

**G/EG RESULTS REVIEW (R2a)**  
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## **SECTION I: FACTORS AFFECTING PROGRAM PERFORMANCE**

### **A. Introduction: The Development Challenge**

In the countries where USAID works, there is a continuing need to implement programs involving important aspects of economic growth (such as microenterprise and small business, agriculture and food security, protecting the environment, privatization, and regulatory reform and market development). As stated in the Administrator's March 4 address at the Wharton Business School, in his speech to the ACVFA on "The Future of Foreign Aid" and in his FY 1997 CP narrative statement, the most basic challenge now is how to build on the substantial development progress that has been made to facilitate trade and investment, the last step in the development continuum.

To support these Agency goals, the Center for Economic Growth is charged with the responsibility for ensuring Broad-Based Economic Growth through private sector and agricultural development programs. The Agriculture program of the Center will also support the Agency goal of Protecting the Environment. The Center currently focuses on three strategic objectives (SOs) and two special initiatives (SIs):

SO1: Better Access to Finance, Technology and Information for Microenterprises and Small Businesses.

SO2: Environmentally Sustainable Improvements in Agricultural Yields and Farmer Incomes.

SO3: Enhance USAID Effectiveness in Assisting Developing Nations to Undertake Appropriate Economic Policy and Institutional Reform.

SI1: Improve the Impact of Development Assistance Account Availabilities

SI2: Improve Public Awareness of USAID Programs, Trade and Procurement Opportunities.

### **B. Summary of Factors Affecting EG Program Performance**

There are a number of factors affecting program performance, but by far the most critical is the lack of funding and the lack of control over those resources budgeted to the Center. For example, if almost all of the EG OYB in FY 96 must go for "directed activities", regardless of the performance demonstrated to date, the value of developing a monitoring system is highly questionable. Further, although discussions about performance at higher level strategic objectives may have some benefits, regardless of the funding levels, discussions about performance at the activity level have no value if funding is not

forthcoming.

During the last year, EG technical staff have made a concerted effort to better serve USAID missions (our immediate customer) by being more actively involved in their strategic planning, training, IDI recruitment and field support. This increase in collaboration has benefited both sides. It is reflected, for example, in FY 1995, in the EG signed MOUs for around \$9 million of Ex-G funds covering 27 countries; processed PIO/Ts for around \$50 million in buy-ins or add-ons; the significant amounts of OYB transfers to G/EG from the Regional Bureaus and Budget Allowance to the field from G/EG/MD through the Implementation Grant and PRIME Programs; the assistance to USAID Mission from EG core funded programs (e.g., through CRSPs); and, the MSED program working with Missions through-out the world on guarantee facilities, direct loans and the flow of credit.

Integration within the EG Center, the Bureau, the Agency and the development community is another key factor affecting EG performance. This is illustrated by the work of EG/AFS staff with the Environment Center developing the USAID Biodiversity Strategy and also on joint activities involving forestry and agroforestry, water resources, fragile lands, and developing indicators of sustainable use of natural resources and agriculture.

The time and effort allocated to reengineering has been significant. It has yet to result in a positive impact. Hopefully there will be resources forthcoming as a result of the effort.

C. <insert G/EG Strategic Framework here>

## SECTION II: PROGRESS TOWARD STRATEGIC OBJECTIVES

### A. SO1: Better Access to Finance, Technology and Information for Microenterprises and Small Businesses

#### 1. Background

The Agency established the Microenterprise Initiative in June 1994 as a central component of an approach to economic growth that stresses increasing economic participation of the poor. This Initiative seeks to foster greater awareness throughout the Agency and the developing world of the techniques of successful microenterprise programming and to integrate microenterprise more fully into USAID programs and policies, such as in agricultural development, urban development, and especially financial markets.

To contribute to this objective, the Center for Economic Growth carried out three types of activities in FY 1995: 1) funding for microenterprise and small business programs, through the Microenterprise Implementation Grant Program, the PRIME Fund, a grant to Grameen Trust, and through portions of the MSED program; 2) support to missions, through the GEMINI project, microfinance training, IESC and ATI, and direct staff support; and 3) technical leadership, through work with the broader microenterprise community, other donors and R&D projects.

#### 2. Progress Toward Achieving SO1

##### Intermediate Result 1.1: Expanded Funding for Microenterprise Programs

**Indicator #1.1a <SO1 Indicator A in Strategic Plan>: Increase in number of clients served by financially sustainable programs supported by EG funds.**

Activity	FY 95 Baseline	FY 95 Increase	Five Year Total
IGP	0	n/a <sup>1</sup>	113,000
PRIME	111,000	7,300	225,000
Grameen Trust	0	44,000	88,000 (2 year grant)
TOTAL			426,000

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<sup>1</sup>Data not yet available as first semiannual reports from grants made in FY 95 are not yet due.

a) IGP: In FY 95 IGP funded 9 PVOs, which in turn will work with 16 to 21 local institutions. These institutions will reach 113,000 new clients (67% women) during the next five years. The first reporting period for these grants has not yet passed, and therefore, no data is yet available on progress since the award.

b) PRIME Fund: In FY 95 the PRIME Fund supported 12 microenterprise initiatives based in missions, six of them credit-focused. These institutions reached 225,730 clients in 1995 (baseline), of which 60% are women. At this point, only two of the activities have begun implementing PRIME-supported activities. One of these is operationally self-sufficient and one is fully financially viable. The increase in clients over the baseline expected during the next five years is 114,000.

c) GRAMEEN Trust: In 1993 the Grameen Trust received \$2 million to sponsor replication of Grameen Bank projects in other countries. This funding allowed The Grameen Trust to provide seed capital and scale-up funds to 14 organizations (three of which are currently operationally self-sufficient). These organizations, in India, Nepal and the Philippines, provided financial services to 44,000 new clients in 1995, 95% of them women.

**Indicators 1.1b through 1.1f Increase of Micro and Small Enterprise Development (MSED) Loans <shown under SO#1 Indicator B in the EG Strategic Plan>**

MSED strives to build sustainable linkages between financial institutions in USAID-assisted countries and MSEs lacking full access to formal financial markets. Its primary tool is the Loan Portfolio Guarantee Program (LPG), which provides loan guarantees on portfolios of loans made by participating financial institutions. These guarantees cover up to 50% of the principal loss of small business loans and up to 70% for microenterprise loans. Under the MSED program, EG/CIS presently operates 58 facilities are currently in 21 developing countries, and maintains an active portfolio of over \$100 million in loans and guarantees.

Recognizing the need for a system to collect data and assist in performance measurement, the CIS contracted in 1992 for the design of an automated system - the Performance Monitoring and Control Information System (PM CIS) - to organize performance data collected from participating financial institutions. Most of the performance results detailed below come directly from the PM CIS system.

**Indicator #1.1b: Number of loans issued under MSED guarantee programs.**

<b>FISCAL YEAR</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>Number of Loans</b>	<b>768</b>	<b>3,130</b>	<b>2,759</b>	<b>3,068</b>

MSED seeks to increase the availability of formal sector credit to MSE borrowers. Increasing numbers of such loans is one indicator of the impact of the program on the targeted sector. In addition, many institutions which no longer require the MSED guarantee continue to make loans to the target beneficiaries, increasing the base served.

**Indicator #1.1c: Average size of loans under guarantee coverage made by participating financial institutions.**

<b>FISCAL YEAR</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>Avg. LPG Loan Size</b>	<b>18,005</b>	<b>7,371</b>	<b>5,035</b>	<b>3,490</b>

A reduction in average loan size in the MSED portfolio indicates that the program is reaching its target sector.

**Indicator #1.1d: Average net asset size of borrowers under the MSED facility.**

<b>FISCAL YEAR</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>Average Asset Size</b>	<b>67,492</b>	<b>18,322</b>	<b>14,758</b>	<b>5,683</b>

Lower borrower net asset sizes are consistent with the MSED's objective of reaching smaller borrowers and reflects a change in attitude by participating financial institutions towards these borrowers. Generally, the average asset size of borrowers under the program has decreased for the past seven years.

**Indicator 1.1e: Percentage of MSED loans made to first-time borrowers.**

<b>FISCAL YEAR</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>% First Time Borrowers<sup>2</sup></b>	<b>64%</b>	<b>94%</b>	<b>85%</b>	<b>97%</b>

<sup>2</sup>Based on those borrowers who responded to survey at time of loan.

A goal of the MSED program is to extend credit to borrowers with no previous exposure to formal credit markets. Borrowers who are successfully introduced to formal credit markets are more likely to have access to those markets at the program's end.

**Indicator 1.1f Average collateral requirement as a percentage of loan amounts for MSED guaranteed loans.**

<b>FISCAL YEAR</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>Average Collateral Requirement</b>	<b>41.98%</b>	<b>19.46%</b>	<b>25.51%</b>	<b>12.01%</b>

A consistent reduction in collateral requirements indicates that MSED guarantees, combined with banker training programs, are teaching the banks to rely on cash flow analysis as a substitute for borrower collateral when making lending decisions.

**Intermediate Result 1.2: Support to Missions, Host Countries and Implementing Organizations**

**Indicator 1.2a: <Previously Program Outcome Indicator #1.1.1:> Number of micro and small businesses receiving access each year to technical assistance provided by ATI and IESC:**

During 1995 IESC and ATI structured their services to be more accountable and results focused in keeping with A.I.D.'s reengineering. The critical factors affecting their performance were: 1) uninterrupted funding; 2) continued demand for their services from A.I.D. field operations; and, 3) economic/political stability of the countries they serve.

ATI, in spite of a responsive reprogramming effort, was handicapped in mid-FY 95 by a funding hiatus. Through a series of delays, the final tranche of funding under ATI III was not received by the grantee until September 1995. Further decisions regarding the level of funding for ATI IV were pending at the end of FY95. The uncertainty of funding resulted in staff furloughs and limited provision of technical assistance by ATI beginning in May 1995.

The IESC exceeded the target number of micro and small business recipients of their services in FY95 by 32%. This, in spite of budget cuts to IESC programs in the LAC and ANE Bureaus. By providing three types of technical assistance: Executive Volunteers (EVs), Business Development Services (BDS), and American Business Linkage Enterprise (ABLE) studies, IESC helped

numerous small and micro-entrepreneurs (SMEs) to obtain financial resources, add new product lines, or otherwise improve operations. These efforts had the multiple effects of strengthening economies, increasing job opportunities, and improving small company profitability in lesser developed countries, while expanding exports, jobs, and technical know-how of U.S. corporations.

During 1995, IESC provided technical assistance through its Executive Volunteers to 1,068 micro and small businesses (of which 75 were women owned). In addition they provided Business Development Services to 304 SMEs, and conducted ABLE studies for another 217 firms. ATI provided technical assistance to an estimated 114,000 participants and 4,500 microenterprises in FY95. Some of the most effective results achieved in 1995 are shown in Annex 1.

**Indicator 1.2b <Previously Program Outcome Indicator #1.1.2>:  
Additional income leveraged each year for micro/small businesses  
and farmers due to ATI programs:**

ATI IV was proposed to USAID on March 6, 1995 and was authorized July 21, 1995. This program represents a new direction for the PVO, in that it fully addresses the issues raised in the ATI III evaluation, drastically limits the PVO's areas of technical interest, and reduces the number of countries where work will be done. In addition, it is a performance-based endeavor which focuses on three distinct areas of interest: 1) direct/measurable income increases for assistance beneficiaries resulting from ATI interventions; 2) sustainability of ATI technologies, and 3) ATI generated income used to offset the USAID grant.

Since authorization, the Agency has had difficulty providing the bridge funding necessary for ATI to sustain itself until a budget for ATI IV could be allotted. This resulted in ATI's downsizing and diminished activities under the ATI III contract, and has prevented ATI from moving forward with their new, results oriented focus.

**Indicator #1.2c <previously PO Indicator #1.2> Increase in the  
number of missions that have a micro lending program.**

The PRIME Fund enabled five Missions to begin new microlending programs in FY 95. Uganda began a start-up activity which enables the Cooperative Bank to establish a micro-lending program. This activity is expected to reach an average of 6,000 clients (60% women) per year during the next five years. Peru began a financial services component within the existing Micro and Small Producers activity. This activity will reach 6,000 new clients (80% women) in the next two years. Morocco began the MicroFinance Activity (MFA) which will enable around 16,000 clients (30% women) to access credit services during the next

five years. Sri Lanka began a new micro finance activity through an existing project which will reach 25,000 women clients over a five year period. Bolivia was able to diversify funding and provide support to two local organizations which will provide financial services to 2,500 new clients over the next year.

In addition, the Center has made an important contribution in defining the Blue Print for Microenterprise Development in the developing world. It has contributed to policy-changes in some USAID-assisted countries through the provision of specialized assistance, such as in Poland. In other cases, such as India, it is helping to set the basis for reforms in the financial sector.

**Indicator #1.2d: Number of requests for field support technical assistance.**

Missions and Regional Bureaus have requested assistance for a wide array of activities ranging from sector assessments to design, evaluation, and re-design of SMEs' projects/activities. In 1995, G/EG/MD, through the GEMINI contract, supplied technical services to 20 missions, a 25% increase over the annual average of the past five years. The level of buy-ins in this FY amounted to \$3,019,821.

**Indicator #1.2e: Training in Microenterprise Best Practices.**

The Office held an ambitious training program to disseminate state-of-the-art knowledge in the promotion of successful microfinance institutions. The main program was a two-week microfinance course which trained 20 USAID staff and 10 USPVO staff. The course was extremely highly rated by participants, and follow-up shows that participants have applied what they learned, making significant changes in the programs with which they are associated. This training was followed by three five-day seminars in the Africa, Middle East and LAC regions targeted to USAID staff and microenterprise development practitioners. In addition, monthly seminars and bi-weekly brown bags were provided to USAID/Washington staff. In an effort to promote linkages between the microenterprise sector and other sectors, five one-day seminars were held in Washington, D.C. These seminars identified linkages with the environment, housing, health, and agricultural sectors.

**Indicator 1.2f: IESC and ATI assist USAID's to develop small and microenterprise projects.**

Through services provided by IESC and ATI, G/EG/BD continues to play a significant role in support of the development of the small and microenterprise. The strategy of supporting A.I.D. field staff and strengthening host country institutions to provide support services to these enterprises using experienced and technically qualified consultants was again successful in

1995.

**Indicator 1.2g: Number of Bankers and borrowers trained.**

Under the Micro and Small Enterprise Service (MSES) contract, managed by the CIS, banks participating in the MSED Program receive training to improve their capacity to effectively and economically lend to the MSE market. Selective training is also provided to borrowers from participating financial institutions to help them present bankable loan applications.

<b>FISCAL YEAR</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>
<b>Individuals</b>	<b>214</b>	<b>326</b>	<b>396</b>	<b>45</b>

Increased training improves the effectiveness of the MSED Program by helping to change the attitude of banks toward MSE borrowers and by increasing their ability to lend to the MSE sector once the guarantee commitment has expired. Training levels dipped during 1995, following three years of steady increases, due to the expiration of the previous training contract and the need to develop new training materials.

**Indicator 1.2h: Number of loan/guarantee facilities that permit NGOs engaged in microenterprise lending to access the financial markets for loan capital.**

Currently, the CIS manages two loan facilities intended to foster the sustainability of U.S.-based NGOs engaged in micro-lending overseas. Both facilities are called "bridge funds" because they are drawn on by the borrowers to serve as collateral for letters of credit issued to overseas banks in the name of their affiliates. Access to commercial sources of credit is intended to decrease the NGOs' dependence on grant funds.

**Intermediate Result 1.3: Technical Leadership**

**Indicator 1.3: Examples of technical leadership provided.**

EG/MD's two major technical leadership activities, Microenterprise Best Practices (MBP) and Assessing the Impact of Microenterprise Services (AIMS), were designed, bid and contracted during the past year, and are off to a strong start. EG/MD continues to provide strategic support to the Peace Corps to ensure that its microenterprise training activities strengthen host country counterpart organizations and personnel, thus enhancing the development impact of Peace Corps Volunteers.

In addition to the activities described above, the MD Office's leadership was also reflected by its contribution to other donors' efforts to promote microenterprise development. The most

important "result" in this area was a strong USAID contribution to the creation of "The Consultive Group to Assist the Poorest (CGAP)" as a multidonor effort to support microfinance. CGAP is housed at the World Bank and is supported by most major bilateral and multilateral donor organizations. CGAP will provide grants or loans to microfinance institutions and disseminate best practices in microfinance among donors and host country governments. USAID also played a central role in adoption, by the Donor Committee on Small Enterprise and the Donor Working Group on Finance, of a statement of principles, "Small Enterprise Finance: Guiding Principles for Selecting and Supporting Institutions." This joint statement was a significant breakthrough in donor willingness to apply common performance standards to their work in this field.

### 3. SO3 Plan Changes and Refinements:

G/EG/MD has made a slight change in its major indicator of direct funding, from "increase in number of microloans made each year" to "increase in number of clients served each year". The revised indicator is easier to collect, and lends itself more readily to comparisons among programs. Most importantly, it avoids over-representation of programs that lend short term and thus make several loans in one year, often to the same client.

G/EG/MD plans to add an indicator under field support to reflect our emphasis on training of USAID staff and practitioners. This indicator is shown in the narrative below under Intermediate Result 1.3.

4. <Insert SO1 Strategic Framework here>

**SO2: Enhance Global Food Security <previously Environmentally sustainable improvements in agricultural yields and farmer incomes>**

1. Background

A significant number of developing countries are faced with increasing food, feed, fiber, and fuel needs as population growth outstrips production, processing, and distribution capacity. These countries are facing growing levels of food insecurity. Chronic food insecurity leads a society into unsustainable institutional, demographic and natural resource management practices. The result is disinvestment of human, financial, and environmental capital. Long-term food security is a necessary pre-condition for sustainable economic growth.

Agriculture is almost always an essential component of a country's first step out of chronic food insecurity towards sustainable economic growth. Agriculture's contribution to sustainable economic growth depends on continued investments in technology development, improvements in the enabling environment, and removal of constraints to market access. Achieving food security is not just producing more food, it is also having more income produced by the poor.

Enhancing food security and sustainable natural resource productivity through agricultural development are complementary, mutually reinforcing and critical components of the Agency's goal of sustainable economic development.

In pursuing this strategic objective, the office of Agriculture and Food Security (AFS) will undertake an integrated effort of close collaboration with USAID missions, other donors, and institutional partners.

Most of AFS's resources will support applied research and field trials of promising production technologies and practices, natural resource management, and policy analysis. AFS will emphasize an integrated approach to dealing with the constraints of inadequate agricultural yields and income, and the negative impact on the environment of inappropriate practices and policies.

Impediments to sustainable food security which are within AFS's capacity to address are:

- 1) lack of scientific research capacity and the resultant products of this research which negatively impact food production;
- 2) inadequate or inappropriate enabling policies, technical

expertise and/or business acumen which impedes the growth of the commercial agricultural sector and constrains income growth; and

3) lack of natural resources management strategies and techniques to conserve and renew agricultural resources for long-term use and sustainability.

AFS has a comparative advantage deriving from the technical expertise of its staff, its practical experience with agriculture in a development context, and its relationships with the U.S. agricultural community at large. We have productive linkages with the vast and diverse array of groups and institutions including U.S. universities, IARCs, USDA, private enterprise, foundations, agricultural industries and manufacturers, trade and commodity groups, policy analysts, and consultants. AFS's particular strength lies in its ability to partner the U.S. agricultural community with the relevant international organizations (such as NGOs, PVOs, IARCs, etc.). And to operationalize these linkages to provide the products and expertise needed to improve agriculture systems in developing countries.

## 2. Progress Toward Achieving SO2

Last year's SO2, Environmentally Sustainable Improvements in Agricultural Yields and Farmer Incomes, contained one primary and three secondary indicators. These initial indicators involved the development of an international agricultural information and research planning system which would permit improved assessment of progress towards achieving global food security through technology development, access and enhanced resource use. The progress made toward developing these indicators is described below.

**Indicator 2 <previously SO#2 Indicator: International Consensus on indicators of food availability, food access, and natural resource accounting>: Enhance Global Food Security.**

Significant progress has been made toward achieving an international consensus on indicators of food availability, food access and natural resource accounting. This progress is described in more detail under the specific indicators below. Once this international consensus is developed and monitoring systems are designed, the monitoring systems will be incorporated into new Results Packages (RPs) 2, 3 and 4 described below in Section 3 Strategic Plan Changes and Refinements.

**Indicator 2.a <previously PROGRAM OUTCOME INDICATOR 2.1>: By May 30, 1996, develop a multidonor consensus on (1) indicators for measuring progress toward addressing biological and socioeconomic constraints to agricultural productivity and (2) an**

**impact monitoring system for measuring the contribution of public goods agricultural research by March 31, 1997, the monitoring system will be designed and operational. Gender indicators will be included in the monitoring system.**

The Indicators for International Agricultural Development Workshop was held in Athens, Georgia in September, 1995. The Workshop, jointly sponsored by USAID and the World Bank, was attended by 45 participants from international programs and organizations. They arrived at a broad consensus on key indicators of biological and socioeconomic constraints which, when monitored, will demonstrate progress towards global level objectives in international agricultural development.

The indicator framework developed at the Athens Workshop has been further refined. We will next produce a companion paper to identify and propose solutions to implementation issues raised by the Athens framework. A number of other donors have agreed to participate. Currently, linkages are developing with the United Kingdom, Germany, the World Bank, and Norway to expand ownership of the framework. In addition, a linkage with the UN Environment Program's GRID Program is being sought to provide a mechanism for managing and presenting indicator data through a Geographic Information System (GIS). Other donors have expressed interest and have agreed to either help write or comment on an issues paper. All have agreed to the benefits of a consensus set of indicators.

The CGIAR's newly formed Impact Assessment and Evaluation Group (IAEG) has been asked to adopt the indicators developed during the Athens Workshop. The IAEG will: (1) strengthen the CGIAR's ex-post impact assessment capabilities; (2) provide guidance and assistance to the CGIAR system concerning appropriate studies; and (3) ensure that system-wide IAE studies are conducted.

**INDICATOR 2.b <previously Program Outcome Indicator 2.2>:**

**(1) By May 30, 1996, achieve a provisional international consensus on developing a monitoring framework for household food access by agreeing upon an inventory of constraints, selecting appropriate baseline data, and establishing benchmark indicators; and (2) By March 31, 1997, the monitoring system will be designed and operational. Gender data will be reported throughout this framework.**

In addition to the Athens Workshop, with the support of USAID, the International Food Policy Research Institute (IFPRI) is developing a system for assessing household level factors contributing to food consumption and nutrition. Understanding household resource allocation is a key step in determining overall coping capacity and resilience to economic, civil and climatic changes. In addition, there is a greater consensus on how to improve policies and research in light of better

understanding of gender.

**INDICATOR 2.c <previously Program Output Indicator 2.3>:**

- (1) By May 30, 1996, benchmarks and systems for measuring the relationship between agriculture and the conservation and management of natural resources will be designed; and
- (2) By March 31, 1997, the monitoring system will be designed and operational. Gender data will be reported throughout this framework.

The Athens Workshop arrived at a broad consensus of indicators for long-term sustainable management of the environment. As described in Progress towards Indicator 2.1, this indicator framework and its associated follow-on activities are currently gaining acceptance in the international community.

In addition, the CGIAR's Technical Advisory Committee (TAC) is developing a series of analyses and papers on the sustainable management of natural resources as an integral part of international research efforts. Good progress is being made on the analytical agenda in soil and water and biodiversity conservation topic areas. Expression of natural resource conservation goals in a priorities framework is also taking shape, with emphasis on poverty alleviation, off-site effects (landscape, watershed, etc.) and even inter-generational, long-term sustainability tradeoffs.

### 3. SO2 Plan Changes and Refinements

Within the last year, there has been some revision of EG's Strategic Objective #2 and its associated Results Packages (RP). This reflects both the progress of the EG Center in achieving its previous Program Outcomes and in our continued evolution of the Results Framework (RF) to more completely address USAID goals and our customer's needs. SO #2 has been changed to: **Enhance Global Food Security**. The three Program Outcomes have been incorporated under RP1. Three other RPs have been added. Currently, the RPs are:

- RP1 An international agricultural information and research planning system (formerly defined as an international consensus on indicators of food availability, food access, and natural resource accounting)
- RP2 Productivity technologies are developed and used to address food needs
- RP3 Policy reforms and commercial enterprise that raise agricultural incomes, lower food prices and increase nutritional access
- RP4 Agricultural practices enhance the long-term conservation of natural resources

RP1 is developing performance indicators for USAID agricultural development activities. More importantly, other donor funding is

being leveraged to target efforts more effectively and efficiently on global problems of hunger, poverty, and environmental degradation. The initial phase of this effort, described in the Results Review, has helped the EG Center better define and package our development assistance.

The first phase of an internationally accepted framework for performance and impact monitoring should be completed in early FY 1997. It should then be clear whether and how the international community will adopt the framework for performance and impact measurement and reporting. In addition to promoting the adoption of this framework within the international community, we will also use it for the other three RPs and associated projects and programs. We expect to complete case studies of 6-8 programs by early FY 1997 and to develop performance measures for our own activities during FY 1997.

During FY 1998, assuming success in establishing an international system for monitoring research impacts and reasonable progress with application of indicators and monitoring systems for our own activities, RP1 may be phased out. Donor coordination and development of technology program linkages would then be incorporated into other RPs.

RP2 supports the need for continued investment in technology and human capacity development in order to achieve food security. This RP is within our manageable interest due to our many years of practical experience and our long-standing relationship with the U.S. agricultural community.

RP3 incorporates a broad view of the agricultural food system. We intend to target selective, but key, interventions affecting farm production, distribution and access (to technology, information, finance, markets, trade and policy) and other aspects that are essential components of any functioning food system. Activities will focus on those areas where inadequate access to the various food system components represent major constraints to income generation.

RP4 addresses the critical linkage between agricultural production and the environment. We will emphasize an integrated approach to dealing with the constraints of inadequate agricultural yields and income and the negative impact on the environment of inappropriate practices, policies and growth strategies.

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**S03: Enhance USAID effectiveness in assisting developing nations to undertake appropriate economic policies and institutional reforms.**

1. Background

Many AID-assisted countries have, or are approaching the completion of economic structural adjustment programs, with anticipation that a place in the world market and sustainable economic growth will be their reward. However, macro-economic adjustments, by themselves, can not produce the dynamic growth in new entrepreneurial activity necessary to bring these hopes to fruition. Additional analysis of comparative advantage, fine-tuning of trade-supporting institutions, and technical help with the implementation of trade related economic reforms must still be provided.

This strategic objective, continues to provide AID field-offices and host-country counterparts with the technical resources to make these additional economic refinements -- increasing the likelihood that lesser developed country (LDC) status will be replaced by full membership in the global economy. The programs and activities of S03 are designed to support Missions and Regional Bureaus through specialized technical assistance, economic analyses and applied research for areas affecting economic growth such as macro and sectoral economic policy assessments and evaluations, fiscal policy and poverty reduction, social safety nets, privatization, financial sector issues, intellectual property rights, microenterprise development, credit, business linkages and outreach, legal and institutional reforms, inter alia. S03 has three component objectives:

- 1) Improvements in efficiency and competitiveness of national and local economies,
- 2) Expanded access to economic opportunity, and,
- 3) Increasing integration of AID-assisted countries into a rapidly globalizing economy.

2. Progress Toward Achieving S03

The Center has made strides toward accomplishing its objectives of providing services and technical leadership for economic growth. As a measure of the Center's results achievements, we have adopted the following Indicator as approved in the Center's July 27, 1995 Sustainable Development Strategy.

**Indicator 3 (previously SO#3 Indicator) Meaningful technical contributions by G/EG to significant successful policy or institutional reforms supported by USAID field missions in at**

**least five countries every year.**

While our accomplishments and "results" are measured by the ultimate impact on our "customers", our "results" are attributable directly to the success of field operations which we support. To understand those, reviews of each Mission's R2 or R4 should be undertaken. Thus, our contribution toward helping field missions achieve "impact results" is indicated by the nature and level of demand for G/EG technical services, which continues to be strong. Despite seriously constrained assistance budgets, requests for G/EG/EIR products and services in helping to achieve economic growth objectives is listed as a priority for a majority of USAID Missions and Regional Bureaus. An understanding of the nature and type of impact to which G/EG activities are contributing can be derived from the illustrative list of examples in Annex 3.

Another barometer of progress toward our contribution to achieve results is the Center's ability to "leverage" its scarce resources. Leverage is measured by the ratio of the dollar amount of EIR-funded "core" activities, to mission "buy-ins" or "OYB" transfers for EIR's services. These measures tell us that efficiencies in service provision are increasing and demand for service is increasing.

There are two predominant factors which have directly and significantly affected the performance of the Operating Unit. Severely constrained budgets have forced a rethinking of approaches to meet continued demand. And reengineering has caused significant restructuring in the way we go about accomplishing our work. It has led to a new vision of how to deliver the services required by our "customers". For this strategic objective, the process has resulted in the development of an "umbrella" activity which combines all the "projects" of the Office into a single unit, adding efficiency in the process. The new bundled activity, "Support for Economic and Institutional Reform" (SEGIR), expands Mission and Bureau access to services, reduces the costs of overhead, increases selection options by our customers and positions the Center to carry out its "technical leadership" role. SEGIR will make available approximately 50 primary contractors with potentially hundreds of qualified and easily accessed subcontractors within five general areas of specialization: 1) Macroeconomic Policy Reform and Analyses, 2) Privatization, 3) Legal and Institutional Reform, 4) General Business, Trade and Investment, and, 5) Financial Sector Development.

**Intermediate Result 3.1: Increased support for the development of market infrastructure through USAID actions.**

A. Demand for Services

Demand for services is best measured in three ways: by number of requests for services of program-funded *technical assistance or direct hire assistance*; by the leverage ratio factor; and, by providing *technical leadership* for economic growth issues.

### **Indicator 3.1a: Number of Request for Contractor Services**

The average number of annual requests for G/EG/EIR program-funded contractor assistance between 1988 and 1995 was 119. **The number of requests for FY95 was 157, a full 32% over the annual average of the past 8 years.**

### **Indicator 3.1b: Leverage Ratio Factors (Previously PO Indicator 3.1.1)**

One of the simplest, yet most revealing, measures of results is a leverage ratio, or the comparison of Center resources spent to Regional Bureau or Mission resources provided to purchase our products or services. **The average leverage ratio of Center activities is 3:1.** In other words, for every dollar of Center "core" resources, Missions or Bureaus are contributing, thorough, "buy-ins" or OYB transfers, nearly \$3 to purchase services. In one activity, the Privatization and Development Project (P&D) activity, **the ratio of Mission funds to core expenditures exceeds 49:1.**

### **Indicator 3.1c: Technical Leadership Activities**

Technical Leadership is defined for the Center as the provision of direct hire assistance in strategic direction, guidance, advice, or analyses to resolve technical problems for regions, subregions or at the national level. One measure of the Center's results in accomplishing this objective is the number of requests made for assistance by the Center's Direct Hire staff. In addition, the number of research efforts which were used or requested by the Missions are also indicative. Despite seriously declining OE budgets, Missions have requested and paid for approximately **308 person-days of TDYs G/EG/EIR Staff** to advise and assist on economic growth activities.

### **Activity interventions**

In order to capture the Center's interventions in a meaningful way, we have categorized our services into predominant sectors and by the type of products delivered. The following analyses represent FY 1995 data compared to an 8-year average for similar categories. It is also describe in Annex 5

#### **a. Sector Analyses and Trend:**

The five sectors of activity, which are mirrored by our new SEGIR

activity, have been categorized as 1) Privatization, 2) General Business, Trade, Export and Investment, 3) Financial Sector Development, 4) Economic Policy Analyses, 5) Legal and Institutional Reform and, 6) Special activities (which include other activities such as environment, gender issues, democratic pluralism and small and microenterprise activities). The number of discrete tasks undertaken during FY 95 were clearly above the eight-year mean, with the exception of activities in privatization, for which Mission program funds have declined. In all other sectors, activities increased while budgets made available for those activities remained close to the eight-year mean. The exception in this instance was Legal and Institutional activities where there was a 379% increase in resources budgeted with a 150% increase in activity level.

#### **b. Product Analyses and Trends:**

G/EG/EIR provides the following products to its customers: 1) Advisory Services, 2) Evaluations, 3) Assessments, 4) Activity Designs, 5) Activity Implementation, 6) Seminars and Conferences, 7) Strategies, 8) Administration and Support. The results for FY95 generally follow the trend for the previous eight years. The notable exceptions are a 200% increase in activity implementation support, an 80% increase in Administration and Services, and a 55% increase in Advisory services. One explanation is that these categories have increased as a result of Missions' downsizing placing a larger demand for services in these particular areas. Resources expended for these "products" included a **76% increase for advisory services, a 50% increase for assessments and a decrease of 15.4%** for activity implementation.

#### **c. Regional Analyses and Trends:**

Further analyses by regional activities are revealing. The number of activities initiated by Global, or which were undertaken on behalf of more than one country or region, increased by nearly 73% from an eight-year mean of 22 activities to 38 during FY95. The other significant increase in activity comes from the LAC Bureau which rose to 32 from an eight-year mean of 18, an increase of 78%. This increase was largely due to the transfer of LAC activities (TIDP) to EIR for management and oversight. While resources expended remained similar to the eight-year average, resources spent for ANE increased by 68% while the number of nominal activities decreased by 1.

What can be stated with reasonable certainty is that USAID Mission programs which have accessed G/EG's support are contributing to host country environments to encouraged economic growth.

### **3. Strategic Plan Changes and Refinements**

SO 3 will be changed to reflect the increased emphasis on Emerging Markets: e.g., page 2 of the Administrator's Statement for the FY 1997 CP states "To advance this objective, we will combine existing resources in our Global Bureau Economic Growth Center and establish an Office of Emerging Markets." The new SO will focus technical capacity to strengthen capital markets, provide expertise on legal and regulatory reform, help create and enabling environment for trade and investment, and serve as a liaison between other agencies of the U. S. Government responsible for trade promotion. The IESC component of SO1, for example, will be switched from the Microenterprise and Small Business SO1 over to the new Emerging Market SO3. The activities of SI2 (Improve Public Awareness of USAID Programs, Trade and Procurement Opportunities) will also be linked to ensure emerging market country participation.

4. <Insert SO3 Strategic Framework here>

**Special Initiative 1: Improve the impact of Development Assistance account availabilities.**

In response to the budget situation facing the Agency and to assist developing countries move along the continuum toward advanced developing country status, G/EG/CIS is developing an Enhanced Credit Authority (ECA), which will permit the use of relatively small appropriated resources to leverage much larger amounts of credit and guarantee programs. This program is scheduled to begin operations in FY 1997, at which time a more detailed analysis and status report will be forthcoming.

**Special Initiative 2: Improve public awareness of USAID programs, trade and procurement opportunities**

**Indicator 2.1 <previously Special Initiative #2 Indicator>:  
Increased public and private sector contacts with CTIS, CTIS regional offices, and ETNA activities.**

The Center for Trade and Investment Services (CTIS) provides information on USAID and its overseas activities to U.S. businesses as a means of broadening the participation of businesses, private and voluntary organizations (PVOs) and non-government organizations (NGOs) in sustainable development. The office also encourages the U.S. business community to respond to opportunities arising from USAID development programs.

CTIS also manages the Environmental Technology Network for Asia (ETNA), a service of the U.S.-Asia Environmental Partnership (US-AEP). ETNA electronically matches environmental business leads, submitted by in-country representatives from ten Asian countries, to appropriate U.S. environmental companies registered within its database.

Measuring impact is difficult because the information CTIS provides is only one element of a company's decision to pursue trade or investment activities in developing countries. The company may use CTIS information to prepare a strategy for international expansion, which can be difficult to measure. Or, it may ask for business contacts in a USAID-assisted country for use during an overseas trip -- resulting in face-to-face meetings. Those, though not possible to value quantitatively, may create a new business partnership. Moreover, unlike many field-based projects, CTIS has no formal mechanism or allocated resources for follow-up, a fact which significantly impedes calculation of results.

A. Summary

CTIS/ETNA uses advanced computer and communications technologies that offer innovative and cost effective vehicles for disseminating opportunities. The Center was the first entity in USAID to establish a World-Wide Web site, and has electronic access to 120 databases, making its information among the most comprehensive in the Washington, D.C, area. In FY95 CTIS staff pioneered the Agency's use of broadcast faxes; specifically, analysts routinely fax "Business Opportunity Bulletins" (BOBs) to clients. BOBs are notices of events, procurement opportunities, etc., that are of interest to a targeted group of clients.

CTIS/ETNA serves not only the general public (which call directly for such information) but also other Agency staff, who refer

callers to CTIS. CTIS representatives are in daily contact with regional Bureaus to obtain all information relevant to business opportunities.

CTIS staff also develop and provide information that is "ahead of the curve" within the sectors and countries where USAID operates. For instance, they researched and wrote comprehensive guides to business assistance programs in the sectors of agriculture, energy and the environment, and housing and construction; a draft guide for the telecommunications sector currently is being reviewed prior to publication.

CTIS staff spend 20% of their time on marketing, on outreach to and liaison with private businesses (through conferences and service demonstrations), USAID bureaus and missions, and other U.S. government agencies. Staff vigorously pursue linkages both outside and inside the Agency and with both private and public sector actors. For example, staff participated in approximately three major conferences or seminars per month during fiscal year 1995.

#### B. Program Performance Data

CTIS responded to over 5,399 requests for information this year. These responses include counseling sessions over the phone and in the office, as well as sending out information through the Business opportunities Broadcast fax system. Of the total, there were 2,948 initial counseling sessions with private sector companies. Regionally, CTIS handled 1,196 requests for information on LAC activities, 1,125 on Asia & Near East, 771 Africa requests, 758 LAC, and 639 Eastern Europe. The West Coast and Mid-West CTIS field offices processed approximately 2400 requests for information in 1995.

In 1995 ETNA received 1,013 leads and expanded its unique coding system to over 483 environmental classification codes. U. S. firms select items of interest from these codes, resulting in a very targeted matching of leads with firms. There are some 2,500 environmental firms now matched and registered in the ETNA database.

#### C. Contribution of USAID Activities

Numerous tangible results were achieved by CTIS and ETNA in 1995 are covered in Annex 4.

### **SECTION III: STATUS OF MANAGEMENT CONTRACT**

The proposed changes in the Strategic Plan for the Center for Economic Growth are discussed under each of the SOs. During the upcoming year, additional changes and improvements will take place as the result packages are developed and staff become more familiar with the planning process and hopefully the likely funding scenarios.

For example, in much of the world, the most basic challenge now is how to build on our USAID successes. Many USAID assisted countries are now poised to become manufacturers, exporters, and large-scale purchasers of American goods. It is USAID's task to help these nations graduate from the need for foreign assistance and become full members of the global economy. To this end, the Center for Economic Growth plans to create an Office of Emerging Markets which will integrate technical and financial resources from its several offices to exploit the comparative advantages of those countries which are poised for this transition.

Initially, a new Emerging Markets Strategic Objective will focus on:

1. Expanding linkages between AID-assisted countries and potential U.S. business partners/suppliers;
2. Increasing country access to other appropriate international information and economic opportunities;
3. Strengthening the competitive and comparative advantage of AID-assisted countries;

### **SECTION IV: PERFORMANCE MONITORING PLAN**

The Center for Economic Growth will utilize specially tailored performance monitoring systems for each SO and SI: i.e., (1) a Field Support Program Monitoring System, currently being used for SO3 will be expanded and used by the other SOs; (2) a microenterprise reporting system; (3) MSED monitoring system; (4) the AFS system which includes an internationally accepted framework; and (4) the CTIS tracking system.

The Field Support Program Monitoring System, to be used by each SO of the Center, will consist of a simple electronic database application which monitors 14 variables for each discreet core and buy-in activity within the entire EG Center program. This tool will help up to monitor and report on our results packages' performance for the Center's activities and will be a source of current information. Specifically, the EG database will cross-

reference each individual activity with a wide range of useful information. Annex 5 is a report generated from this system and illustrates what the system can the provide.

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SO1 SUCCESSFUL INTERVENTIONS IN FY 1995

- Crédito con Educación Rural (CRECER), the Bolivian partner of Freedom from Hunger, initiated a "transformation" from a localized NGO into an independent, rural financial institution operating on a national scale. The \$2.0 million grant from the G/EG/MD Implementing Grant Program made possible to initiate this process. This program is designed to achieve long-term sustainability through full recovery of financial costs. It will also demonstrate a methodology that can be used to reach large number of very poor, rural women and their families, without sacrificing the quality of impact achieved in pilot programs in Bolivia. CRECER will increase its outreach from 7,200 in year one to 30,000 in year five, with average loans of \$120 in year one to \$180 in year five. The expected returns on operations will increase from 32% in year one to 90% in year five. These impacts will be achieved while maintaining a 3% Delinquency Rate and a 0% long-run Loss Rate.
  
- Through the PRIME fund, G/EG/MD funded a cooperative agreement with the Uganda Cooperative Bank Limited (Co-op Bank). Over the next two years, the Co-op Bank will establish 7 new agencies to provide access to financial services for microenterprises and small savers in rural Uganda where banking services are virtually non-existent. These lending operations stress group guarantees, short term lending, and a rapid appraisal of loan applications based on decentralized decision making, adapting the highly successful Bankrakyat Indonesia model. The Co-op Bank estimates that each new agency will be profitable within two years of start-up. The initial planning phase has been completed, and the first two locations, Owino/Kikuubo and Mukono are opening their doors during April, 1996. By the end of five years, these agencies will be serving 21,000 new depositors and extending credit to 8,400 microenterprises. If the pilot agencies are profitable, the Co-op Bank will open additional agencies, significantly multiplying outreach.
  
- A Volunteer Executive (VE) worked with Urker Cosmetics in Kazakstan in 1995 resulting in Urker securing a \$3.5 million loan from the European Bank for Reconstruction (EBRD) to purchase equipment to upgrade product packaging materials and warehouse equipment. Coupled with a BDS consultant the VE helped Urker complete construction of a larger manufacturing plant, develop an ambitious marketing plan, and reorganize its sales force. This integrated package of IESC assistance maximized the use of EBRD funds, providing benefits both to Urker and to U.s. supplier companies. It also helped create 150 jobs for Urker Cosmetics and numerous

jobs for supporting industries such as graphic design and printing needed for labeling.

- The Business Development Services (BDS) worked with AGRIKON, a Hungarian farm equipment manufacturer and Caterpillar Inc. (U.S.) to create a joint venture. Under the terms of the agreement, Caterpillar will provide AGRIKON with sheet metal, product designs and technical assistance and AGRIKON will manufacture the required sheet metal parts at their factor in Hungary. Caterpillar will then buy back the finished products from AGRIKON at pre-agreed prices. The deal is worth an estimated US\$2 million annually to this Hungarian client.
- ABLE conducted an industry overview and joint venture feasibility study for a company in India. The company, a major producer of fertilizers, was able to contact a U.S. company in Florida, that the ABLE report identified, with whom they could form a joint venture for the purpose of exporting phosphatic fertilizers to India. This venture is of huge benefit to both countries. The U.S. has a large surplus capacity of the fertilizers, while India is one of the largest importers of the fertilizers in the world and desperately needs them to meet the growing demand of the agricultural sector.
- ATI provided technical assistance to Bolivian alpaca herders and their producers organization to upgrade the quality of alpaca fiber being produced and processed for export. As a result over 1000 herding families can now sell all of their alpaca wool to the processing plant; 80% of the ownership of the business enterprise managing the plant, with ensuing profits, belongs to the herders and their producers organization; an a major European producer has put in an order for the plant's entire first-year fiber production, which will bring in nearly \$1.5 million in revenue, roughly equivalent to 10% of Bolivia's annual fiber exports.
- ATI's India dairy producers initiative reached a milestone recently as production began on molasses-urea feed supplement blocks (MUBs). ATI and local partners in India are now preparing for an early 1996 launch of the MUBs, targeting small-scale dairy producers in 15 Gujarat villages. The program ultimately plans to reach hundreds of thousands of a dairy farmers with the new feed supplement, which increases milk yields and producer income while simultaneously reducing emissions of methane, a major greenhouse gas.
- ATI work in Nepal with small-scale non-timber forest product collectors has resulted in their retention of value added profits from the processing of their locally-harvested

roots, leaves, and berries which will be distilled and resold to European perfume manufacturers, as well as for medicines and other products.

- ATI began working with the Uganda Veterans Assistance Board and District Veterans Program Offices to help demobilized Ugandan soldiers reintegrate into civil society and local economies by becoming part of Uganda's rural edible oils producers. Training former soldiers to build/operate their own oilseed presses will provide them with income, reduce economic dislocation problems often caused when democracy replaces military rule, and foster more affordable oil for local people who typically need the added fat content in their diet that the oil provides.
  
- Under the MSE program, during FY 1995, a total of \$1.5 million in guarantee authority was committed to support thirteen new guarantee facilities and one direct loan facility in nine different countries, and to modify two existing facilities in South Africa. These included loan guarantee facilities to increase the flow of credit to small and micro enterprises in Africa, Asia, Latin America, and Eastern Europe. In summary, the most important uses of program resources during FY 1995 were:
  - A new Term Loan Guarantee Facility in Sri Lanka to encourage commercial banks to increase the maturity of loans made to Sri Lankan-owned small businesses;
  
  - A Bond Guarantee Facility to increase the level of capital available to Banco Sol, a Bolivian bank that focuses on lending to microenterprises;
  
  - New Loan Portfolio Guarantees in Poland and Hungary to provide credit to indigenous small businesses; and
  
  - New Loan Portfolio Guarantees with local financial institutions in Zimbabwe to encourage wider participation in the economy by small and microenterprises;
  
  - A Bridge Fund Facility with FINCA International to allow FINCA's overseas affiliates to access the financial markets for capital to on-lend to microentrepreneurs.

**SO2 SUCCESSFUL INTERVENTIONS IN FY 1995**

The following are some examples of G/EG/AFS's successful interventions under each of the results package (RP):

**RP#1: An International Agricultural Information and Research Planning System**

The Indicators for International Agricultural Development Workshop was held in Athens, Georgia in September, 1995. Participants arrived at a broad consensus on key indicators of biological and socio-economic constraints which, when monitored, will demonstrate progress towards global level objectives in international agricultural development. These indicators are currently gaining acceptance in the international community.

**RP#2: Productivity Technologies are Developed and Used to Address Food Needs**

Research conducted by the Sorghum/Millet CRSP benefits the U.S. sorghum industry through the development of insect resistant hybrids that have resulted in economic gains of \$389 million per year to U.S. producers.

A new peanut variety developed by the Peanut CRSP was planted on over 66,000 acres in Texas and Oklahoma in 1994. This disease resistant variety produced one ton per acre more than other varieties and produced more than \$11 million of income to farmers.

In the Dominican Republic the use of a new bean variety and production technologies developed by the Bean/Cowpea CRSP has resulted in a 25 - 50% increase in yield. Most of the country's bean acreage is planted with this new variety. As a result, the country is now self-sufficient in bean production.

Breeding and research by the International Rice Research Institute (IRRI) has yielded a doubling of Asian rice production over the last 25 years. In 1990, IRRI-derived varieties in Asia fed 500 million people; the value of additional production was \$36 billion in 1990 alone.

**RP#3: Policy Reforms and Commercial Enterprise that Raise Agricultural Incomes, Lower Food Prices and Increase Nutritional Access**

G/EG/AFS's support for land tenure reform has improved the enabling environment for sustainable agricultural productivity and food security. For example, lack of tenure security and land access were contributing to production declines of up to thirty percent and food shortages in many cities and towns in Albania. USAID supported

research and technical assistance initiated in 1992 has assisted the Government of Albania in moving from collective to private control of land and enhancing tenure security. This support has helped reverse the declining food production trend.

Collaborative research conducted by the University of Wisconsin's Land Tenure Center and Makerere University's Institute for Social Research has shown that existing land tenure systems in Uganda are both a constraint to economic development and promote practices which are destructive to the environment. As a result, the Government of Uganda has drafted legislation which will repeal existing land tenure policies. This will pave the way for legislation more conducive to an effective land market and thereby enhance sustainable agricultural development.

The International Fertilizer Development Center's (IFDC) phosphate work in Latin America resulted in a U.S. company exporting approximately 100,000 tons of rock phosphate per year to Latin America. The use of this fertilizer in Latin America results in approximately \$120 million per year in increased food production.

As a result of technical assistance on agricultural product diversification and export marketing provided through the LACTECH Project, export earnings from non-traditional agricultural exports in USAID-assisted LAC countries have nearly quadrupled in the past 10-15 years, from \$105 million in 1980 to \$418 million in 1993, the latest year for which data is available. This trade continues to expand.

The Agribusiness and Marketing Improvement Strategies Project (AMIS) has provided catalytic assistance in export market analysis in Madagascar by using U.S. private sector expertise in production, processing, packaging and shipping to generate over \$3 million worth of spice and essential oil exports to companies in the U.S., Europe, and Southern Africa in 1994.

**RP#4: Agricultural Practices that Enhance the Long-Term Conservation of Natural Resources**

In Honduras, research conducted by the Pond Dynamics/Aquaculture CRSP (PD/A CRSP) in collaboration with the Honduran Government and the National Aquaculture Association of Honduras on nutrient inputs to shrimp production ponds revealed that the protein content of feed can be reduced from 40% to 20% with no significant reduction in yield. The use of 20% protein feed reduces feed cost by approximately 35%. On one shrimp farm in Honduras, this results in a savings of nearly \$50,000 per day. The reduced protein lowers the nitrogen levels in pond effluent. This will reduce the negative environmental impact of the shrimp aquaculture industry on nearby estuaries and the Gulf of Fonseca. The PD/A CRSP is continuing to monitor the water quality in the estuaries and the Gulf to determine the magnitude and long-term impact of this reduction.

**S03 SUCCESSFUL INTERVENTIONS IN FY 1995**

The list below is illustrative of the varied, wide-ranging nature of activities which the S03 under the EIR office is requested to provide or which it develops to assist Mission's in achieving their strategic objectives. (It is an extremely time-consuming task to attempt to capture the progress made on these many front through the use of a few meaningful impact indicators other than in the generic form provided earlier under S03.)<sup>3</sup>

**a. Demand for G/EG's USDH TDY services:**

As an **illustration** of technical leadership contributions in the first category by EIR, some of these Mission-financed activities undertaken by EIR Officers in the field include:

-Conceptualization and drafting a Project Paper and three Grant Agreements for the Gaza/West Bank Program in support of the second round of the Palestinian-Israeli accords.

-Evaluation and design an institutional development program for the Faculty of Business at Phnom Penh University in Cambodia for USAID/Phnom Penh.

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<sup>3</sup>The difficulties in generating practical impact indicators for this objective include the following:

a) The field initiatives we are supporting are too diverse to permit meaningful aggregation into a few indicators other than by volume, trend and leverage.

b) Requiring field missions to collect information which fits our indicator matrix would add an unacceptable burden on our service overhead rate, and substantially reduce demand for them.

c) In most cases, the meaningful allocation of attribution would be methodologically impossible.

d) Thus, it's much more efficient to leave definition and monitoring of actual performance "results" for these activities to the field missions who are primarily responsible for them. Indicators of G/EG values should be limited to the extent to which we are able to respond to the demand for supporting Mission efforts and can provide technical leadership to areas of economic growth.

-Drafting an evaluation of the establishment of industrial estates for Gaza/West Bank, which contributed to the Secretary of State authorizing a waiver for AID sponsorship of the creation of industrial estates.

-Contributing the economic growth analyses and planning to the Bosnia Task Force effort for NIS and USAID/Bosnia.

-Assisting USAID/Jakarta and ANE in assessing the impact on poverty of capital market development resulting in a pioneering methodology to measure such impacts.

-Progress evaluation for USAID/Moscow of the Mission's program on "Natural Monopolies in Russia," which provided assistance in establishing a soundly-based regulatory system for areas of the Russian economy such as electric power and gas.

-At the request of USAID/Manila, reviewed and contributed to an evaluation which assessed the AID Mission's contributions to economic policy reforms over the previous decade.

**b) Request for EIR USDHs by AID/W Bureaus:**

**Illustrative activities** undertaken in AID/W at the request of Missions or Regional Bureaus, the second category (which also contributes to the Office's technical leadership) included:

-Analyses of a major, and first-of-its-kind, survey of households in South Africa to understand demand and savings behavior among black South Africans.

-Participating and contributing to a review of the NSC-developed Trade Initiative for Africa submitted by the President to Congress for consideration.

-Participating in a review of CDIE's study of 50 years of AID assistance to Costa Rica.

-Providing guidance and input into the R4 processes and strategy development as requested by various Regional Bureaus.

-Membership on numerous Mission and Regional Bureau virtual teams.

**c) G/EG-initiated activities**

Finally, for the third category, there were a series of activities, initiated by G/EG, to help establish and develop an economic growth agenda. **Illustrative** of these actions were:

-Conceptualizing and assisting in the development of the Economic Growth Workshop for Private Sector Field Officers and the Economist's Workshop for Mission Economist sponsored by G/EG. Over 280 Mission representatives and officers were trained.

-The development of a "core" research agenda for the Office.

-The development of an "Investor's Roadmap" as a product for identifying obstacles to attracting foreign investment.

-The expansion of the "Commercial Policy Matrix" for use by Missions as a tool for policy dialogue.

**SI2 SUCCESSFUL INTERVENTIONS IN FY 1995**

Among the most important examples of tangible results provided by CTIS and ETNA were:

- A food trading firm that supplies hotels in the Caribbean stated that CTIS was "totally responsible" for its annual exports of \$500,000.
- Another client credited CTIS with matchmaking assistance that resulted in the establishment of a locally televised distance learning program in Zimbabwe; this commercially-sponsored program will teach business skills to a potential audience of approximately one million adults.
- CTIS-provided information led to a distribution agreement between a U.S. firm and an Indian company; U.S. sales to India were estimated to total \$100,000 in the agreement's first year.
- An environmental engineering firm in Nashville, TN won a \$2 million contract for the design of a municipal incinerator and air-pollution control equipment for Seoul, Korea.
- An environmental engineer in Herndon, VA won a \$2 million contract to design a waste water treatment plant and sewage collection system in Taipei.
- A New England water treatment firm sold a reverse osmosis filter system (\$812,000) and water purification system (\$635,000) to two Korean firms as a direct result of ETNA trade lead.

As a result of the success of the Asia ETNA program, CTIS launched a new ETNA program in Latin America in December of 1995. ETNA/LA assists U.S. firms in finding trade opportunities for environmental products and services in ten Latin American countries.

<insert Annex 5>