

AFR
309. 22356
A 265 h

PN-AAK-426

UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL

**Microfilmed From
Best Available Copy**



Regional Inspector General for Audit
WASHINGTON

IMPROVEMENTS MUST BE MADE
IN THE
SAHEL REGIONAL DEVELOPMENT PROGRAM

Audit Report No. O-625-81-52
March 10, 1981

FORM 1655 NS

From 1974 to 1980, the international donor community committed about \$7 billion for Sahel regional development. There is strong evidence the Sahelian states cannot effectively use this magnitude of assistance. The Agency should, through the CILSS and Club du Sahel, support a study which addresses realistic funding levels required for Sahel regional development. Other actions necessary to strengthen and improve regional development are:

- Development of a more specific and cohesive regional strategy for long-term development.
- Development of a more logical and systematic approach for planning and programming development projects.
- More definitive evaluations of the development sectors and the strategy as a whole.

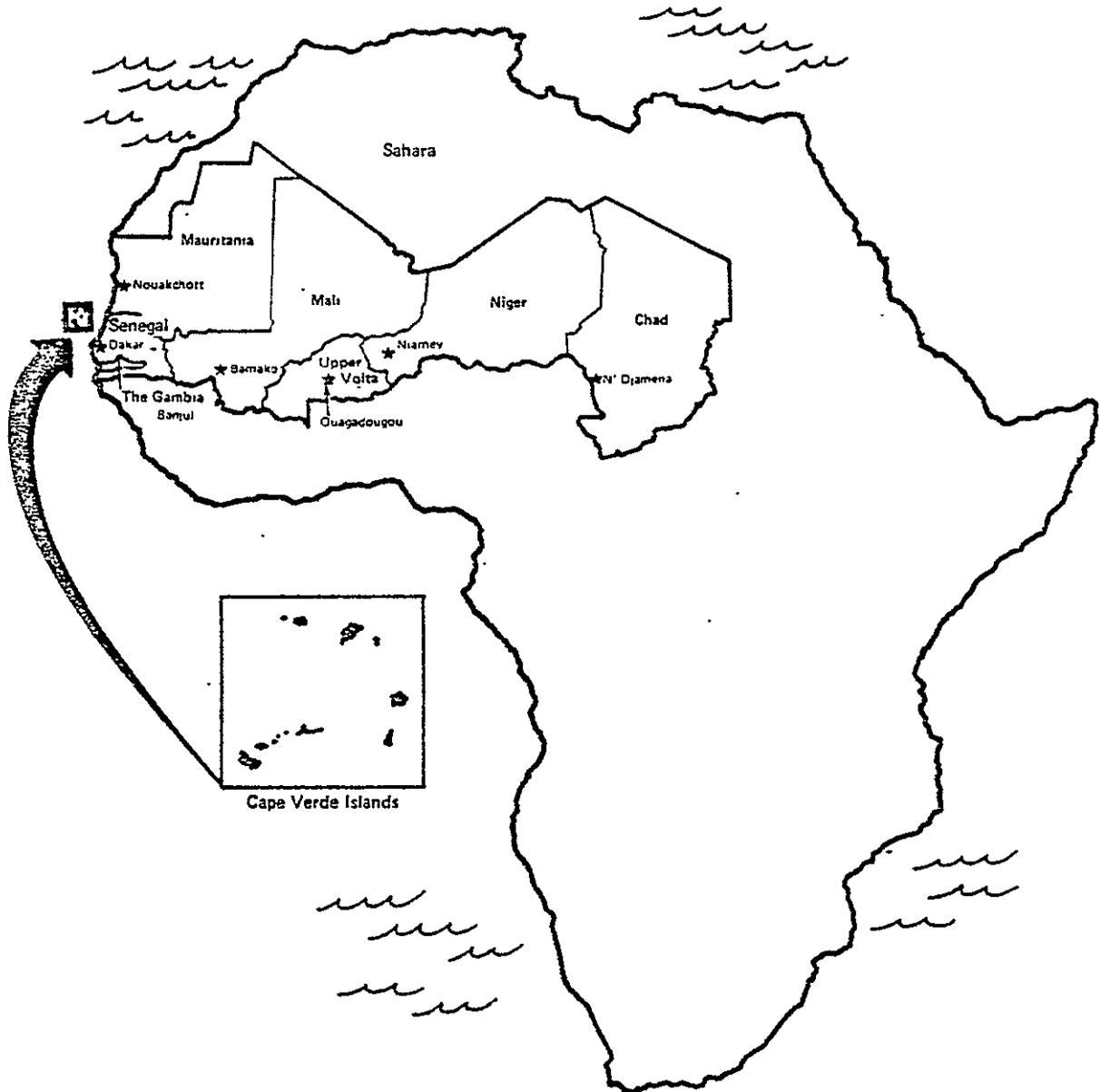
Unless improvements are made in these and other areas, donor support may be undermined and rational Sahel development will not occur.

IMPROVEMENTS MUST BE MADE
IN THE
SAHEL REGIONAL DEVELOPMENT PROGRAM

Audit Report No: 0-625-81-52

Issue Date: March 10, 1981

THE SAHEL



<u>CILSS Members</u>	<u>Population</u>	<u>Life Expectancy</u>	<u>Per Capita GNP</u>
Cape Verde Islands	327,000	50 years	\$130
Senegal	5,200,000	42 "	430
Mauritania	1,500,000	42 "	270
The Gambia	570,000	35 "	200
Mali	6,100,000	42 "	110
Upper Volta	5,500,000	42 "	130
Niger	4,900,000	43 "	160
Chad	4,200,000	43 "	150
Total	<u>28,297,000</u>	42 years (average)	\$195 (average)

Source: Statistics cited above from World Bank Development Report, 1979:
Annex: World Development Indicators, Washington, D.C.; August 1979.

IMPROVEMENTS MUST BE MADE
IN THE
SAHEL REGIONAL DEVELOPMENT PROGRAM

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
BACKGROUND	1
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	5
While The Project's Accomplishments Have Been Substantial, Much More Needs To Be Done	5
Potential Constraints To Effective Utilization Of Develop- ment Assistance By The Sahelian Countries	6
The Sahel Development Program Requires Significant Revisions And Improvements	14
Have There Been Accomplishments In The Sahel?	21
The Weak Link In Sahel Development Is At The National Level	24
The CILSS/Club Should Pursue Other Areas Of Common Interest	27
AID Can Provide More Direct Assistance To The CILSS Secretariat	32
EXHIBITS	
A - CILSS Executive Secretariat Staffing Pattern, Country Origin and Source of Funding (April 1980)	34
B - List of Report Recommendations	35
LIST OF REPORT RECIPIENTS	37

EXECUTIVE SUMMARY

Introduction

AID is participating in a long-term effort to help the peoples of eight Central and West African countries--an area called the Sahel--protect themselves from the vagaries of nature by assisting them in achieving some measure of economic and social development. Since 1974, the international donor community has committed \$7 billion for Sahel long-term development.

The need for planning and coordinating this Sahel regional development program gave rise to two major institutions. One, which now figures prominently, is the Permanent Interstate Committee for Drought Control in the Sahel, known by its French acronym as CILSS. Formed in 1973, CILSS plays an important role in regional development coordination, planning and programming. It provides the framework for bringing together the views of the Sahelian countries, sponsors the work of international planning teams, and provides the forum for regional discussion and ratification of development actions.

The other organization, the Club du Sahel, was formed in December 1975 and includes some 30 countries and organizations. The Club, with its various working groups, commissions, and member countries is intended to provide a forum where Sahel and donor countries can meet to: (1) marshal resources for development projects, (2) identify and analyze common problems, (3) agree on long-term development strategies and priorities, and (4) coordinate action plans and individual projects.

The Sahel Regional Aid Coordination and Planning Project (625-0911) is AID's direct contribution toward support of a comprehensive long-term development program for the Sahel. It is a three fiscal year (1978-80) multi-donor project in which AID funds one-third of the \$17 million estimated project cost. The primary objective of the project is to develop the capabilities of the CILSS and Club Secretariats (see page 1).

Purpose and Scope of Review

Our review was directed toward evaluating: (1) the overall effectiveness of the CILSS/Club mechanism for coordinating and planning development assistance; (2) AID's role in the Sahel development process; and (3) the financial and accounting controls over local currency expenditures. As part of our review, we accumulated and analyzed data relative to these areas. We also interviewed high level officials of Sahelian institutions, the Club, selected donors and AID on the effectiveness of, and ways to improve, Sahel regional development (see page 4).

Much More Must Be Done To Ensure Rational Sahel Development

The CILSS and Club du Sahel have established a concensus about the region's overall development needs and general strategy that should be pursued in

meeting those needs. Nevertheless, more should and must be done within the CILSS/Club framework to ensure cohesive, coordinated and realistic development of the Sahel region.

Sahel Cannot Effectively Use Current Levels Of Donor Assistance

There is strong and convincing evidence that the Sahelian countries are unable to effectively use the current levels of international donor financial and technical assistance.

- There is a large and accumulating gap between funds committed and disbursed for Sahel development. For the period 1974 through 1978, donor commitments exceeded disbursements of aid funds by \$1.2 billion. The major reason for the large and growing pipeline is the inability of the Sahelian countries to absorb the large levels of assistance (see page 7).
- The Sahelian governments are unable to finance project activities once donors withdraw support. As a result, donor direct budgetary support assistance to Sahelian governments is rising more rapidly than aggregate aid. Presently, the donor community is financing about one-third of the Sahelian governments' operating costs (see pp 7-8).
- Every AID-financed project reviewed by us encountered long implementation delays. The common cause for the delays was the inability of the Sahelian country to use the financial and technical assistance. We also found several instances where the recipient governments were incapable of paying the recurring cost of the projects after the assistance ended (see page 8).
- The General Accounting Office in two reports to the Congress has urged caution in delivering large amounts of external assistance to the Sahel. Other Club- and CILSS-sponsored studies have commented on the difficulties Sahelians are having in implementing and continuing development projects and activities after the donor support ends (see pp 5-14).

Sahel Regional Strategy Deficient In Many Respects

Since their formation, the CILSS and Club have been unable to devise a clearly defined strategy for Sahel regional development. The latest strategy statement presented to the Club members in November 1980 requires substantial qualitative improvements. While the strategy contains regional agricultural production goals, it does not explain specifically how these goals will be reached. The strategy does not explain what countries are expected to produce in terms of agricultural products and by what amounts (see page 14).

CILSS Pushing Donor Community To Finance Projects Of Questionable Value

In 1976, the CILSS countries prepared a program composed of over 600 projects which together are termed the "First Generation Programme." As of November 1979, the donor community made firm commitments to finance over 50 percent of the \$3.3 billion first generation projects. There is a consensus within the donor community that the remaining projects of the First Generation Programme are simply bad projects that will never receive donor support. Unless CILSS places less emphasis on obtaining financing for the remaining first generation projects, it will lose credibility with the donor community (see page 18).

The Donor Community Must Be Advised Of The Benefits And Shortfalls Of The Sahel Development Program

Though extended efforts have been made, the CILSS and Club have not developed an adequate program evaluation and reporting system. The CILSS/Club working group did assess the Sahel Development Program for the years 1975-79; however, the data used for the assessment in many cases were of superficial or questionable value (see page 21).

Accountability Over Expenditures By Local Governments Needs To Be Improved

There are serious shortcomings in the local entities' financial practices which indicate the cost in terms of waste and misuse of AID and other donor funds is potentially in the millions of dollars. We believe that unless this issue is discussed and resolved at the highest governmental levels, little improvements can be expected from the implementing agencies of the national governments. The CILSS and Club are the appropriate forum to use in discussing this problem with recipient government officials (see page 27).

Conclusions and Recommendations

The United States' contribution (excluding food assistance) for Sahel development has exceeded \$400 million. How much of this assistance has been effectively used for Sahel development is a difficult question to answer. However, there is a large body of evidence supporting the argument that total donor assistance for the Sahel has reached unrealistic levels. While this report does not directly address the Agency's Sahel program, we believe AID should use extreme caution in programing development projects for the Sahel region. Only projects having a high potential for success should be programed and included in future congressional budget requests. This is especially true in light of the Administration's austerity program and the financial constraints already confronting the Agency.

The Africa Bureau is presently formulating a new project paper for the second phase of the Sahel Regional Aid Coordination and Planning Project. Since AID expects to continue financing a large portion of CILSS/Club operations through the new project, it should use this support as leverage to promote the following:

- Performance of a study to determine optimum levels of financial and technical assistance required for realistic Sahel development.
- Development of a more cohesive and qualitatively improved regional strategy.
- Development of an evaluative and reporting system to measure the benefits and shortfalls of the Sahel development program.

The accomplishments of these and other activities by the CILSS/Club will improve and strengthen Sahel development. The report, therefore, contains eleven recommendations, listed in Exhibit B, addressing the major program deficiencies.

Summary of Management Comments

The Africa Bureau stated that our report was generally sound and they intend to use it in designing the second phase of the Sahel Regional Aid Coordination and Planning Project. The Bureau does, however, take exception to our views on the Sahel's absorptive capacity.

The Bureau does not believe that we adequately demonstrated the Sahel cannot effectively utilize the current levels of multi-donor foreign assistance. Moreover, the Bureau feels that it is impossible to determine the optimum levels of financial and technical support that can be effectively utilized by the Sahelian states. In summary, the Bureau stated, "The U.S. and other-donor purpose in the Sahel is to continue striving to improve Sahelian capacity, not to restrict or limit our help because of the constraints."

We believe there is strong and convincing evidence that the Sahelian states are having difficulty absorbing the current levels of donor assistance. In this regard, a U.S. General Accounting Office report issued in March 1979 noted:

"As to the Sahel's capacity to absorb such assistance, this is a matter of continuing concern and is one principal reason why AID is having problems in implementing its development projects in the Sahel. GAO continues to urge caution in delivering large amounts of external assistance unless appropriate steps are taken to safeguard against the wasteful effects of undertaking projects which countries are unable to effectively use."

We also believe the Sahel absorptive capacity issue should be dealt with head on; not as individual problems. The donor community needs to know how much and where to effectively channel their financial and technical assistance.

We also considered other Africa Bureau comments, where appropriate, in the text of this report.

BACKGROUND

The Sahel includes some of the world's poorest countries: Mali, Niger, Chad, Upper Volta, Senegal and nearly all of Mauritania. Outside this defined area similar harsh environmental conditions affect the populations of the Cape Verde Islands and The Gambia.

Development needs of these Sahel nations are many. The environment in which AID and other development organizations must function is difficult. These countries, for the most part, are in the early stages of development. Factors limiting their development include: poor resource endowment; expensive and poor transportation systems; high illiteracy rates; few educational institutions; inadequately trained and generally unskilled populations; and insufficient revenues.

The Sahelian drought relief effort (1972-1974), undertaken by the United States and other donors, was both costly and complex. Through it, the donors and Sahelian states were made aware that far more costly relief efforts in the future are inevitable unless fundamental changes are made over a sufficient period of time to make the region economically viable. It is estimated that it will take at least 20 years and \$20-30 billion in development outlays to raise the Sahelian economies to a level where they can provide for the minimal needs of their populations on a self-sustained basis. Since 1974, the international donor community has committed \$7 billion for Sahel development. As of September 1980, AID's contribution (excluding food assistance) for the Sahel exceeded \$400 million.

The urgent need for a long-term Sahel development program gave rise to two major institutions. One, which now figures prominently in the coordination of long-term assistance to the area, is the Permanent Interstate Committee for Drought Control in the Sahel, known by its French acronym as CILSS. The other is the Club du Sahel which is a consultative group of donors and recipients concerned with the long-term development interests of the Sahel.

The Role Of The Club

The principles and objectives for the Club du Sahel were adopted at the Club's first meeting in March 1976. Its broad purposes include:

- Support action by CILSS; the principal agency for regional cooperation.
- Inform and create international awareness regarding the Sahel's development prospects and requirements.
- Encourage cooperation between donors to implement projects envisioned by Sahelian governments and regional organizations and to make it easier to get resources for development.
- Be a forum in which the Sahelian countries can outline their policies and priorities for medium- and long-term development and discuss them with the donors.

The Club, which is intended to be a light and flexible structure, has a three-person Secretariat and supporting staff, headquartered in Paris. Working teams composed of representatives of the Club's members meet occasionally and are responsible for planning a medium- and long-term development program. To develop an overall development strategy for the region, the Club established 10 working teams.

The Role Of The CILSS

Located in Ouagadougou, Upper Volta, CILSS was established in September 1973 at the height of the great drought. It was founded by the six Sahel countries of central and western Africa to rally donor support for their national and regional development needs. The Gambia and the Cape Verde Islands later joined CILSS. During 1973 to 1975, CILSS, with a very small Secretariat, sought donor financing for short- and medium-term activities on behalf of the members.

As of April 1980, the CILSS Executive Secretariat had a multi-national staff of 34, of which 24 are Sahelians with the remainder coming from the United States, France, Belgium, Canada and Germany. Its professional staff includes agronomists, veterinarians, ecologists and economists. Sahelian member state dues pay the salaries of 11 CILSS positions. Several donor countries and international development organizations fund the remaining 23 CILSS positions (see Exhibit A).

CILSS plays an important role in the Sahel Development Program's planning and programing. CILSS provides the framework for bringing together the views of the Sahelian countries, and, along with the Club, sponsors the work of the international development planning teams. CILSS is the forum for regional discussion and ratification of the actions proposed under CILSS/Club auspices. CILSS will play an even more important role by directing and coordinating the daily refinement and development of the planning efforts.

The CILSS is composed of three bodies:

The Conference of Heads of State which meets every two years and whose presidency rotates between the Heads of Member States. The Conference sets the broad lines and defines policies for drought control in the Sahel and for the development of the region;

The Council of Ministers is made up of the Ministers of Rural Development of the member countries. It meets twice a year to control the activities of its Executive Secretariat and its presidency is taken by each Minister in turn who is then designated "Minister Coordinator";

The Executive Secretariat, with headquarters in Ouagadougou (Upper Volta), is directed by the Executive Secretary.

Congressional Mandate And AID's Contribution To Sahel Regional Planning And Coordination

The Congress during its early deliberations over the Sahel development assistance program recognized the importance of donor cooperation in providing assistance to the Sahel. In an amendment to the Foreign Assistance Act, approved on December 17, 1973, a significant provision was included:

"Sec. 639B. African Sahel Development Program. The Congress supports the initiative of the United States Government in undertaking consultations and planning with the countries concerned, with other nations providing assistance, with the United Nations, and with other concerned international and regional organizations, toward the development and support of a comprehensive long-term African Sahel development program."
(Underscore added)

During the eighteen months following passage of this legislation, AID collaborated with the Sahelian states and the international donor community to lay the institutional and conceptual foundations of future long-term planning for the Sahel. Expanding the former Section 639B (in 1977 became Section 120 of the Foreign Assistance Act) the Congress specified that in developing the Sahel program the President shall:

- "(1) consider international coordination for the planning and implementation of such program;
- (2) seek greater participation and support by African countries and organizations in determining development priorities;
and
- (3) begin such planning immediately."

AID's policy for administering its development program in the Sahel is to support the goals of the Club du Sahel and to participate with its members in a coordinated and collaborative long-term development of the Sahel region. Under that policy AID is attempting to plan, program, and implement its specific development projects to complement and support Club development objectives.

The Sahel Regional Aid Coordination and Planning Project (625-0911), approved on July 27, 1978, is AID's direct contribution toward the development and support of a comprehensive long-term development program for the Sahel. It is a three fiscal year (1978-80) technical assistance project which provides for improved planning, coordination and implementation of region-wide development activities in the Sahel. The main objectives of the project are to assist in developing the operational capabilities of the CILSS and Club du Sahel Secretariats. The project is multi-donor financed with AID funding over one-third of the \$17 million project cost.

AID has also developed internal mechanisms to ensure U.S. development assistance is in line with CILSS/Club long-range goals and objectives. A separate office (Office of Sahel and West Africa Affairs) was established in the

Africa Bureau which has sole responsibility for administering AID's Sahel Development Program. There now are full-fledged AID Missions in Mauritania, Mali, Senegal, Upper Volta, and Niger.¹ AID representatives cover the program needs in The Gambia and Cape Verde. To facilitate and reinforce a regional approach to AID's programs in the Sahel, USAID directors and AID principal officers meet periodically at a Sahel Mission Directors' Conference. Since the summer of 1979, a Sahel Development Planning Team has been operational. Located in Bamako, Mali, it consists of AID technical experts. Its task is to monitor developments in each Sahelian country and to update periodically AID's strategy in the Sahel Development Program. The team is supposed to work closely with the CILSS/Club Secretariats and working groups.

Purpose and Scope

The Office of Sahel and West Africa Affairs requested that we review the activities accomplished under AID's Sahel Regional Aid Coordination and Planning Project. Our objectives were to: (1) evaluate the overall effectiveness of the CILSS/Club mechanism for coordinating and planning development assistance; (2) evaluate AID's role in the Sahel development process; (3) evaluate the financial and accounting controls over project expenditures made by the CILSS and Sahel Institute;² and (4) make applicable recommendations to strengthen regional development in the Sahel.

We reviewed the legislation pertinent to U.S. participation in the evolving Sahel Development Program. We accumulated and reviewed data relative to: (1) the formulation and operations of the CILSS, Sahel Institute and Club du Sahel, (2) AID's activities for assisting the Sahel, and (3) participation of external donors, including the United States, in the overall assistance efforts in the Sahel. We also held interviews with officials of the Sahelian institutions, the Club, the Food and Agricultural Organization, selected donors and AID over the effectiveness of, and ways to improve, the CILSS/Club mechanism. In addition, a questionnaire was sent out and received from AID's Sahel Missions or Representatives on the national governments' perceptions of regional coordination and planning. Lastly, we reviewed the financial and accounting controls over AID-funded expenditures made by the CILSS and the Sahel Institute.

¹The AID Mission in Chad was disbanded because of internal hostilities.

²The Sahel Institute is a research organization which operates under the general guidance of the CILSS. The regional coordination and planning project funds the Sahel Institute's operations.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

WHILE THE PROJECT'S ACCOMPLISHMENTS HAVE BEEN SUBSTANTIAL, MUCH MORE NEEDS TO BE DONE

A great deal has been accomplished through the auspices of the Sahel Regional Aid Coordination and Planning Project. The CILSS and Club du Sahel have established a consensus about the region's overall development needs and general strategy that should be pursued in meeting those needs; provided a forum in which interested governments and development organizations can jointly plan specific development endeavors; and provided a mechanism where donors and recipient governments can discuss broad development policy issues and goals.

The General Accounting Office (GAO) has issued two reports to the Congress on the Sahel Development Program.¹ The GAO in both reports voiced strong concern about the ability of the Sahelian countries to effectively use the large amounts of international donor financial assistance; the difficulty the CILSS and Club were having in coordinating the Sahel regional program; and the lack of a management system for evaluating program progress. The GAO reports noted effective coordination of the total development efforts of the external donors and recipient governments is essential to the achievement of program goals. Further, the GAO stated that the CILSS/Club process, if used effectively, can bring improved development for the Sahel region.

We also believe much can be accomplished within the CILSS/Club framework to ensure cohesive, coordinated and realistic development of the Sahel region. The regional strategy requires significant improvements and revisions; a more systematic approach to planning and programming projects should be devised; the donors need to know the optimum level of resources required for efficient and effective Sahel development; and the donors and recipient governments should be advised of the benefits and pitfalls of the Sahel Development Program. More specifically, future CILSS/Club endeavors should include:

- Performance of a study on the absorptive capacity of the Sahel region and individual countries to determine the optimum level of support required for long-term development.
- Development of a more cohesive regional strategy which should be improved qualitatively so that specific country agricultural production targets and development activities are more clearly spelled out. The CILSS/Club should also explore the feasibility of expanding the strategy beyond food self-sufficiency by including such areas as urban development and general infrastructure.

¹"The Sahel Development Program--Progress and Constraints," ID-78-18, March 29, 1978; and "U.S. Development Assistance To The Sahel--Progress and Problems," ID-79-9, March 29, 1979.

- Development of a more logical and systematic approach for planning and programming an action program of projects which is in concert with the regional strategy.
- More definitive evaluations of the development sectors and the strategy as a whole.

The Africa Bureau is presently formulating a new project paper for the second phase of the Sahel Regional Aid Coordination and Planning Project. Since AID expects to continue financing the major portion of CILSS/Club operations through the new project, AID should use this support as leverage to promote the above activities. The accomplishments of these activities should improve and strengthen Sahel development.

Well planned and coordinated development in the Sahel is also dependent on the active participation of recipient governments and donors at the national level. Presently, this is the major weakness in the region's development. While the current project paper recognized the importance of local participation in the process, the necessary financial support to ensure effective operation of CILSS national committees was not included in the project. There is also limited donor coordination at the national level. The future project should include financial support for CILSS national committee operations and the formation of local Club donor groups.

This report addresses in detail the areas discussed above as well as other actions to be taken by AID to improve and strengthen Sahel regional development.

POTENTIAL CONSTRAINTS TO EFFECTIVE UTILIZATION OF DEVELOPMENT ASSISTANCE BY THE SAHELIAN COUNTRIES

The success of the proposed \$1-1.5 billion annual development assistance program for the Sahel depends heavily upon the Sahelian countries' ability to utilize effectively the expected aid. The shortages of trained Sahelian personnel capable of managing agricultural rural development and other projects is regarded as one of the most serious problems in the Sahel. How to provide needed assistance to the Sahel without overburdening the countries' scarce managerial, technical and administrative resources has been a difficult question for all donors. Although most donors recognized this as a problem, little has been done to address the Sahel's absorptive capacity or its absorptive limits. We believe the CILSS/Club mechanism is the logical vehicle which can address this major development problem.

The ability of a country to utilize development assistance aid effectively has been defined as "absorptive capacity." Absorptive capacity includes: available local, national managerial and technical personnel to implement and monitor development projects; the extent to which government structures facilitate or hinder development programs; and the extent to which some development investments can proceed without related and supportive investments. Inadequate absorptive capacity is generally understood as barriers inherent in the Sahelian countries which constrain the identification, design, implementation, or continuance of development projects and programs.

Club du Sahel reports revealed a large and accumulating gap between donor commitments and disbursements of funds targeted for the Sahel. For the period 1974 through 1978, donor commitments exceeded disbursement of aid funds by \$1.2 billion. Should this disparity continue, the pipeline of development assistance will exceed annual donor commitments. One of the major causes for the commitments and disbursements disparity is the inability of the Sahelian countries to effectively absorb the current magnitude of donor assistance.

Total Commitments and Disbursements
of Public Aid for Development
in the Sahel Countries (In \$ millions)

<u>Calendar Year</u>	<u>Commitments</u>	<u>Disbursements</u>	<u>Pipeline</u>
1974	\$ 755.9	\$ 667.4	\$ 88.5
1975	816.9	650.5	166.4
1976	1,135.8	708.8	427.0
1977	1,002.2	735.5	266.7
1978	<u>1,397.8</u>	<u>1,105.3</u>	<u>292.5</u>
Total	<u>\$5,108.6</u>	<u>\$3,867.5</u>	<u>\$1,241.1</u>

Note: Donors made commitments totaling \$1,700.3 million for 1979. Figures for 1979 disbursements are not available.

The figures above include both non-project and project assistance. Non-project assistance represents primarily budgetary support which is usually disbursed within the year of commitment. If non-project assistance were excluded in the above table, the disparity between commitments and disbursements would reflect an even greater absorptive capacity problem for the Sahel. The exclusion of non-project assistance--representing about 35 percent of total annual assistance--would result in a pipeline significantly exceeding the annual level of project commitments.

Furthermore, according to a CILSS/Club report, foreign assistance operating support is rising more rapidly than aggregate aid, reflecting: (1) the growing scarcity of resources in Sahel countries, and (2) the inability of Sahel countries to meet the cost of operating increasingly complex administrative and para-administrative systems. The CILSS/Club report contained specific data on operating support revenues for four Sahelian countries.

Source of Operating Revenues
1978
(in millions U.S. \$)

	<u>Host Country</u>	<u>%</u>	<u>Donors</u>	<u>%</u>	<u>Total</u>
Niger	126.9	68	59.2	32	186.1
Senegal	395.0	74	137.9	26	532.9
Upper Volta	116.3	63	69.5	37	185.8
Mali	<u>110.5</u>	61	<u>71.7</u>	39	<u>182.2</u>
Total	<u>748.7</u>	69	<u>338.3</u>	31	<u>1087.0</u>

Since AID's increased involvement in the Sahel, we have reviewed several AID-financed projects. Virtually all of the projects reviewed encountered significant implementation delays. While some of the delays resulted from administrative and coordination problems, the most common cause was the inability of the host country to absorb the financial and technical assistance. In addition, we found several instances where the host governments will be incapable of paying for the recurring cost of the projects after the assistance ends. Below are examples of these absorptive capacity problems.

- A \$3.3 million hydro-agricultural project in Niger was significantly behind schedule. By June 1980 it was expected that 300 farm families would be provided animal traction units; the village fish catch would have increased by 84 tons per annum; a commercial poultry production program would be developed for 20 village women, a fish and poultry cooperative system would be established, a village health program would be functioning. As of March 1980, only 43 animal traction units had been purchased by the village farmers. The primary reason cited for the delays was inaction on the part of host country officials.¹
- A \$2.8 million basic health services delivery project in Niger, to be completed in September 1979, encountered long delays in implementation. In addition, it is highly questionable whether the recipient government can continue the health care activities established under the project after the support ends. Niger has very few trained physicians and medical technicians, most of whom are reluctant to transfer to the remote and underdeveloped project location.²
- As of March 1980, after 18 months of implementation, little substantive progress had been made under a \$6 million integrated rural development project in Upper Volta. The delays were again

¹AAG/W, Audit Report No. 81-6, "An Assessment Of Africare's Activities," October 14, 1980.

²Ibid.

attributed in part to the inaction of host country officials. The project includes components such as well construction, rural access road improvement, revegetation/soil conservation and management, and financial support for the government's implementing agency.¹

- As of October 1979, AID had spent about \$13 million for the development of the livestock sector in Mali. This assistance has had little impact on improving and sustaining the Mali livestock sector. One reason for this is that the host government lacks the management and financial capability to implement and absorb the recurring costs of the livestock project activities. Unless the livestock activities develop a self-sustaining financial capability, the host government will be unable to continue these activities after AID's financial support ends.²
- In March 1978 AID provided \$6.3 million to Cape Verde to finance a desalination and power plant for the Island of Sal. The operation of the plant will require large government subsidies. There is a strong possibility, in view of Cape Verde's budget problems, that adequate funds may not be available to fully utilize the plant facilities when ready for full operation.³
- AID provided \$2.7 million to Chad to finance a low-cost range management system to increase livestock production. After three years (beginning in 1975) only \$219,000 had been expended. The relatively slow drawdown of the funds reflected the lack of Chadian absorptive capacity to effectively utilize the funds.⁴
- An integrated rural development project in Upper Volta was to increase the government's capacity to assist small scale farmers to increase their agricultural production and income. To achieve this purpose, AID obligated \$4.8 million for the project. After five years of implementation, including the expenditure of \$3.5 million, few tangible results have been achieved. One cause was the inability of the government to pay for administration of the project. As a result, the government's local administrative unit

¹Audit Report No. 81-6.

²AAG/W, Audit Report No. 80-67, "Problems In Implementing AID's Livestock Sector Projects' Activities In Mali," June 6, 1980.

³AAG/W, Audit Report No. 80-75, "Improvements Are Needed In AID's Assistance Program In Cape Verde," June 25, 1980.

⁴AAG/N, Audit Report No. 6-677-77-28, "Report On Examination Of The Chad AID Program," July 15, 1977.

had diverted monies from direct project activities for payment of the entity's personnel salaries and allowances.¹

Africa Bureau officials, in responding to our draft report, stated the projects cited above are highly selective examples which do not substantiate our conclusion reached on the Sahel absorptive capacity. Further, they believe these examples are the largest and most complex activities in the Sahel and are not representative of Sahel projects.

In our opinion, Bureau officials are wrong on both accounts. There are several AID-financed projects which are certainly as or more complex than the above cited projects. A few examples follow:

- A \$5.9 million project to increase animal and crop production in the Lake Chad Basin while at the same time formulating strategies for conserving the national resource base.
- A \$6.9 million project to help develop better knowledge about the populations of the Sahelian countries and about the complex inter-relationships between demographic and other variables affecting development.
- A \$3.2 million project to: (1) strengthen or establish the ability of plant protection units to combat plant pests within Sahelian national boundaries; (2) demonstrate, train, and assist local farmers in pest management; and (3) extend to farmers information on pest management practices.

More importantly, virtually every Sahel project we reviewed is encountering similar implementation problems cited in the above examples. For instance, recent reviews of six projects in The Gambia and Senegal revealed similar implementation problems. We are waiting for formal comments from the Africa Bureau on the draft reports of these audits.

The inability of the Sahel countries to effectively utilize the current magnitude of development assistance is widely known by AID mission officials. This perceived problem has been the subject of discussion by AID's Sahel Mission Directors' Council. It was noted at the Council meeting held in April 1980, that development of viable village health worker programs in the Sahel may not be attainable. The constraints in doing this include inadequate Sahelian management capabilities; technical manpower shortages; and the lack of, or extremely limited, infrastructures which are complicated and expensive. The USAID/Upper Volta Director, describing another aspect of the absorptive capacity constraint problem, stated:

"AID, as far as is known, has yet to come to grips with a recurrent cost strategy for the Sahel. AID is funding the Harvard-Montreal team, which is charged with the broad task of recommending a

¹RIG/A/W, Audit Report No. 81-44, "Review Of Selected AID-Financed Activities In Upper Volta," February 13, 1981.

strategy for the problem. There are few obvious solutions--AID has probably never dealt with such widespread poverty in its history. In the case of Upper Volta, we are dealing with a very simple economy, with only meager resources and little near-term chance for sustained growth. In the short-run, we may introduce straight budget support (tied or untied) to our projects, accept recurrent cost financing as integral part of our ongoing projects, or seek to finance those projects which are either revenue generators and/or have low recurrent cost implications.

"There are variations on the above: phase-down financing of recurrent costs, reduced program levels, bold acceptance of project degeneration/collapse after termination of AID assistance. Finally, diplomacy can be applied to urge restraint on 'frivolous' expenditures by the Government. We are taking the tack of holding our ground in recent individual instances to see how desperate the situation really is. As a footnote, it is fair to say that few, if any of us in the Mission, have a solid understanding of the GOUV budget process, including taxation and para-statal organization revenues; and expenditures and budgets for municipalities, Departments, and ORD's. The gaining of such an understanding is a long-run task of the AID Program Economist.

"Finally, I should note that the recurrent cost problem is not unique to AID, with less than 10% of the full foreign assistance package to Upper Volta. Although AID, with its rather narrowly defined target group and sector strategy is more vulnerable than other donors to recurrent cost concerns, AID is not isolated. We need to explore with other donors (and the GOUV) the extent to which they share our concern, and how they deal with the problems."

At a Club du Sahel donor meeting held in November 1979 the question of absorptive capacity was raised. Club representatives noted that a U.S.-financed recurrent cost study was nearing completion. This study was cited as a crucial CILSS/Club effort which addresses the mid- and long-term implications of recurrent costs in the Sahel region as well as each of the member states. However, donor representatives stressed the need to address, in addition to recurrent costs, other aspects of the absorptive capacity problem including technical manpower limitation, pressure on fledging bureaucracies, physical infrastructure constraints and the effect on host government capabilities created by the multiplicity of donor interventions. Our discussions with Club representatives indicates almost nothing has been done by the Club and CILSS to study these and other constraints in Sahel development.

The recurrent cost study¹ referred to above was completed by and discussed at the fourth conference of the Club du Sahel held in November 1980. The study concluded that in order to avoid a financial crisis in Sahelian

¹CILSS/Club du Sahel Report, "Recurrent Costs Of Development Programs In The Countries Of The Sahel," August 1980.

countries--brought about by the recurrent cost of the Sahel Development Program--a series of reforms are necessary on the part of Sahelian states and the donor community. Some of these reforms are listed below:

SAHELIAN STATES

- Increase the real tax basis by supporting an increase in economic activity;
- modify government policy in respect of unemployment, credit, the role of state enterprises, fixing of agricultural prices;
- facilitate the growth of the private sector and improve conditions for private foreign investment; and
- improve the management of recurrent costs and increase their coverage.

DONOR AGENCIES

- Improve the flexibility of project implementation by imagining alternative models;
- avoid competition for the use of scarce inputs;
- adapt the size of projects to local possibilities and needs;
- improve project preparation and the duration of projects;
- finance certain recurrent costs directly; and
- finance budgetary assistance in certain sectors.

The revised draft Sahel regional strategy¹ presented at the Club's fourth conference also touched upon several other absorptive capacity problems. For example, the strategy statement noted that while modern irrigation systems doubled between 1960 and 1980, the rate of new installations has slowed rapidly. For instance, the rate of activating new irrigation systems with total water control has not exceeded 5,000 hectares per year, while the Sahelian states had set the objective of developing 25 to 30,000 hectares per year. More importantly, a part of the older irrigation systems is deteriorating and becoming unusable. In 1979, an estimated 26,000 hectares needed rehabilitation, and it was observed that in recent years, new systems had barely exceeded the number of old systems needing rehabilitation.

Some of the causes for this situation resulted from technical problems, inadequate maintenance, ineffective management, and the lack of adequately

¹"Strategy For Drought Control And Development In The Sahel - Revised Draft," September 1980.

trained irrigation system operators. It was noted that the management problems are found during the construction phases and subsequent operational stages of the systems. Furthermore, the strategy statement concluded that the prices currently determined by the official marketing agencies are insufficient to motivate the producers to increase their irrigated crop production.

Conclusions and Recommendation

There is strong and convincing evidence the Sahel cannot effectively utilize the amount of financial and technical support it currently receives from the donor community. There is a large and growing gap between donor commitments and disbursements of financial assistance. All of the Sahel projects we reviewed are behind schedule. One cause was the recipient governments' inability to effectively absorb these development resources. Even when successfully completed, the recipient governments are unable to continue the projects' activities without additional donor support because of a lack of financial resources. This lack of absorptive capacity is a Sahel-wide problem which should receive urgent attention by the CILSS and Club du Sahel. Accordingly, we recommend that:

Recommendation No. 1

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should support a study of the constraints and abilities of the Sahel to effectively utilize development assistance. Questions which should be considered are: (1) What are the optimum levels of financial and technical support that can be effectively utilized by the Sahelian states? (2) What are the specific constraints to effective utilization of the assistance? (3) How can the constraints be ameliorated to promote more effective utilization of donor financial and technical support?

Africa Bureau Comments

The Africa Bureau does not believe that we adequately demonstrated the Sahel cannot effectively utilize the current levels of multi-donor foreign assistance. It was suggested that a comparison of the Sahel pipeline with expenditure rates of other parts of the world may show a favorable picture regarding Sahel absorptive limitations. Moreover, the Bureau feels that it is impossible to determine the optimum levels of financial and technical support that can be effectively utilized by the Sahelian states. In summary, the Bureau stated, "The U.S. and other-donor purpose in the Sahel is to continue striving to improve Sahelian capacity, not to restrict or limit our help because of the constraints."

The Bureau also believes much has already been done by the CILSS and Club studying specific absorptive capacity problems. One example cited was a two-year study of the Sahel recurrent cost problem. It was concluded that

capacity constraints dealt with individually offers greater hope of achieving practical results than would a single study which would tend to be open-ended and inconclusive.

Inspector General Response

We believe there is substantial evidence the Sahelian states are having major difficulty absorbing the current high levels of donor assistance. In this regard, a U.S. General Accounting Office report¹ issued in March 1979 noted:

"As to the Sahel's capacity to absorb such assistance, this is a matter of continuing concern and is one principal reason why AID is having problems in implementing its development projects in the Sahel. GAO continues to urge caution in delivering large amounts of external assistance unless appropriate steps are taken to safeguard against the wasteful effects of undertaking projects which countries are unable to effectively use."

We also believe the Sahel absorptive capacity issue should be dealt with head on; not as individual problems. Unless the donors become fully aware of the constraints to Sahel development, they will not know the levels and where to effectively channel their financial and technical assistance. In this regard, we urge that AID support a comprehensive study of the Sahel absorptive problem which addresses the basic questions contained in our recommendation.

THE SAHEL DEVELOPMENT PROGRAM REQUIRES SIGNIFICANT REVISIONS AND IMPROVEMENTS

The Sahel Development Program is the evolving process through which CILSS and the Club intend to achieve food self-sufficiency and improve economic and social conditions in the Sahel. The Sahel Development Program is a regional strategy and long-term development plan for the Sahel. It is also an action program of projects which are supposed to implement the strategy. The strategy needs to be revised so that it is more cohesive and comprehensive. A new and more systematic approach for planning and programming development projects also needs to be devised.

CILSS/Club Strategy Lacks Cohesion And Requires Expansion

Since 1975, the CILSS and Club have attempted to produce a Sahel regional development strategy in which donors and recipient governments can concentrate their efforts. This attempt has not been successful even though numerous studies have been made. Much more still remains to be done in developing a comprehensive strategy.

¹"U.S. Development Assistance To The Sahel--Progress and Problems," ID-79-9, March 29, 1979.

The CILSS/Club development strategy statement¹ published in 1977 is predicated on the concept of reaching food self-sufficiency in the Sahel by the year 2000. Even within this narrow concept, several experts were critical of the strategy because food production and other base line data contained in it were unreliable; its goals were too broad and subject to differing interpretations; and the individual sectoral strategies lacked coherence and precise definition.

The CILSS/Club working group has drafted in 1980 a revised strategy statement. Though the revised statement addressed some of these criticisms, it still has basic weaknesses. While the strategy addresses regional agricultural production goals, it does not explain specifically how these goals will be reached. For instance, the strategy does not explain what countries are expected to produce in terms of agricultural products and by what amounts. Some AID officials also believe the strategy could reflect more regionalism through the economic concept of comparative advantage. In this respect, the strategy could address production goals and ways to meet these goals according to the country's ability to efficiently produce the given commodity.

The CILSS/Club strategy document published in May 1977 contains a conceptual framework to achieve agricultural production goals and other development goals. Separate chapters address development strategies in sectors such as dryland farming, irrigated farming, livestock production, and ocean and inland fisheries. Other sectors covered in the strategy include harvest and crop protection, programs in human resources, ecology, technology, marketing and storage, and transportation.

The Club du Sahel Secretariat as well as other organizations and individuals have commented on the strengths and weaknesses of the Sahel development strategy. There is substantial agreement the strategy was the product of real cooperation between international donors and Sahelian states; the strategy permitted a definition of the general objective of food sufficiency; and finally, the strategy has permitted a better determination of the period required to achieve the objective of food self-sufficiency. However, several experts have identified weaknesses with the strategy that require study and action. Some of their observations are summarized below:

- The food production figures used in the strategy should be taken with qualification because of the unreliability of available population statistics, agricultural statistics and information on food consumption. The future food demand statistics were based mainly on earlier FAO studies--most dating before 1965--and on assumptions regarding population growth which need updating. For example, the rate of urban growth in the Sahelian countries is rising faster than expected, especially in the capital cities.
- By their very nature, the stated strategy goals are broad and all inclusive. They are not tied to precise indicators, and they are

¹Club du Sahel, "Strategy And Programme For Drought Control And Development In The Sahel," May 1977.

subject to differing interpretations. Thus, it is doubtful whether the regional goals have influenced the priorities and targets adopted by individual Sahelian governments.

- Substantial work remains to be carried out in training, particularly to formulate a strategy and a program coherent with the overall food self-sufficiency goal. Also, too often, training does not have the priority it should have in concerns of aid or development agencies, nor in project preparation.
- The balance between rainfed and irrigated farming requires more study. An outline of a livestock strategy has been developed but it needs definition. Notwithstanding efforts undertaken, coherence among sectoral activities is still not sufficient and qualitative aspects were neglected.

The third conference of the Club du Sahel, held in November 1978, reviewed progress attained with respect to the strategy. The conference concluded much more should be done to improve the strategy of Sahel development. The conference requested the CILSS and Club Secretariats to prepare a revised strategy taking into account information and experience acquired. The conference also asked the Sahelian states and members of the donor community to support this task.

At its fifth conference in April 1980, the Sahel Mission Directors' Council recommended that revision of the Sahel strategy and identification of second generation projects receive first priority from donors at the Club meeting scheduled for November 1980. The Council noted that any revised strategy should include infrastructure consistent with relative economic returns. Specific areas that need to be addressed in the strategy include social welfare, roads, fertilizer production, liberalizing trade, promoting private investment and capital flows within the Sahel and between the Sahel and other West Africa states.

A revised draft strategy statement was developed by the CILSS/Club working group and was presented to the donors in November 1980 at the fourth conference of the Club du Sahel held in Kuwait. The revised strategy, in essence, did not set forth any new objectives, but was a redefinition of the major options and strategic guidelines adopted in the previous strategy statement. It also included information on CILSS/Club activities during the past three years.

Our review of the draft strategy indicates many of the criticisms of the earlier strategy statement have been addressed. The revised strategy defines in more detail the concept of reaching food self-sufficiency in the Sahel. The strategy takes into account projected population increases (30 million now compared to about 50 million inhabitants by the year 2000) in both the rural and urban areas; it discusses the possibility of trade in food stuffs within the Sahel, other West African countries, and the rest of the international community; and it explores the effect of the ecological balances between crop production, livestock, and deforestation of productive land. The revised strategy also includes updated estimates--and hopefully more reliable estimates than the previous strategy--on agricultural production

targets to reach food self-sufficiency by the year 2000. These production goals (in thousands of tons) are Sahel-wide and are summarized below:

	<u>1974-1976</u>	<u>1990</u>	<u>2000</u>
Millet & Sorghum	4,150	6,600	8,150
Wheat	10	40	240
Paddy (rice, etc.)	510	1,000	2,200
Maize	220	600	950
Sugar	53	230	550
Meat	350	700	1,100
Fish	600	1,100	1,800
Milk	900	1,450	2,260

The CILSS/Club working group recognized the strategy statement prepared for the Kuwait Club du Sahel Conference requires even more fine tuning and follow-up. To improve the strategy, it was suggested future CILSS/Club endeavors include the following areas:

- "• The strategy for training is not yet fully specified. It is nevertheless fundamental for the transformation of the agricultural production system and for the Sahel's future. It must be revised.
- Major studies still have to be performed to develop more intensive farming methods, livestock models and methods associating agriculture and livestock, for the introduction of the reforestation heading in models, etc. Research activities have been recommended and their results will have to be integrated into the future strategy.
- Several improvements can be made in the fisheries transport and health strategies, the definition of priorities, the creation of a system for following up trends in the Sahel, prospects for population growth, the trend of needs, the design of development projects, etc. Whatever thinking is done in association with the Sahelians and the Members of the International Community, will certainly be beneficial in the future as it has been in the past."

In our opinion, the CILSS/Club working group should also explore the possibility of expanding the strategy beyond the confines of increased food production. For instance, some donors feel the strategy is too limited and should focus on industrial and urban development. Certain donors prefer to finance infrastructure, industry, commodities, advanced technology. Either through a lack of knowledge or choice they do not tend to finance difficult rural development operations whose results are sometimes diffused and long term.

Validity Of Remaining First Generation Projects Questionable

The strategy would be hollow if it were not backed up by an action program. In this regard, the donor community has supported the CILSS/Club efforts by making firm commitments to finance over one half of the \$3.3 billion first generation program. The remaining projects of the program have been characterized as not well thought out or simply bad projects. However, the CILSS is pushing the donors to finance the remaining projects. Unless the CILSS redirects its efforts towards the generation of more viable projects, its credibility with the donor community will suffer.

The CILSS countries prepared a program composed of over 600 projects which together are termed the "First Generation Programme." During 1976, 1977 and 1978, the CILSS/Club made a major effort to prepare project identification documents for as many of the projects on the First Generation Programme as possible. These project identification documents were then circulated to donors and a series of sectoral meetings were held to discuss sectoral problems and the possible financing of the projects. As of November 1979, the donor community made firm commitments to fund over 50 percent of the first generation program.

<u>Sector</u>	<u>First Generation Program</u>	<u>Firm Donor Commitments</u>
Rainfed Agricultural	\$ 550	\$ 216
Irrigated Agricultural	1,030	427
Water Resources	70	75 a/
Livestock	329	191
Fisheries	72	61
Crop Protection	70	65
Trade	9	46 a/
Ecology	173	79
Transportation	611	383
Human Resources	<u>368</u>	<u>195</u>
Total	<u>\$3,282</u>	<u>\$1,738</u>

a/ Commitments exceed program estimates because of redefinition of some development projects.

Source: Club du Sahel reports

Donors have serious reservations whether the first generation projects adequately reflect the criteria and approach endorsed by the CILSS/Club overall development strategy. For example, the project proposals have been criticized as lacking any sense of priority among the strategy sectors. Certain projects did not have the desired coherence with strategy objectives and consequently they had to be reformulated so as to make them more consistent. Consequently, donors are reluctant to undertake projects the value of which were poorly defined and not well related to the objectives of the strategy.

In October 1978, the AID Sahel Mission Directors' Council noted that the strategy should be backed up by a second generation of projects more closely integrated with the strategy than heretofore had been the case. The Council noted the second generation program must not be simply a list of long-standing, uncoordinated projects and should certainly not be the left-overs from the first generation projects.

The current consensus of the donor community is that CILSS is too preoccupied with obtaining financing for first generation projects. One Club representative told us that the CILSS should drop the idea of acquiring further financing for these projects since the remaining projects are of poor quality and donors just will not finance them. Another donor representative estimated only about 50 percent of the first generation projects were worthy of donor consideration. The same donor representative stated that 30-40 percent of the first generation projects are simply bad projects that will never receive donor support.

We discussed with CILSS Executive Secretariat officials their plans to develop a second generation program of projects. They stated that CILSS currently is concentrating its efforts to obtain the supplemental financing necessary for the effective accomplishment of the projects which compose the 1977-1982 first generation program. CILSS officials feel it is somewhat premature to talk of the second generation program.

Unless CILSS places less emphasis on obtaining financing for the remaining first generation projects, it could lose credibility with the international donor community. The Club and CILSS should concentrate their efforts on the development of a revised strategy and second generation program of projects. We believe that a more systematic approach should be devised for presentation of projects. For example, using an "inventory approach" is, in our opinion, more logical than grouping projects as first, second, or third generation programs. As new projects are developed, they would be added to the inventory of development projects requiring donor financing. This approach has the following advantages:

- Donors would have a complete and current list of projects to consider for financing.
- The inventory could be evaluated periodically and those projects which are not viable could be deleted from the inventory.
- The projects could be grouped in terms of country, priority, and development sector as related to the Sahel development strategy.
- The inventory could be used as an evaluation tool to show the trends of development assistance.
- The inventory could be used as a planning tool.
- The inventory could be tied into the national plans of the Sahelian states.

The advantage of this approach is that the CILSS and Club du Sahel would become truly the primary institutions for coordinating and influencing the overall development of the Sahel. Presently, the national governments consider the CILSS/Club mechanism as only one of many vehicles to use in acquiring financial support for development projects. Some donors believe the first generation program was used by the national governments to resubmit projects which had not been selected for financing by donors through traditional bilateral or multilateral channels.

We discussed the "inventory approach" with Club du Sahel representatives and various AID officials. They indicated this approach was a viable alternative to the present methodology of planning, programming and financing development assistance through the CILSS/Club process. One Club representative suggested the national plans should be tied into the inventory to increase its effectiveness as a regional planning tool.

Conclusions and Recommendations

We believe the CILSS and Club have made major achievements within the short time of their existence. However, the CILSS and Club could make another significant contribution for regional development by strengthening the Sahel Development Program. The Sahel strategy should be improved qualitatively so that specific country agricultural production targets and development activities are more clearly spelled out. The strategy could also be expanded beyond the concept of food self-sufficiency by including such areas as urban development and general infrastructure.

The action program should be improved to reflect the strategy rather than a shopping list of projects of unequal or questionable value. In this respect, an "inventory approach" for planning and programming development projects appears to us more logical than grouping projects as first, second, and third generation programs.

In order to improve the viability and acceptability of the Sahel Development Program, we recommend that:

Recommendation No. 2

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should support the CILSS/Club activities to improve the qualitative aspects of the Sahel regional strategy. The CILSS and Club should also explore the possibility of expanding the strategy to include all activities needed for overall long-term Sahel development.

Recommendation No. 3

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should suggest that the CILSS redirect its efforts toward the generation of projects which are more acceptable for donor financing. In this regard, the CILSS should devise a more systematic approach to planning and programming development projects.

Africa Bureau Comments and Inspector General Response

The Africa Bureau noted that the CILSS and Club, at the fourth conference of the Club du Sahel, identified the remaining strategy areas requiring more work. However, the Bureau questions whether urban development, general infrastructure, and other development areas not specifically focused on reaching food self-sufficiency should be included in the CILSS/Club Sahel regional strategy. The Bureau believes that inclusion of these areas would dilute CILSS/Club development efforts and not comply with U.S. legislative and policy emphasis on food production and rural development.

While these are strong arguments, we believe the CILSS/Club will eventually have to come to grips with the broader issue of reaching economic self-sufficiency in the Sahel. In addition, other donors who are not as restricted in their development approach as AID, prefer to finance activities not presently addressed in the CILSS/Club strategy. Therefore, in our opinion, broadening the strategy to include all activities required for Sahel development should be explored by the CILSS and Club.

The Bureau agreed that the CILSS should devise a more systematic approach to presentation of development projects. The Bureau also accepts our suggested "inventory" approach as having a great deal of merit. Nevertheless, they stated that a "system" currently exists which is producing projects in key development sectors based on the CILSS/Club strategy as it evolves. Consequently, there was no reason to devise a new system for planning and programming projects in the context of the "inventory" approach suggested in our report.

Apparently, the Bureau agrees a more systematic approach should be devised for presentation of CILSS/Club sponsored development projects. But in its response to our draft report did not specify what type of approach should be employed. Our suggested "inventory" approach was discussed with several CILSS, Club, AID and other donor officials. CILSS officials thought it was premature to discuss this suggestion until remaining first generation projects received donor financing. However, it was generally agreed by all other officials the "inventory" approach was a better way to plan, program, and finance CILSS/Club-sponsored projects than waiting for the development of a second generation program of projects. Therefore, the Bureau, in our view, should reconsider its position on the "inventory" approach suggested in our report.

HAVE THERE BEEN ACCOMPLISHMENTS IN THE SAHEL?

The United States as well as other donor countries and international organizations are concerned whether their contributions for Sahel development will have a lasting impact on upgrading the living conditions of Sahelians. In this regard, the CILSS/Club should report periodically to the donor community and recipient governments on the accomplishments and shortfalls of the program.

At a Club donor meeting held in November 1979 some donors stressed the need for establishing an evaluation mechanism for measuring current and future impact on development assistance in the Sahel. It was emphasized that the donor governments, including the United States, were beginning to press aid agencies for demonstrated "results." For instance, the Canadian and U.S. delegates stressed the need for establishing evaluative mechanisms for measuring current and future impact of development assistance in the Sahel region. At this meeting, the Club Secretariat offered to act as a clearing house for the exchange of evaluation studies. It was also pointed out that special sector-wide evaluations would be carried out by CILSS/Club working groups to assist designers in future project efforts. Finally, the CILSS Executive Secretary indicated CILSS concurred in AID's initiative to establish a broad data base for monitoring change and progress in the Sahel Development Program.

Since the donor meeting in November 1979, little progress has been made in developing concrete methods for measuring the results of the Sahel Development Program. Discussions are underway between AID, the Club and the Overseas Development Council regarding the possible adaptation of quality of life indicators to measure Sahel Development Program progress. This highly technical evaluation system is used to measure the social and economic progress of targeted populations. However, certain aspects of the quality of life indicators system do not seem to be well adapted to the specific Sahel circumstances. Because of serious technical limitations, this method for measuring socio-economic conditions is believed to be two decades away for the Sahel.

AID also has a contract with Development Alternatives, Inc. for the development of a strategy and framework for evaluating the Sahel Development Program. The results of the contractor's work will represent an opening statement, rather than a detailed description of a comprehensive evaluation system. The purpose of the study is to define the role of evaluation within the Sahel Development Program and to suggest ways for strengthening capacities to carry out evaluations.

We asked CILSS Executive Secretariat representatives whether CILSS had developed any kind of capability to evaluate and monitor the impact of the development assistance provided to Sahelian countries. We were told the CILSS has little current capability to do this, but that a significant step was taken in 1979 by establishing a Regional Management Unit in the CILSS Secretariat. The unit consists of four experts in economics and planning. It will act as liaison between the member states and the CILSS Executive Secretariat in the design of projects and assist in the establishment of project monitoring and evaluation systems.

The Club du Sahel recently experimented with a low-cost approach for evaluating the progress of the Sahel Development Program. This approach draws on existing evaluation documents prepared by the donor community. In theory, the results of these evaluations can be compared and synthesized with a view toward generalizing about trends in development at the sectoral, national and regional levels. The Club has identified three serious problems with this approach:

- Many projects in the Sahel Development Program portfolio have apparently never been formally evaluated (in some instances evaluations were scheduled but did not take place);
- It became apparent that definitions of "evaluation" vary wide (often the term refers merely to an audit of expenditures), and that methodologies are even more diverse; and
- Very rarely, in the documents examined, was there any attempt to measure impact on the beneficiary population (e.g., net changes in farm income attributable to a project), as distinct from project output (such as the number of farmers accepting credit).

At the fourth conference of the Club du Sahel, the CILSS/Club working group presented a report (dated September 1980) on its initial assessment of the Sahel Development Program for the years 1975-79.¹ The assessment did not involve any specific studies by the working group, but was done on the basis of available information from several sources. The data used for the assessment in many cases was of questionable value. In this regard, the working group noted the following about the sources of information used for the assessment:

" . . . existing project evaluations carried out by donor sources were used. Some of these were simple surveys of project implementation. But they do contain interesting information about difficulties encountered, the receptivity of local populations, etc. . . . Very complete evaluations (such as the one done on rural development in Southern Chad by FAC/FED) are unfortunately quite rare: a handful of them exist at most.

"Overall evaluations of assistance provided by donor sources are even more rare. The European Economic Commission (EEC) made an evaluation of the overall assistance provided by the EEC to an associated country for the period 1960-1978. Such studies are essential to be able to gauge the impact of assistance in a country. But, for the time being, only the evaluation concerning Niger is available.

"A certain amount of interesting information was found concerning trends in Sahel countries (for instance in reports of the World Bank) or the effects of assistance in certain sectors (surveys of irrigated agriculture, livestock strategy, cereals policy, energy report, etc.) prepared by the CILSS and the Club du Sahel.

"Finally, to follow trends in production and consumption, existing statistics were used, but many of such statistics are unfortunately incomplete or of doubtful value.

¹"The Sahel Drought Control And Development Programme, 1975-1979: A Review And Analysis," SAHEL D(80)101, September 1980.

"In sum, the information available to take stock in an overall manner of assistance provided to the Sahel is considerable, but it has large gaps in it . . . Therefore, because of the gaps encountered, it seemed useful to make some suggestions for the preparation of future assessments that can be richer in information and better documented."

Conclusions and Recommendation

The Club and CILSS can perform a much needed service for the donor community by evaluating and reporting on the results of the Sahel Development Program. Unless the donor community can see the results of the program, there is no guarantee their support will be sustained over the projected life of the program--the year 2000. Presently, a program evaluation capability does not exist within the CILSS/Club framework. Accordingly, we recommend that:

Recommendation No. 4

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should suggest that the CILSS/Club working group develop an evaluation and reporting system for the Sahel Development Program. The donor community and recipient governments should receive evaluation reports periodically from the CILSS/Club on the accomplishments and drawbacks of the program.

THE WEAK LINK IN SAHEL DEVELOPMENT IS AT THE NATIONAL LEVEL

The CILSS national committees are the key links between the CILSS Secretariat and the Sahel national governments. Although the committees have been established in theory, their activities are limited and mostly superficial. Unless the committees become fully operational, the long-term development goals of the CILSS/Club cannot be achieved. Additionally, there is limited coordination by donors at the national level. This lack of adequate coordination of development activities is potentially wasteful in that donors are not able to learn from the experiences of others and each may repeat the mistakes of the others.

Activities Of CILSS National Committees Superficial

In December 1977, the Sahelian Council of Ministers and Heads of State approved the CILSS Secretariat proposal to establish CILSS national committees. The national committees were to play a significant role in planning and coordinating Sahel regional development. They were to clarify the design of CILSS first generation projects and follow-up on their execution; assure, at the national level, the integration and coherence of the CILSS national projects; finalize the strategy of sectoral activities; undertake studies to improve the planning and execution of projects and identify second and third generation projects; and assemble and distribute all information relating to CILSS and Club activities.

In January 1979, AID performed a survey on the status of the national committees. It was learned that the Sahel governments had taken different approaches on the formation and roles the committees would play in national development. For example, the Mauritania CILSS National Committee, which was activated in June 1978, consisted of some 18 high level government officials who were to meet once a month. Its ability to meet that often was impaired because of the heavy demands placed on the committee members' time. In Senegal, an informal group met on an ad-hoc basis before important CILSS meetings. The Senegal CILSS National Committee was perceived as a technical coordinating committee and not as a general policy coordinating committee. In Niger, an ad-hoc committee of government officials met in mid-1978, before a scheduled CILSS Council of Ministers meeting. It did not meet afterwards because agreement could not be reached on who would chair the ad-hoc committee. Since routine CILSS matters were handled by the Niger Ministry of Rural Development, it was felt a formal national committee would be redundant. The AID official who performed the January 1979 survey of the CILSS national committees noted:

"Where CILSS national committees do not exist, or do not function de facto though established de jure, it appears to be the result not of indifference to the CILSS but of several factors, singly or in combination: The existence of coordinative bodies dealing with project review or development policy--with which a CILSS national committee would be redundant; the ability of the CILSS National Correspondent and of his immediate staff to handle the routine relationships with the CILSS without requiring a formal committee to guide him; and some question as to whether such a national committee would justify the amount of 'meeting time' it would demand vis-a-vis demands already imposed on senior officialdom. The fact that the CILSS is linked to ministries of rural development or agriculture gives rise to ambivalences about imposing requirements which may conflict with priorities for development-coordination that emanate from ministries of plan or others. In Niger I was told point-blank by a government official that CILSS national committees serve no useful role, and that they are not desired by national governments but are something that the CILSS Executive Secretariat is pushing to give itself added importance on each national level."

We were told by the CILSS Executive Secretary that all of the CILSS member states have formally established national committees. Although it is recognized that the committees' current capabilities remain limited, the CILSS and Club Secretariats have placed a high priority on their effective operation. It is hoped the committees will represent the views of CILSS within their respective governments. More specifically, it is envisioned that the committees will:

- Contribute to defining the development strategy of national programs and projects to be implemented;
- Ensure the compatibility and the integration of member states' programs to the common objectives of CILSS;

- Ensure sound coordination of development activities at the national level;
- Undertake studies for the improvement of strategies in all sectors; and
- Disseminate information relating to the activities of CILSS and the Club du Sahel.

The CILSS Executive Director told us it is crucial that the donor community support the operations of the national committees. The Director stated that presently there is a major problem receiving reliable base line data from member states on their development activities; there is sometimes a lack of adequate development coordination between CILSS and the member states; and there is a need to make the work of CILSS better known to the people of member states. The CILSS Executive Secretary suggested that improvements in these areas will only come about with effective operating national committees.

Club Donor Groups Should Be Organized At National Level

We believe the donor community should also organize at the national level. The Club du Sahel should sponsor national Club donor groups which can meet on a regular basis and eventually develop a working relationship with the CILSS national committees. Such a CILSS/Club mechanism at the local level will promote cooperation between donors and recipient governments and provide a framework for coordination of development activities.

The lack of adequate donor coordination of development activities at the country level is potentially wasteful. For example, our review of AID's livestock sector activities in Mali, revealed a lack of coordination among donors in regard to project planning and implementation. USAID/Mali officials told us that several donors, such as the World Bank and the European Economic Community, are financing grazing activities in the Sahel. Like AID, these donor activities are being implemented through the same directorate within the Ministry of Rural Development. Yet we found no evidence of coordination among the donors indicating an interchange of information and experiences.

In an April 1979 report, the AID Operations Appraisal Staff, Bureau for Program and Policy Coordination, urged the USAID to improve the coordination problem. The report stated:

"Direct and continuous liaison among donors on projects in the same or similar subject matter fields is minimal. We became aware of a few examples where mission officers apparently knew little or nothing of projects supported by other donors which appeared to bear directly on the USAID program . . .

"It is our understanding that the monthly meeting of the Donor Representatives in Bamako has been all but discontinued. Apparently GRM officials do not feel that it is in their interest to encourage coordination among the donors and in some instances other donors for various reasons may be less than cooperative.

Finally, USAID project managers are generally so busy, or stretched so thin, that taking the time to keep up on what their other donor colleagues are doing does not receive high priority.

"While this failing is common among donors in most developing countries, it is particularly serious in Mali. Given the very limited resources of Mali, it is especially important that the donors not compete for these resources. Rather, shared experience among the donors, refining the lessons learned and developing the complementarities between projects should be the rule, so as to provide the government with alternatives to select from as projects reach the stage of replication."

Conclusions and Recommendations

The importance of strengthening development coordination at the national level cannot be over emphasized. It is evident that the weakest link in Sahel regional development is at the national level. The CILSS national committees, although formally organized, are for the most part not fully operational. The donors at the country level also are not adequately coordinating their development activities. We believe that in order for the concept behind the CILSS/Club to work effectively, AID should strongly encourage the institutionalization of development coordination at the national level. Additionally, the lines of communications between the CILSS national committees and local Club donor groups should lead directly to the applicable CILSS and Club Secretariats. Accordingly, we recommend that:

Recommendation No. 5

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should provide the necessary funds to start up and continue the effective operations of the CILSS national committees or similar formal mechanism at the national level.

Recommendation No. 6

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should promote the formation of Club du Sahel donor groups at the national level.

THE CILSS/CLUB SHOULD PURSUE OTHER AREAS OF COMMON INTEREST

The CILSS/Club mechanism for coordinating Sahel regional development has not reached its full potential for ensuring effective and efficient administration of the Sahel Development Program.

- There are serious weaknesses in financial controls over local currency expenditures made by recipient government entities. This issue can be addressed through the CILSS/Club forum.

- The payments of salary premiums to recipient government officials is widespread in the Sahel. Unless such salary payments are made, project activities may be delayed or not even started. AID should assess the magnitude of this issue and if deemed appropriate assist the CILSS/Club in developing guidelines for donors and recipient governments to follow.

Problems In Host Country Accounting And Financial Controls

Donor assistance to the Sahelian states is expected to be provided at an annual level of \$1-1.5 billion over the next 10 years, of which AID will provide about 10 percent per year. A substantial amount of AID and other donor assistance is to be provided to the Sahelian states in the form of local currencies for financing local costs. An AID-financed report entitled, "Foreign Aid and Domestic Costs of Sahel Development Projects," estimated that over a 10-year period roughly \$6.8 billion would be needed to cover local currency costs for an investment program with a \$10 billion foreign exchange component.

Over the past year AID officials have expressed considerable concern to Inspector General officials regarding the host governments' utilization of AID local currency funds in the Sahelian countries. In response to this concern, the Inspector General performed a review to determine whether Sahelian governments' financial management practices for defraying local cost were adequate.

The audit disclosed serious shortcomings in the local entities' financial practices which indicate the cost in terms of waste and misuse of AID and other donor funds is potentially in the millions of dollars.¹ The financial systems reviewed in five of the eight Sahelian countries were characterized by a lack of uniformity, organization and reliability. The practices in each of the states varied not only among ministries but also among divisions within ministries. In general, there were few integrated and effective financial management systems capable of adequately controlling, accounting and reporting on the use of AID funds. The absence of adequate financial management controls and accountability retards the development process and frustrates the delivery of assistance to those in need.

The budgetary problems of the Sahelian governments cannot be overlooked as an important factor adversely affecting the use of donor project funds. Almost without exception, the Sahelian governments are experiencing serious budgetary deficits. Since the governments do not have the internal means for financing these deficits, they depend upon donor budgetary support. It is our view that when budgetary funds are not immediately available, donor project funds are diverted to cover the government entities' normally recurring budget expenses.

¹AAG/W, Audit Report No. 81-35, "Problems In Host Country Accounting For Utilization Of AID Funds In The Sahel," January 29, 1981.

Our review of the accounting records of the CILSS and Sahel Institute showed that even these Sahel regional coordination institutions are experiencing serious difficulty in maintaining adequate controls over local currency expenditures. The CILSS cash receipts book, for example, was incomplete and not maintained in a manner that distinguished receipts from different donors. The accounting books and records maintained by CILSS for disbursements were also poorly organized. Three separate sets of accounting records were maintained by different units within CILSS. None of these records were complete in recording transactions. Those transactions that were recorded were also not classified in a manner that enabled us to determine the nature of the disbursement. Moreover, when we asked to see the documents supporting the transaction, CILSS was frequently unable to provide them.

Many of these and other accounting deficiencies also apply to the Sahel Institute. Its cash disbursement book, for instance, did not list payment dates or check numbers of several transactions. The Institute's expenses were not grouped or classified according to the appropriate expense category, such as technical assistance, equipment, salaries, conferences, etc.

In summary, the CILSS and Sahel Institute could not adequately document how AID-financed local expenditures were made. Thus, we could not determine whether these expenditures were made in accordance with the project paper or grant agreements.

Conclusions and Recommendations

AID and other donor funds are generally channelled through the administrative entities of the Sahelian governments implementing the projects. Reliance is therefore placed on the financial management practices of those entities to ensure that the funds are used for the purposes for which they were programmed and budgeted. Consequently, it is critical that the Sahelian governments be made aware of the importance of improving financial management over local currency expenditures. Unless improvements are made, donor governments and organizations cannot be assured that their financial aid is not wasted or misused. The long-term effect could result in a lessened interest by the international community to develop the Sahel. Furthermore, we believe that unless this issue is discussed and resolved at the highest governmental levels, little improvements can be expected from the implementing agencies of the national governments. The CILSS and Club are the appropriate forum to use in discussing this problem with recipient government officials.

We believe that AID and other donors must give priority attention to upgrading the governments' accounting capabilities. A comprehensive training program for financial management personnel must be provided if the governments' capabilities are to be upgraded at all levels of government. In our view, the Club du Sahel and CILSS would be the appropriate institutions for discussing and developing this training program.

The CILSS and the Sahel Institute were experiencing serious difficulties in establishing adequate accounting systems. Since January 1979, Mission officials have met several times with CILSS and Sahel Institute management

to assist them in establishing adequate books and records. However, at the time of our review in July 1980, there was little evidence of any substantive improvement.

In order to improve financial management over local currency expenditures, we are making the following recommendations.

Recommendation No. 7

The Assistant Administrator, Bureau for Africa, pursue the issue of inadequate recipient governments' financial management systems with representatives of the Club du Sahel and the CILSS. The outcome of this discussion should be an open dialogue on the problem at high Sahel governmental levels and development of a consistent Sahel-wide policy and program on it.

Recommendation No. 8

The Assistant Administrator, Bureau for Africa, discuss with the Club du Sahel and CILSS the need for developing a comprehensive financial training program for the Sahelian countries.

Recommendation No. 9

We recommend that USAID Office of Financial Management at Upper Volta and Mali provide appropriate assistance to CILSS and the Sahel Institute to enable these institutions to establish and operate an accounting system adequate to meet the requirements of the grant agreement.

Africa Bureau Comments

In commenting on our draft report, Africa Bureau officials stated that steps are underway for developing a comprehensive training program in financial management for the Sahelian countries. The International Labor Office plans to assign two consultants to the CILSS for purposes of developing training programs. AID is also planning training courses in financial management for African government accountants and other Sahelian officials.

The Bureau also is presently arranging for the recruitment of an expert who will review CILSS' internal control procedures, assist the CILSS in implementing those procedures, and establish an integrated accounting/financial reporting system to satisfy the requirements of all donors and CILSS management. Similar actions are planned for the Sahel Institute.

A Policy Should Be Developed On The Practice Of Paying Salary Premiums To Recipient Government Personnel

The use of salary premiums (Indemnites Responsibilities) to motivate and compensate recipient government personnel involved in donor-financed projects is a common practice in the Sahel. The problem with this practice is that

government personnel can extract additional salary payments from several donors without any limitation on the amount of total salary received. Consequently, unless tightly controlled, this practice can lead to exorbitant salaries or salaries which are inflated compared to the government employee's counterpart in the private sector. In addition, recipient government personnel have a disincentive to administer projects of donors who are unwilling to make extra salary payments.

A case in point concerns salary premiums paid inappropriately to local government personnel responsible for implementing a \$6 million AID-financed project in Upper Volta. Neither the project paper nor the project agreement provided for such payments. The start up of the project was consequently delayed for six months until an arrangement was reached for payment of salary premiums to the government entity's administrative personnel--many of whom were only indirectly involved with the project. The entity's director received \$1,500 per year, various section chiefs received between \$900 and \$300 yearly. The entity also was responsible for projects financed by other donors. It is entirely possible the entity's employees received additional salary payments from these other donors.

Africa Bureau officials agreed, in principle, the payment of the salary premium to the recipient government employees was not justified. However, the same officials were reluctant to terminate or recover payment already made because: (1) suspension of existing payments would have negative consequences on on-going project activities; and (2) it is virtually impossible to obtain reimbursement from the government for payments already made without threat of discontinuance of the entire project activity.

USAID/Upper Volta officials are quite concerned about paying salary premiums to local government personnel to encourage greater efforts on AID-funded projects. The Mission is actively resisting such suggestions by the government in AID's bilateral program with Upper Volta. The Mission is also discussing this issue with other donors for development of a consistent approach for Upper Volta.

Recommendation No. 10

We recommend that the Assistant Administrator, Bureau for Africa, work with the Club du Sahel and CILSS to develop a consistent and equitable policy for donors and CILSS member states to follow on the payment of salary premiums to recipient government administrative personnel.

Africa Bureau Comments and Inspector General Response

Based on the following rationale, the Africa Bureau proposed that this recommendation be deleted from the final report.

"The salary supplement practice originated in the colonial era as described in an authoritative text French West Africa published in 1958. The practice is deeply-rooted and pervasive.

AID could devote countless resources--money, personnel and time--to the study of this question and still not be able to do anything about it. We do not believe the seriousness of the question or the likely results merit the expenditure that would be required by AID. Furthermore, we would consider it highly unlikely that any other party would join us in such an endeavor given its low utility relative to other tasks as well as its negative and possibly counter-productive character."

In our opinion, the payment of salary premiums is a serious problem which deserves the attention of the donors and Sahelian states. Therefore, we do not believe it is appropriate to delete the recommendation. Our view of the magnitude of this problem, moreover, is shared by the Harvard Institute for International Development. A recent study¹ by the Institute stated:

"A profusion of projects within a particular region--irrigation schemes, roads, etc.--makes it no longer possible, at the going wage, to recruit sufficient local manpower to ensure proper maintenance of the physical structures (in such cases, to ask the local population to take charge of the maintenance on a voluntary basis, as is sometimes suggested, is an illusory solution).

"In other cases, two or more donors compete to obtain the best available local manpower as counterparts in the projects they are supporting. A frequent result of this competition is that the counterparts end up receiving, from the donors, salaries (including fringe benefits) which exceed those paid by the public service in the recipient country for individuals with similar qualifications. A number of Sahelian governments have complained about this situation, which raises delicate problems when the staff in question is reintegrated into the public service on the donor's departure, giving rise to tensions between the authorities and the individuals in question. Acceding to the demands of the latter, leads to a general increase of the national recurrent budget."

A.I.D. CAN PROVIDE MORE DIRECT ASSISTANCE TO THE CILSS SECRETARIAT

The Sahel Development Planning Team (SDPT), currently located in Bamako, Mali, is supposed to maintain active liaison with the CILSS Secretariat and CILSS/Club working groups. The SDPT would be more effective if it were relocated to Ouagadougou, Upper Volta--the location of the CILSS Secretariat.

Since the summer of 1979, the SDPT, with a staff of five technical experts, has been operational. Its task is to monitor developments in each Sahelian country and update AID's Sahel strategy in collaboration with the CILSS/Club

¹CILSS/Club du Sahel Report, "Recurrent Costs Of Development Programs In The Countries Of The Sahel," August 1980.

working groups and the CILSS and Club Secretariats. The SDPT also serves as a consultative and advisory resource to the USAIDs in the Sahel. However, the primary reason for placing the SDPT in the field (previously it was operating out of AID/W) was to support the CILSS/Club framework for Sahel regional development. More specifically, the SDPT's responsibilities include:

- Maintaining active liaison with CILSS/Club working groups and task forces, and participating directly in activities as requested by the CILSS/Club.
- Preparing and maintaining AID's Sahel regional development strategy within the context of the CILSS/Club strategy.
- Identifying regional projects and preparing project identification documents. This includes proposals for U.S. participation in CILSS/Club regional projects.
- Conducting planning-related studies which support CILSS/Club planning efforts.
- Maintaining professional contacts in order to recommend assistance services to missions and CILSS.
- Managing a budget for sectoral activities in support of CILSS/Club working teams and task forces.

The main rationale for placing the SDPT in Bamako rather than Ouagadougou was the potential impression it might have on the donor community and the CILSS Secretariat. Some Africa Bureau officials believed the presence of the SDPT in Ouagadougou would create an unfavorable impression of U.S. domination over CILSS activities. Further, it was believed the CILSS Secretariat would not welcome the SDPT and consequently would not request SDPT technical assistance. Other Bureau officials, however, are of the opinion the SDPT cannot effectively carry out many of its CILSS/Club interface responsibilities unless readily available to the CILSS Secretariat. Bureau officials pointed out the SDPT should either be located in Washington, D.C. or Ouagadougou. For instance, the information for development of AID's Sahel strategy and monitoring Sahel development activities is more easily attainable at AID/W or Ouagadougou than Bamako, Mali.

Conclusions and Recommendation

The SDPT can more effectively perform its CILSS interface responsibilities in Ouagadougou. Additionally, such a move should not adversely impact on SDPT's abilities to perform duties directly related to AID activities. Accordingly, we recommend that:

Recommendation No. 11

The Assistant Administrator, Bureau for Africa, should determine the feasibility of relocating the Sahel Development Planning Team to Ouagadougou, Upper Volta--the present location of the CILSS Secretariat.

CILSS EXECUTIVE SECRETARIAT
STAFFING PATTERN, COUNTRY ORIGIN
AND SOURCE OF FUNDING

(April 1980)

<u>ORGANIZATIONAL ELEMENT</u>	<u>PERSONNEL</u>	<u>COUNTRY OF ORIGIN</u>	<u>PERSONNEL</u>
Executive Secretary	1	Upper Volta	10
Programs & Projects	11	Mali	7
Evaluation Unit	9	Senegal	3
Regional Management Unit	4	Chad	1
		The Gambia	1
Documentation & Information Unit	5	Mauritania	1
Administration & Financial Affairs	3	Niger	<u>1</u>
		Total Sahel	<u>24</u>
Other	<u>1</u>	Belgium	2
Total	<u>34</u>	France	3
		United States	3
		Canada	1
		Germany	<u>1</u>
		Total Other	<u>10</u>
		Total CILSS Personnel	<u>34</u>

<u>FUNDING SOURCES</u>	<u>PERSONNEL</u>	<u>STAFFING MAKEUP</u>	<u>PERSONNEL</u>
Sahelian Country Dues	11	Agronomists	5
FAO <u>a/</u>	3	Veterinarians	3
United Nations Dev. Program	6	Ecologists	2
France	2	Sociologist	1
Switzerland	2	Public Health	1
United States	6	Economists	4
The European Develop. Fund	1	Econ/Stat	2
Canada	1	Hydrogeologist	1
Germany	1	Management & Support	<u>15</u>
Rockefeller Foundation	<u>1</u>	Total	<u>34</u>
Total	<u>34</u>		

a/ The Food and Agricultural Organization--a United Nations specialized agency.

LIST OF REPORT RECOMMENDATIONS

Page

Recommendation No. 1

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should support a study of the constraints and abilities of the Sahel to effectively utilize development assistance. Questions which should be considered are: (1) What are the optimum levels of financial and technical support that can be effectively utilized by the Sahelian states? (2) What are the specific constraints to effective utilization of the assistance? (3) How can the constraints be ameliorated to promote more effective utilization of donor financial and technical support?

13

Recommendation No. 2

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should support the CILSS/Club activities to improve the qualitative aspects of the Sahel regional strategy. The CILSS and Club should also explore the possibility of expanding the strategy to include all activities needed for overall long-term Sahel development.

20

Recommendation No. 3

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should suggest that the CILSS redirect its efforts toward the generation of projects which are more acceptable for donor financing. In this regard, the CILSS should devise a more systematic approach to planning and programing development projects.

20

Recommendation No. 4

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should suggest that the CILSS/Club working group develop an evaluation and reporting system for the Sahel Development Program. The donor community and recipient governments should receive evaluation reports periodically from the CILSS/Club on the accomplishments and drawbacks of the program.

24

Recommendation No. 5

The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should provide the necessary funds to start up and continue the effective operations of the CILSS-national committees or similar formal mechanism at the national level.

27

LIST OF REPORT RECOMMENDATIONS

	<u>Page</u>
<u>Recommendation No. 6</u>	
The Assistant Administrator, Bureau for Africa, through the auspices of the Sahel Regional Aid Coordination and Planning Project, should promote the formation of Club du Sahel donor groups at the national level.	27
<u>Recommendation No. 7</u>	
The Assistant Administrator, Bureau for Africa, pursue the issue of inadequate recipient governments' financial management systems with representatives of the Club du Sahel and the CILSS. The outcome of this discussion should be an open dialogue on the problem at high Sahel governmental levels and development of a consistent Sahel-wide policy and program on it.	30
<u>Recommendation No. 8</u>	
The Assistant Administrator, Bureau for Africa, discuss with the Club du Sahel and CILSS the need for developing a comprehensive financial training program for the Sahelian countries.	30
<u>Recommendation No. 9</u>	
We recommend that USAID Office of Financial Management at Upper Volta and Mali provide appropriate assistance to CILSS and the Sahel Institute to enable these institutions to establish and operate an accounting system adequate to meet the requirements of the grant agreement.	30
<u>Recommendation No. 10</u>	
We recommend that the Assistant Administrator, Bureau for Africa, work with the Club du Sahel and CILSS to develop a consistent and equitable policy for donors and CILSS member states to follow on the payment of salary premiums to recipient government administrative personnel.	31
<u>Recommendation No. 11</u>	
The Assistant Administrator, Bureau for Africa, should determine the feasibility of relocating the Sahel Development Planning Team to Ouagadougou, Upper Volta--the present location of the CILSS Secretariat.	33

LIST OF REPORT RECIPIENTS

Deputy Administrator	3
Assistant Administrator/Africa	5
USAID/Mali	5
USAID/Mauritania	1
USAID/Niger	1
USAID/Senegal	1
USAID/Upper Volta	5
OAR/Banjul	1
AOO/Praia	1
SDPT/Bamako	2
OECD/Paris, A. Fell	2
FODAG/Rome	2
AFR/SWA	1
AFR/EMS	1
AAA/AFR/PMR	1
SER/CM	1
Assistant Administrator/LEG	1
General Counsel	1
Controller, FM	1
IDCA's Legislative & Public Affairs Office	1
PPC/E	1
DS/DIU/DI	4
Inspector General	1
RIG/A/Cairo	1
RIG/A/Manila	1
RIG/A/Panama	1
RIG/A/Karachi	1
RIG/A/Nairobi	1
IG/PPP	1
IG/II	1
IG/II/AFR	1
CILSS, via USAID/Upper Volta	5
Club du Sahel, via OECD/Paris, A. Fell	15
REDSO/WA	1