAIICO concept and investigated its potential. PAIICO was to be a private capital "turn-around" company that would specialize in taking over or investing in financially distressed Philippine companies, financially and managerially restructuring them for sale to potential U.S., foreign, and local investors. The investors of PAIICO were to be responsible for its promotion and financing.

Approximately 18 months after the original PAIICO concept, PEDP was requested to provide the services of a consultant on an IQC contract to organize an investor promotion group, prepare a PAIICO business plan and the company's charter documents. The Mission requested that ISTI again be retained to provide these services. Two issues were raised by the consultant, early on in the work: that a revalidation of the original 1987 PAIICO feasibility

study be done, and that there be an AID commitment to capitalize PAIICO at a "known order of magnitude."

The revalidation was never done, despite the Mission's request that the consultant prepare one. Apparently neither of the two issues was resolved satisfactorily. The Mission found the consultant's draft report to be unacceptable, because it failed to determine the appropriateness of moving forward with the PAIICO approach.

In response to the AED evaluation team's PEDP background questionnaire, dated September 30, 1992, the Mission stated that the establishment of PAIICO as recommended by the consultants was not approved but that the findings provided inputs for the development of other USAID projects relating to agribusiness development and a refocussing of the plans for a Mission capital markets project.

39. Cooperative Business International (CBI) Country Expansion Study

This activity which resulted from an unsolicited application for a grant, by the National Cooperative Business Association (NCBA) on behalf of CBI funded a three-month effort in four Asian countries (Bangladesh, Pakistan, Thailand, and the Philippines) to support CBI's interest in expanding its sphere of operations in Asia. CBI, a wholly-owned for-profit subsidiary of NCBA (formerly known as CLUSA) attempts to link up cooperatives in the U.S. and around the world for mutually beneficial trade and investment activities. CBI was established with a grant from PRE of \$1,947,400 under a cooperative agreement with NCBA in January 1985. That agreement was to expire December 31, 1987. CBI supports staff in India and Indonesia where it had targeted its activities rather successfully, according to an evaluation report on CBI submitted to AID/PRE by Development Associates, Inc., dated January 1989.

This \$25,000 buy-in to the PRE/NCBA core fund was to produce a report, due December 31, 1988, that was to describe the following:

- strength and viability and weaknesses of the national cooperative movements and assessment of individual cooperative businesses;
- strengths and weaknesses of the four countries studied in regard to cooperative business opportunities;
- strategy and training for developing business ties and an official presence in those areas which interest NCBA and CBI;

- identification of the country which offers the best prospect for cooperative trade and joint venture.

The AED evaluation team was unable to determine whether the Bureau had ever received the final report from CBI detailing its accomplishments.

40. Private Sector Officers' Trade and Investment Conference, Jakarta, Indonesia, March 21-25, 1988

This conference was attended by Jordan, Egypt, Yemen, Morocco, and Tunisia. Oman excused itself from attending because it has a heavy work load relative to its small staff. Twelve countries represented Asia and the Pacific Islands, including Pragma. Representatives from these countries and those from AID/W, IBRD, Jakarta/Embassy, guest speakers from the private sector, made up the list of some 60 conference participants. The conference was to have been held originally in Sri Lanka, but due to security problems there and misunderstandings with the Bureau about arrangement for the conference, it was moved to Indonesia.

The aim of the conference was to chart out future trade and investment policies and initiatives for the countries of the then constituted ANE Bureau and make ANE Missions more responsive to T&I concerns; to develop Mission action plans and give greater impetus to U.S. foreign policy objectives in regard to U.S. economic interests.

In a conference follow-up draft cable, the Bureau provided the Mission a synopsis of the conference proceedings and requested them to submit to the Bureau "success stories" which Missions considered to be of interest to USAID's business constituency. Missions also were urged to submit their T&I action plans or to justify the lack of one by June 15. India, Indonesia and Jordan were exempted because they had already done so "using a somewhat similar approach" to the one outlined in the draft cable. These three countries, it should be noted, had prepared and presented case studies at the conference based on their T&I programs.

The conference had been in the planning stage at least since early or mid-1987. It was a direct result of an ANE team and Mission Directors meeting in Lisbon, November 1987, attended by Indonesia, Thailand, Jordan, India, Egypt, Morocco, and Tunisia (Oman chose not to attend, again because of pending heavy workload). These countries had expressed "considerable interest in T&I" in the Lisbon conference which was seen as a "kick off of a newly vitalized ANE commitment to President Reagan's private sector initiative."

Following in the footsteps of Anne Kreuger's rather simplistic interpretation of econometrically flawed research work on the role of trade in economic development, published in the 1987 IBRD World Development Report (distributed to the Missions prior to the conference), "an outward-oriented economy which stresses market forces more than any other formula," was identified by the conference as the best way of achieving self-sustaining economic growth. That is one of the remarkable conclusions of the Jakarta Conference. Missions were encouraged to make maximum use of centrally funded projects to assist them in designing and conducting pilot and demonstration projects in support of trade-- probably alluding to the kind of support that Missions could expect from the Bureau through PEDP.

It is impossible to determine what impact the conference had on the overall success of Missions' private sector/trade and investment programs because not only PEDP but also many other AID-wide programs and funding sources were employed by the Missions to support collectively or individually their private sector development strategies and programs. However, the conference did have an impact on Mission thinking and in particular, on the Bureau's design and management of PEDP, beginning with the February 14, 1989 Project Authorization Amendment. The details of that amendment are given in Chapter III of this report.

The following major topics and issues discussed at the Jakarta 1988 conference were either incorporated into the 1989 PEDP Project Paper Supplement or shaped the Bureau's approach to project implementation from 1989 onward:

- The Agency's role in enhancing LDC economic growth through T&I and what it does best in these areas, namely: policy dialogue on creating a positive T&I climate; support of institutions which facilitate private sector growth; and building linkages with U.S. private sector and host country private sector businesses.
- Building links between U.S. State Economic Development Offices (SEDO) and LDC private sector in a targeted fashion as a good means to promoting U.S. presence.
- Improving access to markets; helping U.S. business interests seeking markets in LDC's.
- Working with host country private sector to find appropriate local partners for U.S. businesses.
- Extending constituency base by incorporating the support of a strong, vocal U.S. private sector.

- "Leveling the playing field" to make U.S. private sector participation more competitive and less restrictive.
- Facilitating access to technical training and assistance.
- Improving the way Missions work with U.S.G. agencies.

Perhaps the major utility of the Jakarta Conference was its having stimulated study and activity that led to the major T&I workshops in May 1990 and later, including the series of Agency-wide and inter-governmental one-day seminars on "Trade and Investment Strategies for Emerging Markets," held every other week from February through July 1992 in Washington, D.C.

43. International Center for Economic Growth (ICEG): Six Countries Visit

This sub-project was a buy-in to an existing PPC Grant with the Institute for Contemporary Studies (ICS), the parent institution for the ICEG. The Bureau responded to a project proposal, dated July 19, 1988, by ICS for ICEG to conduct a preliminary phase of a series of studies of the informal sector in four Asia and Near East countries (Bangladesh, Egypt, Indonesia, and the Philippines) as part of a larger ICEG ongoing informal sector study in Latin America.

A series of studies done by ILD (Instituto Libertad y Democracia), under the leadership of Hernando de Soto (author of The Other Path, 1986), on the informal sector in Peru suggested that, as with Peru, the legal and regulatory apparatus of most LDCs is the cause of widespread informality and poverty. That liberalization and modernization of laws and regulations to reduce bureaucratic barriers to free market entry and to eliminate purposeful discriminatory practices against the poor would permit large numbers of the poor to join the formal sector, increase access to heretofore unattainable institutional benefits, reduce social inequities, and provide an important stimulus to economic growth. The economic development implications of de Soto's work seemed obvious.

The sub-project was to pave the way for testing the de Soto findings in the countries identified in the ICS project proposal, including Thailand and Morocco because they too, later on, wished to be included in the country studies. The sub-project, therefore, initiated a planning phase for six informal sector studies, and identified two activities to be carried out by ICEG:

- organizing a study group of host country representatives from the six selected ANE countries to visit and observe the ILD project in Peru;
- sponsoring a seminar in Washington, D.C. to review the ILD methodology and the methodology proposed by outside experts for undertaking full studies of the countries chosen to participate.

Despite the Bureau's rapid response to the ICS proposal in mid-July 1988, the project had difficulty getting underway, much of it beyond direct Bureau control. Missions targeted for the project were not formally notified by the Bureau until December 7, 1988 and were told that the visit to Peru would take place late in February 89. The six-day visit to Peru, originally scheduled in October 1988 in the ICS proposal did not materialize until the first week of April the following year. By then Indonesia was unable to send a country representative and dropped out. Sri Lanka, which had demonstrated great interest in the project in January 1989 was added to the list of participating countries.

It is apparent that the delay came from ICEG probably due to the difficulty it encountered in coordinating the work with Peru, especially with Hernando de Soto and the ILD who apparently had been busy balancing the project with their many other financial and work commitments. As late as November 1988 Hernando still was reluctant to commit himself to the project.

The Washington, D.C. seminar was held April 10-11, 1989 immediately following the trip to Peru which ended on April 9. The seminar was attended by some 20 AID staff at given times, by Hernando de Soto, by several outside observers and consultants, as well as by the six countries representatives. It reviewed basic findings and methodologies for a research and publication project designed to explore in the six ANE countries the principal issue investigated by the ILD.

The sub-project served to reawaken in the Bureau the issue of the informal sector, an issue that had been put, so it seemed, in 6th place on the list of Bureau directed priority actions for private sector development. Prior to the six-countries visit to Peru, an intra-Agency meeting on the informal sector and economic institutional reform was held in Washington, February 17, 1989, attended by Hernando de Soto, and an impressive group of academics and ANE Bureau and other Agency staff. A summary of the proceedings of that meeting can be found in ANE files. The report is very detailed in its summary of the different views of the meeting's participants on informal sector development issues.

44. Thailand: Technical Finance Facility

The sub-project came about in response to an unsolicited proposal to the ANE from International Technology Management and Finance, Inc. (ITMAF), dated February 24, 1988. ITMAF proposed to test the hypothesis "that private financing efforts can play a major role in technology development and commercialization." Also, ITMAF would develop a methodology to identify and analyze constraints to economic development that can be addressed by technological innovation.

The proposal was well timed. It responded to a concern raised in a meeting held in December 1987 by the Heads of Government of ASEAN countries, for greater cooperative dialogue with the U.S. on science and technology (S&T) transfer. In another ASEAN country meeting in February the following year it was agreed that AID would provide bilateral support for such activities. ITMAF's proposal on providing "advisory service to the Bureau and its Missions on the private sector and technology development" came at the right moment. ANE and other Bureaus reviewed it and after some discussions with ITMAF approved it.

Funding came from ANE's PEDP (\$75,000) and from regional PD&S and S&T funds (\$75,000). ANE emitted a PIO/T on June 6, 1988. A one-year contract with ITMAF, in the amount of \$150,000, was signed on September 16, 1988, to prepare the groundwork and to conduct studies in Thailand or some other ASEAN country (Indonesia or the Philippines) and in Sri Lanka. ITMAF was to recommend the structure, capitalization and general operating guidelines for an institution to finance commercialization of technology, and identify a private sector institution capable of managing the facility. A principal of ITMAF's was to represent the Bureau in the US-ASEAN expert meeting held on 10/3-4, 1988 in Thailand.

Work was to be done in two phases. The first phase produced two reports in November 1988 one, dated November 8, and was entitled Scientific and Technological Constraints to Economic Development: An Analytical Cross-Cultural Framework. The other draft report was entitled Assessing Scientific and Technological Capacities in Developing Countries: Problems and Possibilities. The reports are highly theoretical and methodological; they deal in a very general and generic way with criteria for "successful" S&T program identification and development; neither deals specifically with ASEAN countries; and both lack country-specific findings and applications. The Bureau held an in-house informal "brown-bag" seminar, on November 12, 1988, to discuss the reports. There is no written record on what was discussed and concluded in the meeting.

The second phase included the "testing" of the methodologies presented in the first phase of the work in four country case studies (field studies in Sri Lanka and Tunisia, and desk studies in Thailand and either Jordan or Indonesia). A draft report, variously dated November 1988 and February 1989, was produced with the title Financing Technological Innovation in Thailand. The report presents a cursory analysis of A.I.D. options which are thought to improve the transfer of U.S. technology in Thailand, and recommends the establishment of two development funds: the Thai Technology Transfer Fund and the Thai New Venture Development Fund. The creation of the University Cooperative Financing Facility was also recommended.

Although the report suggested that more AID emphasis be given to the role the private sector can play in developing and commercializing technology, extra private sector financing was recommended and considered necessary, because "technology transfer...and research and development...entail risks that Thai companies presently will not take, particularly small and medium-sized Thai companies."

45. Jordan Women's Small Business Activity

This sub-project supported handicraft sewing training activity under USAID's PETRA project. There is no documentation on this in the file other than a cable from the Bureau requesting a status report. That cable specifically requests that the Mission report to ANE the present status of the project, on: Accrued expenditures, A.I.D. inputs, expected outputs, contractors/consultants used to date in implementing the activity, project activity status, major actions during the next six months, and the name of Mission project officer for this activity. The file does not show that the Bureau had received a reply from the Mission.

In answering the AED evaluation team's PEDP questionnaires, sent to the field on 10/9/92, the Mission expressed regret for not being able to provide any information about this sub-project because it had no reports or any other information about the activity, and added, "the Mission staff is unfamiliar with any PEDP produced materials."

46. Oman Business Development Center (BDC).

CARANA Corporation provided the technical service for this sub-project, under a subcontract with the U.S. Small Business Administration, effective date, September 11, 1989, in response to Mission request. The Mission wished to examine the feasibility of private sector training and the

establishment of an Oman business development center. A final report, dated January 10, 1989 (the year was most likely 1990--not 1989--in view that the cover letter which accompanied CARANA's submission of ten copies of the report to ANE/PSD was dated January 12, 1990), was prepared for the Omani-American Joint Commission (OAJC) and USAID and entitled Initial Design of a Business Development Project for Oman. The report includes a draft PID for the BDC project, an assessment of the fisheries sector's potential for private sector development, and a reconnaissance assessment of private sector training needs.

The proposed BDC project would cost at \$8.9 million over a five-year period, with AID's contribution set at \$5.5 million. The project was to be implemented by the Omani Chamber of Commerce and Industry (COCI).

The report did not explicitly state that this would be a very complex project to implement. Its success would be impeded by many factors, not the least of which were "lack of tradition of collaborative problem solving within the private sector; tendency [of Omanis] to look to the government to solve problems," and the fact that COCI was a semi-private organization created by Royal decree which required membership and dues for all registered businesses and provided for "significant public sector involvement." In other words, COCI was more public than private and would not be able to effectively advance private sector development interests (a situation similar to that in Yemen--see sub-project description 3).

This is a well written report and very sensitive to cultural issues. Its recommendations are made in the context of Omani culture and society. The report's weakness is that it recommends a relatively large investment without having considered alternative approaches to addressing the basic problem (high unemployment and the "Omanization" of the work force) incrementally, in a step-by-step fashion. More work in truly privatizing COCI's linkages with the business sector, and promoting production linked with training, probably in fisheries, could have been the next subject to be investigated as a follow-on to this sub-project.

In response to the AED evaluation team's PEDP background and sub-project questionnaires faxed to the Mission, it was noted that the Mission opted for a Business Training Institute project for which it had funded a \$120,000 feasibility study in FY 91. The Mission indicated that it did not expect to proceed with the BDC project.

49. Indonesia Trade and Investment Support

This sub-project supplemented a \$348,590 contract with Robert Nathan and Associates, a U.S. private consulting firm, for trade deregulation support in Indonesia. The request for funding this activity came from the Mission which drew up the PIO/T and the SOW describing the activity. This request had a long turn-around time. The request was made on March 13, 1989, and a cable acknowledging Bureau approval dates to June 2, 1989. The contract was signed September 1989 and the advisor began work January 10, 1990.

The sub-project funded one full-time trade analyst consultant (an academic) under contract with the U.S. consulting firm for 12 months as an advisor and "coach" for a cadre of junior and middle-level officials within the ministry of trade to address a major constraint in lack of personnel to perform trade policy analysis and formulation.

The desired output was to "transform the ministry from a licensing focus to a trade promotion and policy focus to accelerate Indonesia's becoming an outward oriented trading country."

The immediate expected results were to be: improved analytical capacity of the ministry on international trade issues, and an improved and consolidated trade data base. Obviously, accomplishments of this nature are difficult to evaluate over the short run. The most appropriate criterion would have been increased exports and trade (the sub-project's achievements) that resulted from PEDP's assistance of this type. There is no follow-up report in the file .

The AED evaluation team was unable to obtain additional information on this sub-project. In the team's PEDP background questionnaire the Mission pointed out that there had been a large staff turnover in the Mission and that to the best of its knowledge it had not utilized PEDP funding for any of its activities.

50. Indonesia AT&T Digital Switching Project: AT&T Mixed Credit, August 7, 1989.

This sub-project originated in response to a request from AT&T and EXIMBANK for AID participation in mixed credit financing of a \$60 million financing package, including a \$30 million grant element. AID was asked to make a \$12 million contribution and thereby assist AT&T in its bid to obtain an Indonesia contract to install digital switching equipment throughout that country's telecommunications network. AT&T faced stiff competition from four other non-

U.S. firms who, it was believed, were "likely to receive financing assistance from their governments" that will enable them to offer better financing terms. The sub-project funded an assessment of the basic issues involved to determine the rationale of and the extent to which AID funding was warranted. A report, prepared by Arthur Young, contracted by PRE under the PEDS Project II, included an assessment of the economic benefits accruing to Indonesia and the U.S., and assessment of AT&T's technical competitiveness, and an analysis of the financing requirements.

The report concluded that AT&T should receive AID assistance. A recent reply from the Mission to the AED PEDP questionnaire, indicates that the contract was awarded to AT&T. In that sense, the Missions observed, "we can assume that the PEDP assessment contributed to the positive result for AT&T." However, it should be noted that AT&T had been receiving strong diplomatic support from the White House and the Jakarta Embassy. The Sub-project itself, therefore, probably did not influence the outcome one way or the other. It appears that the sub-project's contribution to the final outcome was marginal and that it was implemented in response to top level bureaucratic requirements in AID/Washington.

Clearly, this activity supplied the documentation needed to support the expansion of U.S. exports in Asia dominated, in the telecommunications field, by Germany and Japan. With US Government assistance, AT&T was successful in bidding for a first phase \$440 million Indonesia telecommunications project.

51. Nepal: National Cooperative Business Association (NCBA)

This sub-project was a buy-in to an NCBA (previously known as CLUSA) Core Grant to fund Phase II of the NCBA proposal for "Agro-Enterprise Development in Nepal." It responded to a Mission request for \$30,000 to support its small business promotion activities through the NCBA. The work was to be completed in 36 work days, and a report on the activities funded (planning, organizing, and conducting a workshop) was to be delivered to the Mission.

For reasons not made clear in the documentation made available to the AED evaluation team, this sub-project required almost four months to get Bureau approval. In early May 1989 the Bureau informed the Mission that the PEDP committee had reviewed and endorsed the request for \$30,000.

There is little in the way of information which documents the outcome of this NCBA activity in the Nepal NE Bureau file. The Mission did not mention that it had received assistance of this kind through PEDP, in its reply to the

AED evaluation team's PEDP background questionnaire faxed to AID/Nepal on 10/7/92. The Mission acknowledged having had requested "some minor help," but found that the type of assistance it needed "could [have been] gotten through other AID/W private sector support projects."

However, in response to a Bureau cable dated January 4, 1990, querying the Mission on this activity, the Mission replied, via Kathmandu 00353, dated January 12, 1990, that a complete reporting cable on the workshop had been sent to ANE/TR/ARD and to ANE/SA, and that the workshop had been held November 30 - December 2, 1989. The evaluation has not been able to obtain that cable from the Bureau's files.

53. Bangladesh/U.S. Business Council (BUSBC)

The file does not contain enough information to fully assess the outcome this sub-project. Cable, Dhaka 00391, sent by the Mission to ANE in response to cable State 002274/90, which requested a status report on the project, provides the following information: Accrued expenditure--\$85,000, expected output--promotional video, investment guide; and selected studies; PACD--December 15, 1990. The Mission also reported that, on August 31, 1989, it had amended the cooperative agreement with the BUSBC by obligating \$144,000 to fully fund the activity. A July 14, 1989 BUSBC Semi-Annual report submitted to the Mission describes the council's activities but does not cite any concrete evidence of success in promoting U.S. investments in Bangladesh.

A report prepared by Coopers and Lybrand (not funded by PEDP), dated November 1986, points out that "until the basic obstacles which have prevented the Government of Bangladesh from succeeding in its own efforts to promote trade and investment are addressed, the BUSBC cannot be effective in fulfilling its mandate of promoting trade and investment between the two countries." One of the basic obstacles identified in the report was that Bangladesh's domestic market had too little purchasing power to be of much interest to the majority of U.S. firms. Despite these gloomy predictions, and acting on the finding that the BUSBC would not be able to do much if forced to rely exclusively on membership fees for its operations, the report, nevertheless, recommended that the BUSBC be assisted with a grant of \$225,000 (\$150,000 for the U.S. based office and \$75,000 for the office in Bangladesh). ANE authorized \$85,000 to support operations of the Council until approval of the Mission's new industrial promotion project.

Recent information from the Mission in Bangladesh, in response to the AED evaluation team's two PEDP October 1992 questionnaires indicates that the BUSBC has not been making

much progress. It is making "no commendable attempt" to increase its membership, popularize and publicize its objectives, activities and business linkages. Publications of articles, and brochures, seminars, social gatherings, and business missions to the U.S. and other countries have had no impact on trade and investment in Bangladesh. To date, apparently some \$377,750 have been sunk into this activity, which began in FY 87.

54. U.S.-ASEAN Center for Technology Exchange, CTE

The initiative for this sub-project came from CTE itself to fund a program entitled "CTE-U.S. Business Linkages" which aimed at bringing U.S. and ASEAN companies together to pursue T&I opportunities in the electric power sector to encourage U.S. investment in the ASEAN countries. The funding covered the period May 16, 1989 through January 31, 1990 and was a buy-in to an U.S. ASEAN Council funding of \$365,270 from PRE's MTAP to assess the ASEAN Industrial Joint Venture (AIJV) as a vehicle for U.S. investment in the ASEAN region and to identify primary U.S. entities as ongoing vehicles for commercial contracts between the U.S. and ASEAN firms in the electric power industry.

The aim of this sub-project was to finance business missions to the Philippines, Indonesia, Thailand, and Malaysia in late 1989 concerning U.S. electric energy trade and investment. Six informational seminars attended by over 300 U.S. business executives were conducted between June through August of 1989. A final report on the four-country visits contains profiles of 15 companies that had participated in them.

Of the 15 participating U.S. companies all but one reported that they had seriously been pursuing potential transactions after the visit; two had signed sales or project agreements; and twelve had been working actively on new business in 1990. Overall rating of the visits by the corporate participants was excellent. The fact that the missions were organized by the ASEAN Council, the Department of Commerce, and AID resulted, according to the participants, "in a low-cost, practical program with unusual access to top level decision-makers." There is no reporting on the actual transactional results of these trade missions on increased U.S. business investment and trade in the countries visited.

Fundamentally, the sub-project provided "bridge financing" for the continuation of CTE's efforts in T&I through 1989, and permitted the full development of its Private Investment and Trade Opportunities Project (PITO)

initiatives. The sub-project also provided useful inputs to the Bureau's development of its own new 5-year project entitled "Private Investment and Trade Opportunities" for implementation in late FY 93 or early FY 94.

57. American Society of Agricultural Consultants International (ASACI) Agribusiness

This was a \$100,000 add-on to the five-year \$460,000 support/institution building grant to ASACI, a division of the American Society of Agricultural Consultants, from ANE/TR/ARD. This add-on increased total funding obligations to \$200,000 and left an unfunded balance of \$260,000. The support grant, effective through September 1, 1994, was to "sustain ASACI development as a U.S. institution capable of increasing U.S. private sector agribusiness ties with the ANE region."

ASACI was to work in "partnership" with AID to develop mutually beneficial agribusiness trade and development activities. It was anticipated that ASACI, with a membership of some 400 commercial agricultural consultants, would be able to provide a national brokerage capacity to a wide range of technical assistance skills and potential joint venture partners to be tapped by private sector entrepreneurs in LDCs served by AID Missions.

Evaluation of the grant was to be based on ASACI's success/failure in:

- initiating viable joint ventures or local agribusinesses
- in becoming a self-sustaining organization capable of supporting its activities with its own or client resources.

Apparently, in the period 1989 through November 6, 1991, four ASACI visits had been conducted (Tunisia, Morocco, Jordan, and Indonesia). Reports on two of these visits (Tunisia and Indonesia) were made available to the AED evaluation team. They are reconnaissance reports of good quality, descriptive rather than analytical, but they appear to have little immediate practical value to seriously minded investors in need of concrete business information. The reports lacked solid financial business information and were not marketing-investment-opportunities oriented. They did not produce the kind of information that would lead potential U.S. investors surveying the field of opportunities to committing funds to actual project implementation.

In both instances the reports (A Rapid Appraisal of the Tunisia Agribusiness Sector, January 19, 1990 and The Potential for Increased U.S. Agribusiness Activity in Indonesia, November 1, 1989) pointed out that financial feasibility studies were necessary to determine the viability of trade and investment and joint venture possibilities.

The Indonesia report is instructive. It presents a paradigm on how to activate the potential for increased U.S. agribusiness activity in Indonesia, highlighting four key requirements:

- involvement of commercial agribusiness professionals to develop a commercially viable agribusiness profile,
- preparation of commercially viable project profile,
- establishment of an effective marketing channel for the promotional sale of the joint venture,
- sustained marketing effort.

Late in 1991, ASACI requested that an evaluation of its activities be conducted because they had not proceeded on schedule in the first three years of the program. Apparently private sector funding sources for self-sustainability were not forthcoming as had been anticipated, and no tangible products were produced in 1990, and only limited products in 1991. According to ASACI, Missions did not demonstrate great enthusiasm for the ASACI/ANE concept, in that the Missions were not "interested in developing U.S. agribusiness linkages" and that this had not been anticipated by both ASACI and ANE. Furthermore, ASACI believed that without AID or other sources of non-membership funding the program would not be viable because "private sector agribusiness investors [would] not make a commitment to short term programs." Among the major problems encountered by ASACI were:

- Extensive marketing effort was needed to "sell this program" to the Missions. This was compounded by the fact that Missions had very little funds for the ASACI program.
- Lengthy contract negotiations with Missions. In one instance a contract was taking more six months to develop.
- Missions did not opt to use the marketing component of the program. Instead, they emphasized the reconnaissance and project profile components. Without the marketing component, ASACI noted, no saleable products can be developed and realized, and without saleable products the LDCs assisted have

"little chance of realizing successful agribusiness ties."

- The Gulf Crisis.

58. ICEG Publication of Informal Sector Studies.

This sub-project resulted from a follow-on proposal from ICS for ICEG to finance the completion of the research and publication of the book on a comparative study of the informal sector in the six ANE countries that had participated in the group study seminars on informal sector conducted in Peru and Washington, D.C., April 3-11, 1989 (see sub-project description 43 for details). The sub-project provided the funding for the book Silent Revolution: The Informal Sector in Five Asian and Near Eastern Countries, by A. Lawrence Chickering and Mohamed Salahdine, ed., ICS Press, San Francisco, California, 1991. An executive summary (\$2.00 per copy) summarizes the main points of the five country study and accompanies the book which has been priced at \$12.95 per copy.

While the AED PEDP evaluation team understands that the book was distributed to the then ANE Missions, the files do not indicate in what ways and to what extent the book was useful for developing informal sector and small business development project or programming approaches. However, two developments in the last few days of this evaluation work are worth noting. In response to the AED evaluation team's PEDP questionnaires, only Morocco (responding on 10/26) and Jordan (responding on 10/27) made some reference to the book. Morocco indicated that it was a useful addition to the literature on informal enterprise in different country settings, and that it had been included in background analysis for a potential new project addressing microenterprises. Jordan noted that Hernando de Soto's work is well known and that the book The Silent Revolution is very interesting, but that the Mission did not have any program directed at the informal sector.

The book did have a shortcoming: it failed to address convincingly the issues concerning the relationship between informality and economic growth, and how informality could serve as a catalyst for policy reform. More specifically on the economic issue, the five country papers did not provide any estimate of the potential contribution to economic growth in each country of policy reform in one target sub-sector the authors might have chosen for future experimentation. Future research, therefore, might consider empirically estimating the contribution of an incremental reduction in the "level" of barriers to free market entry on

economic growth of a particular "informal" sector or the national economy. Concrete estimates of this nature could lead to more solidly focused goal formulation and more efficient and effective project interventions.

59. Trade and Investment Promotion Agency-wide

The purpose of this buy-in to PRE/PEDS was to assist and permit ANE participation in an Agency/USG-agency-wide study on developing an AID Trade and Investment strategy. The study was to review ways to improve operational coordination in T&I issues within the Agency and with other USG agencies; make recommendations on ways to enhance the contribution of total USG T&I efforts to economic growth and development, and to advance US/LDC commercial interests in AID recipient countries. The total cost of this study was estimated at \$87,207 and was shared among PPC/PDPR (\$45,747, PRE (\$26,460), and ANE (\$15,000). The study was to be managed by PPC/PDPR under a contract with a private consulting firm, International Planning and Analysis Center, Inc. (IPAC). The product was not to be a finished action plan, but a work plan for further research, planning, and interagency consultation. The study was to provide/develop a unified framework for policy coordination and policy reform and was to be completed within 16 weeks after initiation of contract.

The development of the Trade and Investment Operational Guide, July 24, 1990, was supported with this funding.

66. Private Enterprise Development Project - PEDS

This was a buy-in to PEDS to fund training of Mission and counterpart personnel (in Thailand, Indonesia, the Philippines, Tunisia, and Morocco) in business management, and T&I analysis and training methods. The training courses were built upon previously identified training needs. Two months were to be spent on assisting Missions to analyze and prepare T&I strategies; and one month on "laundering" workshops. There are no reports about the outcome of these activities in the files.

Funds for logistical and research support and cost reimbursement for speakers were set aside in connection with the ICEG informal sector project. A one-day Washington, D.C. workshop was to take place sometime in early FY 91 to discuss draft manuscripts for final editing and review research findings under the ICEG project. Apparently

this workshop was not held. There are no documents in the files relating to this particular PIO/T. (For additional information about the ICEG project, see sub-projects 43 and 58).

67. PEDS Buy-in with Ernst & Young.

The following Trade and Investment Activities were to be done under the sub-project:

A. Egypt (completed November 1990) \$56,049 expended to date.

- Evaluation of U.S. Investment Promotion Office
- Evaluation of the PS Feasibility Study Project
- Evaluation of IESC in Egypt
- Egyptian Growth Program for the 1990's: Overview, Diagnosis, and Strategy
- Trade and Investment Initiative (concept paper).

The evaluation team did not obtain reports of these activities for review. Of particular value to the evaluation of PEDP would be the IESC evaluation report since much of IESC's activities in Yemen were directed by the IESC's country office in Egypt (see sub-project descriptions 19 and 37)

B. The Indonesia T&I study and the ICEG workshop were not implemented on account of the reorganization of ANE into three district Bureaus (Asia, Europe, and the Near East) which resulted in changes in project management and transfer of files and PEDP documentation. The ICEG one-day Washington workshop was programmed for late 1991 to coincide with the publication of The Silent Revolution to discuss how the problems of the informal sector in LDC's might relate to the general situation in Europe. Funds in the amount of \$20,000 were set aside to cover logistical and research support and cost reimbursement for speakers (For additional information about ICEG activities, see sub-project descriptions 43, 58 and 66).

69. ASEAN-Ambassador Orr

A buy-in to MTAP and managed by NASDA as the prime contractor under its cooperative agreement with USAID, this sub-project is better known as the ASEAN State Business Development Initiative (SBDI) coordinated by the US-ASEAN Center to develop a pilot project linked to the Private Investment and Trade Opportunities (PITO) Project. The pilot project was to develop and implement a model of U.S. Governor-led-Ambassador-hosted trade missions to ASEAN countries for the promotion of business ventures and U.S. exports.

Proposed by U.S. Ambassador to Singapore, Robert D. Orr, this funding supported concerted ENE Bureau effort to draw upon institutions outside of AID from states and U.S. private business community to assist USAID and Missions in implementing private sector development activities in ASEAN countries. SBDI pursued this objective by mobilizing U.S. Ambassadors, federal agencies, and private organizations to support governors and state development agencies in providing trade and investment services for their small and medium-size businesses interested in doing business in Asian developing countries.

The sub-project financed four state-lead missions (to Singapore, Thailand, Malaysia, and Indonesia), between July and mid-December 1990, each focusing on a single sector. These missions were to provide the information needed for determining the feasibility of engaging states as part of a network of expanding US-ASEAN trade and investment-venture relations. Follow-on activities were to be recommended to build on these lessons. Four-day trips to Singapore, Thailand and Malaysia were completed by a state of Iowa Governor-led mission of eight Iowa-based agribusiness related firms, in November 22 through December 6, 1990. The missions were reported to have been successful in both obtaining immediate "transactional results" and in identifying opportunities for long-term commercial development.

The report, however, does not indicate whether these "transactional results" materialized in the form of actual sales and revenues. Malaysia was ranked as the country having the most potential for both trade and investments, followed closely by Thailand, for agribusiness-related companies. Companies ranked private meetings with individual business people as the most useful vehicle for promoting their commercial interests. Receptions ranked last for most Mission members. There were no specific follow-on recommendations.

70. Private Sector Development Support Contract

This supported the development of two chapters to the Bureau's Trades and Investment Operational Guide and the preparation of the AID/Washington Draft Private Sector Project Handbook, dated May 1990, produced by Ernst & Young. These activities were conducted in collaboration with PRE/PEDS II. The Handbook as well as the preliminary draft of the T&I Operational Guide were useful material for the two private sector officers' workshops held in Jordan and Thailand in May and June 1990. This particular funding covered the cost of activities for FY 1990, only, and was a follow-on to the activities financed under sub-project 59.

The T&I Guide benefitted greatly from the two Regional conferences (workshops) held in Jordan and Thailand, as it took into account the generally positive comments made by the conferences participants. The Guide provides suggestions and information useful in assisting Missions to develop their T&I programs and projects. Of some significance to the Bureau's overall aims is the inclusion in the Guide of an outline of approaches for enhancing the contribution of T&I to sustained economic growth via the encouragement of private sector involvement in the economic developmental process of LDCs. The Guide also contains a section dealing with case studies and lessons learned, including examples of planned and on-going T&I activities in Thailand, Jordan, the Philippines and Morocco.

73. Market and Technology Access Project (MTAP): IMCC

This sub-project added \$100,000 to the International Management Consulting Corporation's (IMCC) contract with APRE Bureau's MTAP project. Under this buy-in to MTAP, the services of IMCC were to be accessed through task-orders and detailed scopes of work initiated either by the ENE Bureau or by outside organizations.

As stated in the contract's scope of work, the aim of this sub-project was twofold: First, to test low-cost approaches for involving various types of U.S. intermediaries as "catalytic agents" to assist ENE region producers to respond effectively to the requirements of export buyers, by identifying and supporting active U.S. buyers who would be willing to develop new suppliers from the region, and to assess whether a major U.S. market center could be enlisted to promote regular increased market exposure for products produced in the region. Second, IMCC was to develop a training program for export promotion geared to the needs of NE region countries, and organize and implement in-country training in Morocco and/or Egypt. The first task was budgeted for \$75,000 over a period of 12 months. The second task was to be completed within 1.24 months at a cost of \$25,000.

Work under this sub-project is still in progress since the contract with IMCC was signed on September 30, 1991, and there appear to be no project progress reports in the NE Bureau's files at this time for the AED evaluation team to review and evaluate.

74. Buy-in Grant with the National Association of State Developmental Agencies

This sub-project provided additional funding to the Market and Technology Access Project (MTAP) cooperative

agreement with the National Association of State Developmental Agencies (NASDA) to establish U.S.-business linkages. The purpose of this buy-in was to allow a number of interested states in the U.S. to expand T&I promotion, training and technical assistance with firms in the ENE region and establish long-term business partnerships. Funds were to be used for:

- Information and Education
- Business advisory services
- Establishing long-term business partnerships
- Entrepreneurial skills training
- T&I Missions
- Networking

This funding arrangement with NASDA was intended to enhance trade and investment between the U.S. and ENE countries. It was an addition to a grant of \$1,259,910 from APRE to support a program, from 9/30/88 through 9/30/93, that was to allow NASDA to investigate how AID could best collaborate with SDAs in promoting trade, technology and investment relationships between the U.S. and LDC's. This NE buy-in to NASDA core funding did not specify on what countries NASDA would concentrate its efforts.

76. Survey of Agribusiness Trade Associations

This sub-project supported a proposed ENE Bureau Plan to establish a network of technical assistance suppliers in agriculture related activities Missions could draw on to assist them in their agricultural development programs. The survey conducted under this sub-project was a follow-on to an MTAP survey of representative industry and trade associations which included six agribusiness organizations that had shown interest and the capability in participating in development assistance within some trade associations.

According to consultant's draft report, the network would consist of U.S. agribusiness trade associations and be organized under a Bureau Agribusiness program manager who would identify the appropriate association to respond to Missions requesting assistance. Thirty-two associations out of fifty identified showed interest in the proposed program. The report recommended that a regional office be established in one of the Near Eastern countries for promoting the program and identifying opportunities, and that the associations be brought together "as soon as possible" to develop the program.

The list that was compiled covers a number of large companies and associations in a representative cross-section of agribusinesses, with brief notations on the areas of interest and experience of each. While the organizations on

the list represent useful resources, the evaluation team wonders why the agribusiness parties in the U.S. and LDC's cannot be put in direct contact with only minimal introductory assistance from AID. (The same question applies in regard to the Bank Trade Associations Project and the International Business Internship Program, listed in Table 1 as sub-projects 81, 82, and 83, respectively.)

The evaluation team recommends that this program be carefully considered, particularly in regard to defining the extent to which the Bureau (or even AID, for that matter) should "manage" it. The recommendation that a regional office be established also merits further analysis and consideration in view that the consultant did not establish the technical, financial and, from a development perspective, the economic feasibility of such an office. To our knowledge the report's recommendations have not yet been implemented -- and that may be a blessing in disguise.

It is impossible to evaluate the impact or effectiveness of this sub-project further because, as stated above, there is no indication of follow-up usage of the results of the survey.

84. The Jordan Free Zone Assessment

Requested by the Mission to support its Jordan Free Zone Program. A well written report entitled, Strategic and Legal Analysis of the Jordan Free Zone Program (by The Service Group, TSG, under contract with Coopers and Lybrand), examined Jordanian policy and operating environment for the existing Jordan Free Zone Corporation (JFZC), and made recommendations on actions required to stimulate the location of export-oriented industries in the Free Zones operated by the corporation. The report pointed to the need for extensive legal reforms to address the constraints to industrial activity in the Free Zones. The lack of representation from the private sector on the Board of Directors of the JFZ Corporation also appears to be a hindrance to inducing private sector participation.

On the economic side, the report did not demonstrate why the elimination of the legal barriers would alone induce export-oriented manufacturing plants to locate themselves in the Free Zones and how these particular Free Zones would stimulate the growth and development of export industries. It appears that most export-oriented industries in Jordan are located outside the FZC's installations. A good study addressing these important economic issues would be a worthwhile undertaking. Obviously the key question to be answered is how to get the Zones to attract and stimulate export-oriented industrial development. On the other hand, it is not clear whether the Mission truly believes that the

FZs would stimulate non-traditional market-oriented export activities, or whether it is not using the JFZC issue merely to provoke a general export trade policy dialogue with the Government.

In its reply to the AED evaluation team's PEDP questionnaires the Mission expressed great satisfaction on the conduct and results of this sub-project. The JFZC had commented on the sub-project's SOW and had fully participated in the study. And although the report had not yet been finalized, it was well received by the JFZC which, the Mission expects, will act on many of the report's recommendations. The Mission highly praised the Bureau's timely response to its request to provide qualified consultants whose high calibre was seen to have been an important contributing factor to the success of this sub-project.

This is a good example of a rapid response to Mission-initiated request: the assistance was requested on May 19, 1992, approved by the Bureau on June 23 and completed in July 1992.

The sub-project is relatively new. Understandably, the files do not indicate follow-up on the recommendations. It is, therefore, too early to assess the impact of this particular sub-project on the JFZC's ability to stimulate productive investment and exports. A good economic study on the location factors of client industries affecting the JFZC's economic development would still be a useful exercise.

91. Turkey Financial Sector Development Project, with Price Waterhouse

This is a relatively new activity funded as a sub-project under PEDP. In March 1991 a group of officers from the Department of State and AID/W determined that the best ways in which AID could "bolster the economic relations between the U.S. and Turkey" was assistance in privatization and financial markets development with the hope that this would "possibly lead to follow-on trade and investment opportunities for U.S. and Turkish companies."

This sub-project (\$150,000) funded a four man-months financial sector assessment and reconnaissance mission to be carried out over 12 months period. The purpose was to review the effects of privatization, diversification of banking services, the growth of the insurance industry and the expansion of the stock market in Turkey. However, the precise content of the study was to be determined in consultation with the American Embassy in Ankara. A similar financial sector study was to be conducted in another ENE

region country (presumably, in Oman, see sub-project 92) although the PIO/T identified Egypt and the Philippines as the most likely countries.

Implementation of this sub-project has been hindered by the break-up of ENE into two separate regions: NE and EUR.

92. Oman, Financial Sector Development Project

For details, please refer to sub-project description 91, paragraph 2. The files show no documentation relating specifically to Oman. It was assumed by the AED evaluation team that \$50,000 had been obligated for this activity.

93. Turkey, Privatization and Development Promotion Studies and Training

Please refer to sub-project description 91, paragraph 1, for introductory comments.

This sub-project, a buy-in to the Privatization Development Project, APRE, funded an eight man-months study in privatization with focus on agribusiness or agribusiness-related enterprises. Two of three enterprise candidates for privatization were to be screened and a privatization sale strategy was to be developed for one of the screened enterprises. Because privatization is a politically sensitive issue in Turkey, the precise focus of the consultant's work was to be determined in consultation with the American Embassy and the GOT. A secondary objective was to assist ENE in identifying key privatization areas for AID to target in Turkey. Work was to begin on September 30, 1991 and be completed on May 30, 1992. Implementation, apparently has been hindered by the break-up of ENE into NE and EUR Bureaus.

94. NE Region, Privatization and Development Promotion Studies, with Price Waterhouse

This is a \$100,000 buy-in to the APRE Privatization Development Project to fund the preparation of case studies in use in privatization related training in a country or countries in the Near East region. This would involve one to two case studies and the presentation of these in a short training module. The training was to be done by trainers with expertise in privatization, drawing upon members from the privatization team of consultants who participated in the Turkey component of this assignment (see sub-project description 93, for details). The AED evaluation team was unable to determine whether this assignment had been completed by Price Waterhouse.

96. National Association of State Agencies (NASDA)-MTAP/APRE

This sub-project, a \$100,000 buy-in to the APRE MTAP assisted NASDA activities, in funding (with \$20,000) a reconnaissance study to assess the feasibility of the transfer of U.S. State of Kansas-based flour milling technology to Egypt. (For additional information on NASDA see sub-project description 74).

NASDA contracted the Mid-American World Trade Center (MAWTC) to conduct a preliminary investigation in Egypt on the possibility of introducing advanced flour-milling technology there to promote U.S. technology and develop a market share in the flour-milling technology in Egypt and throughout the Middle East. The consultant's work in Egypt was performed in January 29 through February 12, 1992 (13 days), at a cost of \$7,543.72. The consultant also traveled to Jordan (2/8-2/11) at MAWTC's expense to promote the milling technology there.

The consultant reported that the potential for new wheat-milling technology in Egypt appeared to be high with the introduction of shortflow flour-milling technology (apparently "a significant breakthrough in low cost milling"), to replace the old technology which included 40% of the then existing milling capacity in Egypt. It was also noted that the Egyptian public sector operated 90% of the country's 183 mills in addition to being the sole importer of wheat and most of the flour into Egypt.

A status report (March 23, 1992) on the MAWTC Wheat Milling Technology Transfer and Development Project in Egypt recommended that a pilot demonstration mill, using the KICE Shortflow milling unit (KSU), costing \$1.2 million, be established for demonstration and training purposes. KICE Industries, a Wichita, Kansas-based company, is the holder of the patent of the KSU milling technology and was to be the project's primary commercial beneficiary.

Since flour milling in Egypt is almost exclusively done by the public sector, the pilot project was to allow Egyptian officials to evaluate the KSU technology and train the government's milling technicians. The report did not indicate the source of finance for such a public sector related venture. Indications are that AID was expected to provide the funding.

A second phase of this particular project, according to MAWTC, in their letter of May 22, 1992 to the NE Bureau, identified and selected Egyptian wheat milling technicians to attend a milling training course ("a technology transfer training seminar") during the first week of June 1992 and therewith complete the project. The AED evaluation team was

left somewhat perplexed as to how this training could have been accomplished effectively without there having been available to the trainees the actual KSU mill to train with. The training apparently was done, but without US AID participation. The evaluation team believes this training was probably promotional rather than technical.

The evaluation team was unable to determine how this sub-project actually came about and who had requested it. It apparently originated with NASDA, Kice Industries, Inc., and MAWTC. The Mission was not very enthusiastic about the MAWTC visit and rejected the consultant's unsolicited recommendations.

In a note to the Bureau via E-mail on June 1, 1992, the Mission pointed out that it had spoken with the consultant in early February to tell him that it was "not interested in pilot activity with the public sector, but rather fostering accomplishment of privatization." And in the Mission's comment on the consultant's report, it had urged the consultant to "consider a private sector venture ... and that he might want to look into the opportunities to access the Commodity Import Program (CIP) to finance such a venture." It is therefore not clear why, in a letter to NASDA, dated March 7, 1992, MAWTC recommended that the Ministry develop a pilot shortflow mill "in conjunction with USAID Cairo for training and orientation...."

In the Mission's written reply to the AED evaluation team's questionnaire specifically about this sub-project, the team was informed that the sub-project "was not related to US AID/Egypt's Office of Trade and Investment."

In principle, the AED evaluation team agrees with the Mission's basic assessment and recommendations. AID should not be burdened with having to fund this flour mill project. However, the Bureau, together with the Mission can pursue the different options available for promoting U.S. trade and investment interests in Egypt, with the other U.S.G. agencies providing the necessary assistance.

If U.S. trade and investment promotion around the world is truly a national interest agenda, then the Mission should not take an entirely hands-off attitude; it could facilitate the coordination of the work of interested parties in promoting U.S. trade and technology transfer interests in Egypt even, if necessary, working with the appropriate ministry to modernize flour milling plants if that can be done on a business-like basis. With wheat as the major commodity of consumption in Egypt and throughout the Near East, there appears to be good opportunity for improving flour milling processes to reduce waste and loss of wheat, increase productivity and lower production costs throughout the region.

In that connection, however, one of the key questions is whether the KSU shortflow process is the appropriate and most economical technology for Egypt at this particular point in time, and can it be commercialized easily, without AID direct assistance? The MAWTC report left that question unanswered. In fact, in the final report of July 8, 1992, MAWTC dropped the pilot project idea from its recommendations and noted that "direct sales of U.S. equipment appear to be slim at the moment...." The report suggested, instead, opportunities for seed cleaning equipment and the introduction of mechanized packaging technology to reduce losses of milled flour.

NASDA could pursue these ideas with greater vigor, but it needs to understand that the private sector, not AID, should be held responsible for the success or failure of these kinds of trade and investment promotion activities. There is a general tendency on the part of the private sector (AT&T mixed credit study, and PAIICO, for example), and especially the trade associations that have been assisted by AID (ASACI, CTE, and CBI come to mind), to put too much emphasis on the need for AID direct financial assistance to promote their clients' business interests. The NE Bureau can facilitate the process--it should not take on the role of a broker (NASDA can probably do that)--and provide greater guidance and closer technical supervision of NASDA project proposals. This, apparently, was not done with the MAWTC wheat milling technology transfer project. And clearly, AID/Egypt was not interested, and practically rejected it.

CHAPTER V - SUMMARY ANALYSIS

A - Responses to Study Questions Raised in the Scope of Work

A set of six basic questions was raised in the SOW as subjects for study during this evaluation of the PEDP. The evaluation team believes that in addition to fulfilling all of the specific tasks required in the SOW, it has spoken to all of those questions at least implicitly in the preceding sections of this report. It is now the proper time to address the study questions explicitly as a logical progression for approaching a final, summary analysis, before closing with the evaluation team's findings, recommendations, and lessons learned. In point of fact, only the first five of the questions will be addressed at this point; the sixth, dealing with lessons learned, will be dealt with in its designated place in the last section of the evaluation report. The questions are:

1. What has been the impact and effectiveness of the technical assistance provided under the PEDP project and sub-projects?

To answer that question fully, one must approach the words "impact" and "effectiveness" at different levels and from different directions, because the question goes to the heart of the evaluation of the PEDP project and its overall purpose, goals, and more specific objectives.

The goal of the PEDP was "to assist in fostering the development and growth of private enterprise in the AID recipient countries in the Near East Region," and the purpose was "to provide NE Bureau Missions with the flexibility to respond to host country priorities for private sector development through institution building, technical assistance, and the transfer of U.S. technology."

First, the evaluation team believes that the "goal" of a major economic program should not be "to assist." Goals should be aimed at producing an outcome, not describing an operational method and action. Additionally, the approach to goals should be analyzed in terms of specific quantifiable or observable, clearly identified and realistically achievable benefits of the project (improvements in the lives of people, for example).

Second, the same thing can be said of the stated "purpose," which should be more aimed at identifying the specific issues and problems the project is to address in LCD private sector development than merely providing "flexibility" to Mission efforts. The latter is more in the range of operational design and procedures for implementing specific tasks. Flexibility in project design and implementation is important, but it can not be a project's purpose. This misrepresentation or misdirection of

basic aims may be one of the reasons that this program was flawed, scattered and lacking in focus, and that it did not generate any clearly observable benefits.

Third, to a large measure due to the problem of falsely stated project purpose and goals, as the program developed over the years, the thrust became less toward host country priorities than on U.S. imperatives, especially in areas where there was American "comparative advantage" for promoting U.S. exports. One cannot readily detect in the program's overall operation or the design and implementation of sub-projects real concern for meeting host country felt needs and stated development priorities and for promoting active participation, particularly any proactive involvement of large and vocal local private sector business groups and populations or project beneficiaries.

Fourth, the PEDP was "designed to (a) identify constraints to private enterprise development and (b) design and implement activities to overcome impediments identified as constraining private sector development." In the beginning of the program's life, many of the sub-projects were aimed at identifying and overcoming such constraints; but in later years the emphasis seemed almost exclusively directed at overcoming AID's internal constraints to proactive programming in PSD. The purpose of the PEDP gradually became more that of a funding mechanism for experimenting with "different approaches" to developing private sector LDC-U.S. business linkages than a program addressing LDC economic and social problems.

From the way the program operated and from the available record, it has been virtually impossible for the evaluation team to gauge the "impact and effectiveness" of the PEDP or the "immediate results of the sub-projects" or the "success of the project in promoting effective follow-on private sector trade, investment or other commercial operations." There was no way of determining any of these because the PEDP contained no provision for monitoring and evaluating either its overall operations or its sub-projects.

Other than a stray cable or two, no evaluations were made of PEDP activities, and there were virtually no post-implementation monitoring or follow-on activities in the field. There were some follow-up seminars to ANE Bureau-sponsored workshops and meetings; but even there the record contains primarily proceedings and lists of participants rather than evaluations or analyzing of results. The exceptions were the well reported and analyzed three T&I workshops held in Indonesia in March 1988 and in Thailand and Jordan in the spring of 1990, but then again, private sector participation of HC nationals was minimal. Several of the sub-projects identified the right questions about problems that must be addressed (the Jordan Free Trade Zone project and the studies in Egypt by SRI are good examples); but there is no record of what happened after that.

Consequently, it has not been possible to evaluate the program's impact and effectiveness in recipient countries. It does appear that the PEDP has been relatively effective or useful in increasing awareness within AID of the value of and different approaches to psd programming.

2. Given the emphasis on flexibility and timeliness in PEDP, what has been the degree of flexibility and timeliness of the sub-projects and to what extent has this been effective support for the Mission's private sector program and activities?

Later amendments to the PEDP stressed even more the term "timeliness" of response, as well as adding "flexibility." In that dual sense, the program's achievements can be given a higher rating. The program has certainly been flexible, in that it has permitted, even encouraged action on a broader front and pushed it through faster than would have been possible through normal AID project approval processes and channels. Again, however, the "effectiveness" of all this is not easy to determine from the inadequate record. Indeed, from a project-based perspective, there may have been too much flexibility and too little attention devoted to review and evaluation of proposals for sub-projects and more impact-producing follow-on activities.

The PEDP did enable the Missions, but especially the Regional Bureau to undertake some activities that they might not otherwise had been able to undertake. On the whole, however, Missions reported that they would have or could have obtained funding from other AID projects and, with very few exceptions, Missions did not need the PEDP to fortify their country programs. On the other hand, PEDP provided a vehicle for responding quickly, without the time and other constraints associated with annual budget rigidity or the cumbersome procedures of other major Regional or Central Bureau programs. For example, people associated with Central Bureau programs and the MTAP and U.S.-ASEAN Business Council projects spoke highly of how the availability of PEDP funding was vital to the success of those activities through timely assistance at critical junctures. But by and large, the PEDP appears to have been peripheral to the larger, better financed, and more focused Mission and Central Bureau programs with which it periodically cooperated through cost sharing.

3. What have been the major accomplishments of the project activities and sub-projects to date? What have been the major obstacles to progress?

Without proper reports and evaluations, monitoring or follow-up, it is extremely difficult to assess the accomplishments of the sub-projects or even the overall program. Much was done and many tasks were accomplished. But what was

actually achieved? We are unable to identify, from a developmental stand point, real and meaningful achievements. The evaluation team's investigations did indicate that the availability of a timely and flexible programming vehicle was useful. The workshops sponsored by the PEDP did probably increase awareness of the importance of T&I and private sector development programming. Materials produced for those workshops (as the T&I and the Financial Markets Guidebooks) have probably increased the knowledge of AID personnel in how to program in these and related fields.

The potential of CTIS, which is, to a large measure, a creation (accomplishment) of PEDP planning and funds, may be a case in point, although its potential for meaningful contribution to U.S.-LDC trade and investment (achievement) is questionable because of the lack of experienced businessmen in its top positions. More importantly, this evaluation report indicates, and experience elsewhere has shown that the data government agencies churn out is not necessarily the type of data business wants or needs, nor is official data presented in a fashion suitable for business practices and real investment decisions.

One of the obstacles to greater use and effectiveness of the PEDP is that its availability and features are, according to some interviewees and the AED evaluation team's PEDP questionnaires, not particularly well known among the Missions (Thailand, Indonesia, and Nepal, for example). But perhaps the greatest obstacle to the program's effectiveness is that it has lacked programmatic focus and effective sub-project follow-on. Furthermore, the program did not enforce detailed reporting, evaluation and monitoring requirements, even though they were clearly stipulated in the originating documents.

Another stumbling block to progress has been PEDP's inability to develop an efficient and effective mechanism for harnessing and channeling to LDCs U.S. private sector technical know-how and assistance capabilities in support of Mission programs and LDC private sector. A considerable amount of PEDP and other Bureau resources has been allocated to developing a national network of potential technical assistance providers (trade and professional associations, Banking and Financial Institutions, agribusinesses, State Development Agencies, ASEAN-CTE, for example come to mind--even ITMAF may peripherally be included) but it appears thus far nothing very substantive has been or even might be accomplished.

Indeed, the challenge for the Bureau is how to make such a system work for the Missions as smoothly and as efficiently as possible without AID's and the Missions' taking on the burden of managing and financing (subsidizing U.S. businesses) such a program or the technical assistance provider, as the case may be. Perhaps understandably so, the greatest obstacle to implementing such a program may be the Missions (ASACI and NASDA/MAWTC, and to some extent, IECG, experience comes to mind) because it has the

potential of being manipulated politically since the network consists of politically powerful private sector organizations. AID needs to study these issues very carefully, and avoid becoming too deeply committed administratively and financially to such a program, in order to avoid its being manipulated rather than being managed, to serve the public interest and protect Missions' freedom of action and integrity. Such a program's operation, therefore, needs to be implemented as much as possible by the private sector operating under the rules of the free and competitive market. As a minimum, the Bureau will need a strong technical supervisory unit to ensure that funds are allocated to technically and economically sound proposals originating from the network of private sector service providers.

4. What evidence exists to indicate that one type of activity or sub-project is more effective than other types? Have these activities been consistent with Agency priorities?

It is necessary to state again emphatically that without reporting, evaluation, monitoring, and follow-up, one cannot determine with an acceptable degree of certainty what was effective and what was not. This is especially true in trying to evaluate sub-projects carried out in the field; it is even difficult to gauge how effective the ANE Bureau-sponsored workshops were in encouraging practical and effective psd programming and in-house capabilities. Post-workshop evaluation and follow-up surveys have been found useful in designing more effective organization and methodologies for future training programs.

The evaluation team's efforts to obtain information on the sub-projects was not very productive. When combined with the poor state of the programs files, these lacunae eliminated any opportunity for meaningful project-specific evaluation.

However, there is evidence to show that sub-projects that had a clear focus aimed at accomplishing specific tasks or targeted at a specific group of people or project beneficiaries appear to have been more effective than those aimed at indirectly achieving ("trickled down") accomplishments and more diffuse goals and objectives. Similarly, sub-projects (primarily feasibility or assessment studies) with good supervision through the core contractor generally were more successful and more focused than those supervised indirectly by the Bureau or managed by an independent contractor in the field. Technical assistance projects (business management training and production assistance at the level of the individual firm or groups of firms) also hold the potential for effective Bureau participation as a coordinating unit for providing effective technical assistance services to the field.

Indisputably, PEDP activities were consistent with AID priorities, particularly those of top management in the mid and

later eighties who were attempting to alter Agency thinking and programming directions. In fact, the PEDP was one of the "chosen instruments" in attempts to institute desired changes in approaches to economic development in LDCs.

5. What evidence exists to indicate that the project has resulted in increased investment or employment in the private sector of the countries assisted?

None. The evaluation team was not able to locate any documentary evidence that would speak to that question one way or the other. However, any experienced programmer would be tempted to say that even with a consistent and diligent emphasis on follow-up, there is usually little chance of identifying measurable results in investment or employment generation that can be uniquely attributed to projects that were implemented in the way PEDP was. For the most part, the PEDP interventions that were requested by the Missions were generally implemented in support of larger Mission programs, and this often in the form of a study or investigation and analysis or general training of Mission personnel and some HC nationals. And more often than not, there are no reports about what was done afterwards, or whether the recommendations of the report were implemented.

The IESC activities in Yemen and Morocco, for example, had clear and precise objectives, namely: increased investment and employment. They also should have produced more exports and increased trade. It appears that IESC may have had some success in Morocco but it also encountered some difficulty in Yemen. However, the information provided by IESC and the Missions is inconclusive about what was actually achieved in the way of increased exports, the formation of joint ventures with U.S. businesses, increased investment and employment, and important multiplier effects and economic growth.

6. What are the "lessons learned" from this project?

For an answer to this question and for the findings and recommendations of this evaluation exercise see the following chapter.

B - Summary

The Private Enterprise Development Project (PEDP) operated more as a convenient task-oriented funding mechanism for both overseas Missions and AID/Washington than a program with clearly defined and achievable development goals in AID recipient countries, and should be evaluated on that criteria. In any case, it has been a flawed program, lacking focus and the concentration needed for meaningful impact on private sector development in the countries administered, alternately, by ENE,

ANE, ANEE, and NE. Its purpose, goals, and objectives have been too grandiose for the way the program has been structured and operated. Even its acknowledged advantages of flexibility and timeliness of response have been blunted by inadequate staffing. Much of the PEDP's value was in assisting AID in overcoming its own structural and procedural inadequacies.

Of the 101 sub-projects carried out under the program, a number were well designed and professionally implemented; but their impact and effectiveness cannot be measured with any accuracy, mainly because no recognizable systems for evaluation, reporting, monitoring, and follow-ups to Mission activities were ever put into operation on a consistent basis. The PEDP was plagued by the Agency-wide malaise of lack of institutional memory.

On another plane, the degree to which host country governments and, especially, local private sector leaders and institutions were involved in the design and implementation of the overall program and individual sub-projects - a sine qua non for truly effective private sector development projects - is not apparent.

The program has been gradually altered by USAID policy makers over the eight years of the program from an initial concern with host country priorities to more concern for U.S. commercial interests and comparative advantages and, finally from essentially a program of assistance to Mission programs to greater emphasis on Regional Bureau plans and objectives. PEDP sub-projects were frequently funded jointly by Mission funds and, more particularly, major Central Bureau-sponsored programs. Not infrequently the Bureau directed PEDP effort and the sub-projects have been peripheral in relation to the efforts of larger, more focused, and better financed programs.

In sum, in the absence of adequate field evaluations and a well documented record of the sub-projects financed under PEDP, the thoughtful observer finds it difficult to escape the overall impression that this is a program that was flawed in design, burdened with inappropriate goals and, manipulated rather than managed, resulting in an unfocused effort that has been useful as a funding mechanism, but generally ineffective in promoting private sector development and economic growth in recipient countries.

Chapter VI - CONCLUSION

A - Findings

1. 101 sub-projects and activities were fully or partially funded through the PEDP.
2. The PEDP has provided relatively rapid response to Mission requests for assistance in most cases.
3. The program has been flexible in terms of the type of sub-projects undertaken, but the overall effort has been scattered and lacking in focus.
4. There was no systematic attention to sub-project follow-up or follow-on activity.
5. The PEDP's goals and purpose have been inappropriately formulated and aimed and have been too ambitious for the program's structure and operating methodologies.
6. The PEDP can be more accurately characterized as a funding mechanism than a programmatic vehicle, and should be evaluated with that in mind, rather than primarily on programmatic grounds.
7. The scattered nature of the program and the multiplicity of funding sources and prime contractors lessened the PEDP's potential for significant impact on the private sector development in most recipient countries or significant contribution to Mission programs. Additionally, such efforts as T&I development take a long time and concentrated activity to come to fruition; and privatization and financial markets development are extremely complex fields requiring greater focus and consistent attention.
8. For much of its life, the PEDP has not been adequately staffed. Understaffing has overburdened project management, has not permitted adequate attention to project design or screening of proposals for sub-project activity, to project supervision and guidance, or to project monitoring, evaluation, and follow-up.
9. The requirement in authorizing documents for evaluation and monitoring of sub-project activity was not strictly enforced. Project management in Washington did not uniformly request project evaluation or reporting from benefitted Missions.
10. Lack of Bureau review, monitoring, and involvement in most sub-projects hindered planning for a coherent, coordinated, and consistent overall program.

11. The evaluation team's ability to analyze the PEDP generally and sub-projects in particular was hindered by the unavailability of a well organized and consistently maintained filing system for the PEDP.
12. The evaluation team's ability to assess the impact and effectiveness of sub-projects on private sector development in recipient countries was severely hindered by the lack of sub-project reporting and evaluations. Even when a sub-project appeared to be well organized and addressing important issues, the lack of evaluation and follow-up made it difficult to determine what subsequently happened, either positively or negatively. Thus, the evaluation team was not able in most cases to support or document an initial favorable impression of a sub-project or other activity.
13. The most efficient filing and project management systems for the program were to be found in the contractors' offices, such as Price Waterhouse and Coopers and Lybrand; but the contractors are not utilized to an optimum level for program planning, but principally as facilitator, and for logistical and recruiting functions.
14. PEDP funding was frequently co-mingled with funding and/or support from other sources, either from Missions or Central Bureau programs. In a number of cases, these other programs were larger, better financed, and more focused, at times making the PEDP relatively unimportant in terms of a Mission's program; but in some cases the PEDP support was crucial to the life of the project assisted.
15. PEDP technical and financial assistance was, useful at times in encouraging innovation and in making possible implementation of activity that would have been more difficult to undertake through other existing channels.
16. In cases where there was a better organized programming arm (like Coopers and Lybrand or Price Waterhouse) with capacities to draw upon a wider range of professional and specialized technical resources, the sub-projects or tasks appear to have possessed greater potential for success or effectiveness. Such approaches to project management also generally indicated closer ties to Mission personnel and programming efforts.
17. The PEDP has been useful in increasing awareness and staff capabilities within USAID regarding private sector development. The three T&I workshops in Indonesia, Thailand and Jordan and the Mission Directors meeting in Portugal were particularly productive.
18. The meager record does not generally indicate the extent to which host country governments and, particularly, local private sectors were involved in the design and

implementation of sub-project activity for promoting private sector development. It was difficult to determine to what extent the PEDP's sub-project and other activities had roots in local needs, capacities, and aspirations, factors which often determine long-term project success or failure.

19. While originally aimed at supporting host country priorities, the PEDP gradually evolved into a program primarily interested in promoting U.S. interests and trade and, even more recently, Regional Bureau programs and policies rather than Mission programs.
20. An emphasis on support for micro- and small business in the strategically important amendment of 1988 was not subsequently pursued in promoting action-oriented sub-projects. Furthermore, it appears that in recipient countries that had formerly been active in small and medium enterprise promotion, but where T&I might not be as productive a programming field, there was in later years a noticeable lessening of participation in the PEDP.

B - Recommendations

1. A program of the general type of the PEDP should be continued after its present termination date of September 30, 1994 is reached. However, any such program should be radically reorganized, reformed, and reoriented. The program should be more focused on fewer priority programming fields, most probably trade and investment and financial markets, with substantial discretionary funds available for general support for private sector development, with an emphasis on programming in the micro- and small business area. Privatization should be deleted as a separate program and left to other better financed and more focused programs dealing with that issue; although some sub-projects dealing with privatization may be supported as specially targeted supplements to Mission programs. Some sub-projects dealing with aspects of T&I and financial market systems may involve some issues relevant to privatization and be suitable for funding under this program. Training sub-projects should continue to be subsumed under the major program fields of interest and not carried as a separate priority field.
2. The program should be realigned and made more appropriate for a reduced number of countries in the NE Bureau and to the particular economic and social conditions in that area. There should be concentration on host country priorities, and insuring participation of local governments and private sectors in all phases of project design and implementation.
3. An annual Workplan for the program should be developed in close cooperation and coordination with the Missions. The Workplan should highlight how sub-projects and other activities will be directly related to the Missions's programs and the Bureau's goals and objectives.
4. Proposals from the field should be carefully screened and reviewed in terms of not only the intrinsic merits of the proposed activity and its relevance to Mission objectives and programs, but also to their long term economic and financial feasibility and to the goals and objectives of the Bureau for the overall program. Projects should be evaluated along these same lines after implementation.
5. Rewrite the goals, purposes, and objectives of the program to make them realistic in terms of the program's real aims and capabilities for working in NE area LDCs.
6. Provide the program with adequate in-house career staff, including a program planner and a specialist in the technical aspects of private sector development programming. this core in-house unit will help to ensure improved Bureau capacity to supervise, coordinate, and monitor the varied and widely disbursed activities carried out under this program.

7. Install systems for project evaluation, monitoring, and follow-up. Require full reporting from participating Missions and Bureaus and establish and maintain an improved filing and archival system.
8. Special attention should be given to assessing recurrent PEDP cooperation and co-funding with other major PSD programs sponsored by Central Bureaus; and PEDP should receive and study independent reports and evaluations dealing with these other programs.

C - Lessons Learned

1. If the purpose, goals, and objectives of a project are overly ambitious or inappropriate in relation to its structural capacities, operational methodologies, and programming inclinations, that project will not be successful. Too much was asked of the PEDP, which was actually more of a funding mechanism than a development-oriented program.
2. A major program with the operating characteristics of PEDP (multiplicity of participating institutions and contractors) cannot function efficiently or effectively with inadequate in-house staffing and organization. Good supervision is needed to ensure optimum use of public funds (and scarce resources).
3. A complex program like PEDP cannot be assessed without on-going systems for overall program and sub-project reporting, evaluations, monitoring, and follow-up.
4. Ambitious goals cannot be fulfilled by an unfocused, scattergun approach to sub-project selection and implementation. Scattered efforts are hard to manage and even harder to guide.
5. Without enthusiastic Mission support and participation sub-projects' potential for success will be diminished.

APPENDICES

SCOPE OF WORK

EVALUATION OF THE
PRIVATE ENTERPRISE DEVELOPMENT PROJECT
(398-0050)

A. Background and Purpose

The Private Enterprise Development Project (PEDP) was designed by the then Asia and Near East Bureau to stimulate development of national economies through the private sector. It was authorized in April, 1984 and amended in January, 1989. Its revised Project Activity Completion Date is September 30, 1993 and the Life of Project authorization is \$8,000,000. This was considered a new and innovative approach to private sector development when initially authorized. Indeed, a key element of this project is the flexibility to quickly respond to host country priorities.

The goal of the PEDP is "To assist in fostering the development and growth of private enterprise so that it can gradually assume the leading role in providing the long-term economic growth needed in AID-recipient countries in the Asia Near East region."

The purpose of the PEDP, as amended in January 1989, is "To encourage priority initiatives for private sector development through a rapid response funding mechanism. The project will provide the ANE Bureau and Missions with the flexibility to make timely responses for private sector development activities."

The project paper identified five priority areas recognizing that "focus and prioritization would be required if any impact was to be achieved."¹ These priority areas were: 1) trade and investment development; 2) private sector support; 3) training and business exchanges; 4) financial systems development; and; 5) privatization. The first priority was "clearly innovative trade and investment support, especially in fields where the U.S. has a competitive advantage or where there would be a transfer of technology."²

The purpose of this evaluation is to assess the immediate results of the individual activities or sub-projects financed under the project and evaluate the success of the project in promoting follow-on private sector trade, investment or other commercial operations. The evaluation will determine the degree to which the PEDP successfully facilitated ANE Bureau priorities as stated in the authorized project.

¹Project Paper Amendment #2, January 27, 1989, page 3.

²Ibid, page 7.

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B. Objectives

The objectives of this evaluation are:

1. Review and document the activities and outputs of the Private Enterprise Development Project as well as the effectiveness of the flexibility and quick response aspects of the project;
2. Identify the strengths and successes along with the weaknesses and failures of the PEDP activities; and
3. Recommend changes or improvements for the remainder of the project and for possible follow-on activities.

C. Scope of Work**1. Tasks to be accomplished**

- a. Review all documentation pertaining to this project and the sixty-some sub-projects funded thereunder.
- b. Analyze and classify by subject area the activities and sub-projects of this project since its inception.
- c. Select a sample of the sixty-some sub-projects for in-depth evaluation and analysis following the study questions in Section 2 below.
- d. Prepare a brief questionnaire for Mission comment regarding the usefulness and timeliness of the technical assistance provided under this project.
- e. Identify and correspond with a sample of Mission Project Officers who requested the assistance as well as other Mission and/or Host Country persons familiar with selected project activities.
- f. Prepare and submit written reports and deliverables as outlined in Section F below.

2. Study questions to be answered

- a. What has been the impact and effectiveness of the technical assistance provided under the PEDP project and sub-projects?
- b. Given the emphasis on flexibility and timeliness in PEDP, what has been the degree of flexibility and timeliness of the sub-projects and to what extent has

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this been effective support for the Mission's private sector program and activities?

c. What have been the major accomplishments of the project activities and sub-projects to date? What have been the major obstacles to progress?

d. What evidence exists to indicate that one type of activity or sub-project is more effective than other types? Have these activities been consistent with Agency priorities?

e. What evidence exists to indicate that the project has resulted in increased investment or employment in the private sector of the countries assisted?

f. What are the "lessons learned" from this project?

D. Special Skills Required

The contractor shall provide the services of two persons to conduct this evaluation. One must have at least five years of experience in private sector development in third-world nations and an MA in business or management or equivalent. The other must be familiar with USAID programming and project requirements, including evaluation requirements, have broad experience in private-sector development and at least 5 years experience working for a development agency in a developing nation. Both must have strong verbal and written communication skills,

E. Time Frame and Person Hours

The contractor shall provide the above services beginning as soon as possible for a period of two working months (forty person days), but not to exceed three calendar months. No international travel is required. All communication with the Missions and host country nationals shall be by phone, FAX or express mail.

F. Reporting Requirements

1. Work Plan: Within five person days from the first day reporting to NE, the contractor shall submit a draft written work-plan based upon this scope of work to NE, but modified as agreed upon with NE.

2. Preliminary Outline: Within twenty person days from the first day reporting to NE the contractor shall submit a draft outline of the final report for NE approval.

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3. **Preliminary Report:** Within thirty-five person days from the first day reporting to NE the contractor shall submit a preliminary draft of the final report for NE approval. This report shall contain a brief executive summary, the main findings, conclusions and recommendations and any annexes necessary to support the report.

4. **Final Report:** Within forty person days from the first day reporting to NE the contractor shall submit the final evaluation report considering the revisions and changes recommended by NE to the preliminary report.

G. Deliverables

1. The written reports as noted in F. above.
2. Copies of the questionnaires as submitted.
3. Computer diskettes containing the written reports and any data bases constructed or acquired in the course of the evaluation.

H. Estimate Budget

1. Two technical consultants, salary, fringe, etc. for forty person days of technical services.
2. Travel and per diem in Washington, D.C.
3. Indirect costs
4. FAX, long-distance telephone and parcel express services
5. Document preparation and reproduction costs



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 24, 1992

MEMORANDUM

TO: USAID Missions (see distribution)
FROM: NE/DR, Satish Shah *[Signature]*
SUBJECT: Evaluation of Private Enterprise Development Project (PEDP). Project # 298-0050 and 398-0050

The Near East Bureau has contracted with the Academy for Educational Development (AED), to evaluate the Private Enterprise Development Project (PEDP), with the participation of the former Asia Near East (ANE) and Europe Near East (ENE) Bureaus. The evaluation is scheduled to be completed by October 30, 1992.

The objectives of the evaluation are:

1. Review and document the activities and outputs of the Private Enterprise Development Project as well as the effectiveness of the flexibility and quick response aspects of the project;
2. Identify the strengths and weaknesses of the PEDP activities; and
3. Recommend changes or improvements for the remainder of the project for possible follow-on activities, and for consideration by other offices supporting private sector development.

The results of this evaluation will be used in the design of the Near East Bureau's "second generation" of private sector activities through a new Regional Trade and Investment project for FY'93.

We are seeking your cooperation in promptly responding to the questionnaires and direct contacts made by the AED evaluation team of Mr. Clare Humphrey and Mr. Ralf Hertwig. NE/DR would be pleased to share any information generated by this evaluation process with the Missions and Bureaus concerned.

Many thanks.

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PRE/IBD, Ewise (Turkey, Portugal, IMCC)

Drafted: NE/DR/PI, JGodden; 3-2478; 9/24/92
"Evaluation of Private Enterprise Development Project (PEDP)"

Clearances:

ASIA/DR/TR, RAulakh	<u>RA</u>	Date: <u>9/24/92</u>
EUR/DR/BFI, RNavin	<u>2/10/92 RN</u>	Date: <u>9/24/92</u>
NE/DR/PI, JBalis	<u>9/24/92</u>	Date: <u>9/24/92</u>
NE/DR/PI, GVaughan	<u>Draft</u>	Date: <u>9/24/92</u>

Information:

ASIA/DR, PDichter-Forbes
ASIA/SA/B, DFrederick
ASIA/EA/ISF, KBoyd
ASIA/NA/NS, JGunning
ASIA/SA/P, MWarren
ASIA/EA/PHIL, DMasters
ASIA/EA/TAVLB, LMorse
EUR/RME, FAlmageur
EUR/RME, PRader
EUR/RME, JMashburn
NE/ENA, CCoulter
NE/ME, JChampagne

Academy for
Educational
Development

AED

18 September 1992

To: USAID Missions (see distribution)
From: Academy for Educational Development (AED)
Subject: Evaluation of Private Enterprise Development Project
(PEDP)

The Academy for Educational Development (AED), at the request of NE/DR is in the process of conducting an evaluation of the Private Enterprise Development Project (PEDP), numbered as 298-0050 and 398-0050. PEDP has included participation of selected Missions of the former Asia Near East Bureau (ANE), the Europe and Near East Bureau (ENE) and the present Near East (NE) Bureau. This project has an approved funding level of \$ 8.0 million and a PACD of September 30, 1994, in accordance with the Project Authorization Amendment, dated April 24, 1992.

The Academy has been designated to conduct the evaluation over a period of eight weeks ending October 30, 1992. The evaluation team consists of Messrs. Clare Humphrey and Ralf Hertwig, and is coordinating the evaluation with designated staff from NE/DR.

Attached please find a 2-page questionnaire entitled PRIVATE ENTERPRISE DEVELOPMENT PROJECT (PEDP) - EVALUATION BACKGROUND QUESTIONNAIRE. Its purpose is to obtain an overall appreciation of the extent of the project's outreach and value as a resource in meeting Mission requirements. Your thoughtful and timely responses to this questionnaire will assist us and the Bureau in arriving at a more complete understanding of general Mission appraisal and use of the PEDP and in developing future projects similar to PEDP. We would appreciate your completing this questionnaire and returning it not later than October 5, 1992.

In certain instances we will be querying some Missions again for an in-depth analysis of specific sub-projects funded fully or partially through PEDP. Such inquiries will involve a second, more intensive questionnaire on specially selected PEDP sub-projects to assess the extent to which they have impacted on private sector development (PSD). We would also like to determine whether or not the PEDP is achieving its purpose of encouraging priority initiatives for PSD. This second questionnaire may or may not be backed up by telephone discussions with the Missions

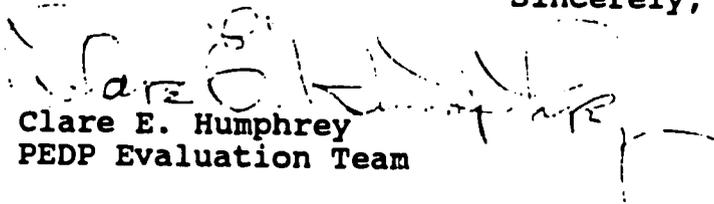
1255 23rd Street, N.W.
Washington, D.C. 20037
(202) 862-1900
Telex 197601 ACADED WSH
Fax (202) 862-1947

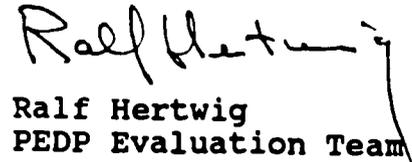
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involved. Therefore, we would appreciate your providing us with the name, title and telephone number of the appropriate officer in the Mission to be in contact with concerning the PEDP and the Mission's private sector development program. The exact time and date for these telephone discussions will be established mutually between the designated officer and the evaluation team.

We very much appreciate your time and cooperation in the preparation of this important evaluation. We welcome any suggestions you might have on how the evaluation could be structured and conducted to be of maximum benefit.

Sincerely,


Clare E. Humphrey
PEDP Evaluation Team


Ralf Hertwig
PEDP Evaluation Team

AED Evaluation Team Contact Numbers
Telephone: (202) 467-8750
FAX: (202) 223-3451

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PRIVATE ENTERPRISE DEVELOPMENT PROJECT (PEDP) - EVALUATION

BACKGROUND QUESTIONNAIRE

Responding U.S.A.I.D. Mission _____

Responding Officer, with Title and Telephone/Fax Nos. _____

Date _____

1. Does your Mission have a Private Sector Development Program (PSD)? Yes ___ No ___. Briefly list the main points of the Mission's PSD strategy and program, including the average annual number and dollar volume of projects. _____

2. Have you ever requested assistance through the PEDP? Yes ___ No ___ If not, why not? _____

Were any requests disapproved? Yes ___ No ___ If yes, on what grounds? _____

3. Please list the specific sub-project activities implemented through assistance from the PEDP, indicating whether they were initiated by the Mission or by Washington. _____

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4. Has the PEDP facilitated access to information and resources for your Mission in planning or implementing your PSD program?

Greatly ___ Moderately ___ Occasionally ___ Not at all ___

State the ways and programming areas where the PEDP has been of assistance. _____

5. What problems or obstacles has your Mission encountered in carrying out sub-projects under the PEDP? Please explain. ___

6. What were the "Lessons Learned" from your experience with the PEDP that will assist you in designing and implementing private sector development projects in the future? _____

7. Do you have any additional observations, comments, or information which would help this evaluation of the PEDP?

Academy for
Educational
Development

AED

6 October 1992

To: James Mudge, Economist
U.S.A.I.D./Bangladesh

From: Clare E. Humphrey, Consultant

Subject: Evaluation of Private Enterprise Development Project
(PEDP). Project # 298-0050 and 398-0050.

Ref.: NE/DR Memorandum of 24 Sept.92 from Satish Shah

Dear Jim:

As mentioned in the referenced FAX which sent to you a general Background Questionnaire on the subject project, we are herewith submitting for your consideration a more intensive questionnaire on a particular sub-project carried out under the PEDP umbrella.

We are particularly interested in receiving your Mission's evaluation of the support given to the Bangladesh-United States Business Council. As I remember the project, it received funding over a number of years and from several sources starting o/a FY86. As far as we can determine from PEDP records, the project received \$85,000 from PEDP funds in FY89.

We would appreciate your completing the attached questionnaire about the Bangladesh-United States Business Council.

In addition to the project-specific questionnaire, we have a couple of other general questions about the PEDP. Among its many activities, the PEDP turned out two guidebooks, one on financial markets and one on trade and investment. Drafts were used as materials at a workshop on Trade and Investment held in Bangkok in May of 1990. Are you familiar with that workshop and the final guidebooks, which came out in July 1990 (T&I) and July 1991 (Financial Markets)? Have the guidebooks been of any assistance to your Mission's work aimed at financial markets? For one thing, we have been wondering if they were of any use in the preparatory work for your major project in banking reform.

I know that there are many demands on your time in such a large and busy Mission; but we would deeply appreciate your cooperation in our evaluation of the PEDP. I am addressing this to you because I do not know who replaced Bill Duncan as Private Sector Officer.

Looking for to your response and to seeing you on my next working visit to Bangladesh.

1255 23rd Street, N.W.
Washington, D.C. 20037
(202) 862-1900
Telex 197601 ACADED WSH
Fax (202) 862-1947

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**Academy for
Educational
Development**

FAX Transmittal Form

AED

TO: USAID/Bangladesh
ATTN: James Mudge, Economist

Fax No: 88-02-883648
Telephone No: 88-02-883531

FROM: Ralf Hertwig, AED PEDP
Evaluation Team

Fax No: 202-223-3451
Telephone No: _____

SUBJECT: Evaluation of NE Private Enterprise Development Project (PEDP)

RE: NE/DR Memorandum of 24 Sept., 1992 from Satish Shah.

No. of Pages including this page: 2

Additional Comments

Attached please find Memorandum dated October 6, 1992, requesting your assistance, and the accompanying sub-project questionnaire as per Ref.

Best regards.

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PRIVATE ENTERPRISE DEVELOPMENT PROJECT (PEDP) - EVALUATION

SUB-PROJECT QUESTIONNAIRE

Sub-Project No. _____ Cooperating Host Country
Sub-Project Title _____ Organization(s) _____
Country/Region _____ Dates of Project Duration
From: _____ To: _____
Responding U.S.A.I.D. Mission _____ Funding Information:
Total Amt. of Project: _____
PEDP Funds _____
Mission Funds _____
Responding Officer (& Title) _____ Host Country Funds _____
(\$/local currency) _____

1. Please describe the main activities of the sub-project _____

2. What was the relation of the sub-project to PEDP's goal/purpose of fostering the development of private enterprise and providing a rapid and flexible response to Host Country priorities for private sector development? _____

3. Please state the general goal/purpose of the sub-project. _____

4. Please state the specific objective(s) of the sub-project. _____

5. Please state the primary relation of the sub-project to the Mission's Private Sector Development (PSD) program. _____

6. Please state the relation of the sub-project to Host Country PSD effort. _____

7. Please state the major accomplishments of the sub-project. _____

8. What were the measurable impacts on private sector development that can be attributed to this sub-project? _____

9. Please identify the primary beneficiaries of the sub-project.

Were there any secondary beneficiaries? Yes ___ No ___

Please list them _____

Were there any unforeseen beneficiaries? Yes ___ No ___

Please list them _____

Do you have any observations concerning beneficiaries? _____

10. Please indicate the degree of Host Country private sector involvement in the sub-project's design and implementation (by placing a check in the appropriate blank for each column):

Design		Implementation
_____	Considerable	_____
_____	Regular	_____
_____	Occasional	_____
_____	Seldom/none	_____
_____	N/A	_____

Comments? _____

11. Please indicate the degree of Host Country Government involvement in the sub-project's design and implementation (by placing a check in the appropriate blank for each column):

Design		Implementation
_____	Considerable	_____
_____	Regular	_____
_____	Occasional	_____
_____	Seldom/none	_____
_____	N/A	_____

Comments? _____

12. Please identify the factors in the sub-project's planning and design that contributed most to either its success or lack of success. _____

13. Please rate the following project specific implementation factors in terms of their importance to the success or lack of success of the sub-project (by placing one of the following rating numbers for each item in the appropriate column, i.e., whether it contributed to either success or lack of success. Rating: 3 = significant; 2 = relevant; 1 = unimportant; 0 = no opinion):

Success		Lack of success
_____	Project organization and structure	_____
_____	Project procedures	_____
_____	Project personnel	_____

_____	Funding levels	_____
_____	Project length	_____
_____	Timing of project	_____
_____	Rapidity of response to initial request	_____
_____	Flexibility	_____
_____	Other (specify)	_____
_____	_____	_____
_____	_____	_____

14. Please rate the following underlying factors in terms of their importance to either the success or lack of success of the sub-project (by placing one of the following rating numbers in the appropriate column; rating: 3 = significant; 2 = relevant; 1 = unimportant; 0 = no opinion).

Success		Lack of success
_____	Domestic economy	_____
_____	International economy	_____
_____	Domestic political situation	_____
_____	Government commitment	_____
_____	Bureaucratic obstacles	_____
_____	Socio-cultural patterns	_____
_____	Local business community	_____
_____	stage of development	_____
_____	Other (specify)	_____
_____	_____	_____
_____	_____	_____

15. What were the major follow-on actions recommended to ensure the success of the sub-project? _____

Were they implemented? Yes ___ No ___ Partially ___ Clarify _____

16. Was any post-project monitoring system established to keep track of the sub-project's results? Yes ___ No ___ If such a system was set up, please rate its effectiveness as:

Excellent ___ Good ___ Adequate ___ Poor ___ None ___

17. Please briefly describe the requirements for reporting on the sub-project to the Mission _____

Please rate the quality and timeliness of the reporting as:
Excellent ___ Good ___ Adequate ___ Poor ___ None ___

18. Was an Activity Completion Report submitted to the Regional Bureau? Yes ___ No ___ If yes, give date and reference number:

19. Please rate the timeliness (rapidity) of responsiveness from the Regional Bureau (PEDP/W) to the Mission request for assistance.

Excellent ___ Good ___ Adequate ___ Poor ___ No opinion ___

Please comment: _____

20. Please rate the potential for sustainability of the sub-project after termination of PEDP or Mission assistance:

Excellent ___ Good ___ Fair ___ Poor ___ None ___

Please comment: _____

21. Please rate the potential for replicability of the sub-project:

Excellent ___ Good ___ Fair ___ Poor ___ None ___

Please comment: _____

22. Did the sub-project fulfill the primary purpose of the PEDP?

Yes ___ No ___ Please comment _____

23. Did the sub-project fulfill its own project specific goal/purpose and objectives? Yes ___ No ___ Please explain. ___

24. Were there any significant "Findings" derived from the sub-project? Yes ___ No ___ If yes, please list them. _____

25. Were there any "Recommendations" derived from the sub-project? Yes ___ No ___ Please list the major ones. _____

26. Were there any "Lessons Learned" derived from this sub-project? Yes ___ No ___ If yes, please list them. _____

27. Did the availability of the Regional Bureau's PEDP funds and a convenient and timely programming mechanism enable your Mission to implement a sub-project that you might not have otherwise carried out through other existing programs and/or Mission funds? Yes ___ No ___ Please clarify _____

LIST OF CONTACTS DURING PEDP EVALUATION

Washington Area Interviewees

Gary Vaughan, USAID/NE/DR
John Godden, USAID/NE/DR
John Balis, USAID/NE/DR
Tom Olson, USAID/NE/DR
David Hagen, USAID/NIS, former ANE
Barbara Frieday, Price Waterhouse
Edgar Harrell, Prive Waterhouse
Sydney Lewis, Coopers and Lybrand
Tom Rouke, Coopers and Lybrand
Kyau Winn, USAID/Europe Bureau (former ANE)
Mark Abramowitz, USAID/Europe Bureau
Mohd. Cassem, USAID/Europe Bureau (former ANE)
Lance Marston, IMCC (former ANE)
Cliff Barton, IMCC (former S&T)
Paul Peiper, IMCC
L. Gray Cowan, former USAID/AFR/MDI
Ed Wise, USAID/IBD
Michael Hacker, USAID/IBD/CTIS
Frank Denton, USAID retired, former PRE
Russ Anderson, USAID/PRE
John Gelb, USAID/PRE
Bob Young, USAID/PRE
Tom Nicaastro, USAID/Asia/DR
Robert Driscoll, U.S.-ASEAN Council, Center for Technology Exchange
John Erickson, Dir., USAID/CDIE
Cressida McKean, USAID/CDIE
Harriet Silbaugh, AID Library
John Mathieson, Stanford Research Institute
Laurence Chickering, ICEG
Gary Theisen, AED
Peter Boynton, AED

Mission Respondents to Questionnaires

Ross Bigelow, USAID/Bangladesh
J. Beed, USAID/Egypt
Larry Brown, USAID/Egypt
Bob Beckman, USAID/Indonesia
B. Donald Reese, USAID/Jordan
Alexander Shapleigh, USAID/Morocco
Neal Cohen, USAID/Nepal
Mike Gould, USAID/Oman
Mark Pickett, USAID/Oman
Dario J. Pagcaliwagan, USAID/Philippines
Richard Rousseau, USAID/Tunisia
Larry Dominessy, USAID/Yemen

[NOTE: There were a number of other person we tried constantly to contact, but with whom we were never able arrange a meeting, including Terry Myers, Jim Vermillion, Sandra Frydman, Nancy Ellis, Carolyn Coleman, and persons at IESC, NASDA, and CBI/NCBA.)