
MANUAL FOR ACTION IN THE PRIVATE SECTOR - UPDATE

FINAL REPORT

*Bureau for Private Enterprise
U.S. Agency for International Development*

*Prepared for: Bureau for Private Enterprise
Office of Emerging Markets
and
Bureau for Africa
Office of Market Development and Investment*

Prepared by: J.E. Austin Associates

*Sponsored by: Private Enterprise Development Support Project II
Project Number: 940-2028.03
Prime Contractor: Ernst & Young*

October 1990

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Overview of MAPS

OVERVIEW OF MAPS

The Manual for Action in the Private Sector (MAPS) has been developed by J.E. Austin Associates, Inc. to assist the United States Agency for International Development (USAID) in its efforts to promote economic development through the private sector. MAPS has been implemented in 11 countries to date. These include Costa Rica, the Dominican Republic, Sri Lanka, Kenya, Ghana, Swaziland, Lesotho, Botswana, Rwanda, Senegal and Cameroon. Implementations are planned in at least half a dozen other countries. The sections which follow provide further details on the specific outputs and stages of MAPS.

MAPS provides a) a conceptual view of the private sector and its role within the larger economic development process, b) a procedural approach to acquiring, organizing, and evaluating information and data on the private sector, and c) the analytical tools needed for ongoing study, strategic development and implementation of private sector assistance.

1. OUTPUTS OF MAPS

The MAPS process was designed to respond to a variety of problems which arise with field Missions designing and implementing private sector assistance programs (Exhibit 1). Because every Mission has (a) differing needs and agendas in private sector strategy development and (b) a different level of expertise in and resources for private sector development activities, the MAPS process has been designed to offer users a variety of "product lines" or outputs within each phase. Below we describe what each of the basic outputs of the MAPS process are. In the section which follows, we specify how outputs can and have been adapted within each phase to meet different Mission needs.

1.1 The Outputs of MAPS

1. **Creation of new databases on the private sector.** In countries where the level of knowledge in the private sector is low or the private sector is small and thus probably understudied, there may be a need to first create a broad array of information on the private sector before making informed strategic choices concerning future activities. MAPS has been used to undertake primary and secondary research to create such data. This broad look at the private sector is designed to help the Mission understand the local private sector and its operating environment. MAPS has also generated data sufficient for cross-country comparisons. Phase II, the MAPS Private Sector Description, can be designed to quantify the role and importance of the private sector,

and characterize its various sub-segments (e.g., informal vs. formal sectors; manufacturing, services and agribusiness; exporters vs. purely domestic producers). Phase III, the MAPS Private Sector Diagnostic Survey, can be designed to assess private sector perceptions and expectations for growth and development. Phase IV, the MAPS Private Sector Dialogue, is designed to help the Mission determine how it can best assist private sector growth by engaging the local private and public sector leadership in discussions of existing problems and potential remedial interventions. The result of these various phases is the establishment of an information base that provides the consultants and Missions with the tools they need to understand obstacles to growth, recommend actions for change, and enhance the potential for successful strategy implementation.

2. **Synthesis of existing data on the private sector.** In countries where the private sector is more complex and the information base richer, instead of creating databases, MAPS can and has been used to consolidate, evaluate and synthesize diverse databases (both macroeconomic and firm-specific) on the private sector. MAPS can be used to produce a synthesis of critical private sector studies and/or specific sub-sectoral private sector activities (e.g., agribusiness, exports), leveraging limited Mission time to become acquainted with and absorb the implications of diverse information bases and knowledge on the private sector. This synthesis has in the past often included cross-country data for comparative purposes.
3. **Expanded database of private sector contacts.** Even in countries where the Mission has a well-developed and sophisticated relationship with the local private sector, Missions have reported that they have difficulty formulating a comprehensive overview of the private sector. The private sector is highly dynamic and characterized by an ever changing and competing set of actors, interests and voices. Mission contacts with the private sector often have been developed on a piecemeal basis: frequent personnel changes within the Agency mean that knowledge, contacts and institutional memory often remain incomplete and fragmented. Moreover, a Mission's network of private sector contacts is often limited to that subset of the private sector who, for historic, cultural, linguistic or socioeconomic reasons, have felt more comfortable dealing with USAID. This subsector may not always reflect the interests and perceptions of the wider private sector in a country. These traditional contacts, while valuable, may bias USAID's perceptions in the absence of other views. MAPS provides extended

contacts in the private sector not normally involved or included in the Mission's consultative process, primarily through on-going dialogue; in countries where Missions have wanted to reach out systematically to many other voices, survey research has been used to supplement dialogue activities. The expanded database of private sector actors helps Missions to systematically widen and strengthen institutional memory and systematize communications between the Mission and the private sector.

In the Dominican Republic, where the private sector program was "old" but many of the personnel new, MAPS helped the new Mission Director and Private Sector Officer build contacts in the private sector. In Swaziland and Ghana, where there had never been private sector programs, the process was critical to building important new contacts and allegiances for USAID.

4. **Policy reform indicators and agenda.** Major market-oriented structural and policy changes are being pursued in a growing number of developing countries, encouraged by an increasingly expanded array of multilateral and bilateral donor assistance. Nevertheless there is currently a lack of reliable information with which to test assumptions regarding the impact of the present policy and institutional environment on specific subsectors or types of business. MAPS has been instrumental in providing USAID Missions with the information and tools needed to structure the policy dialogue agenda directly with governments and in a three-way dialogue between private sector entrepreneurs, governments and donors. In Kenya, MAPS enabled the Mission to build consensus among the donor community regarding the key elements of policy reform. In countries as diverse as the Dominican Republic, Lesotho and Cameroon, MAPS equipped the local business communities with new information, analyses and insights for their own discussions with Government officials to encourage and trace policy and regulatory reform.
5. **Catalogue of donor activities in the private sector.** The 1980s were characterized by a vastly expanded degree of activity in private sector promotion among bilateral and multilateral donors and NGOs, including multinational corporations. Assistance has included everything from technical expertise to executive training and exchange programs to subcontracting (matchmaker) programs. This has presented Missions with increased opportunities to leverage their assistance funds to this sector. However, increased opportunity has often been accompanied by limited cooperation due to the lack of coordination and

dearth of information exchange mechanisms between actors. MAPS can help inform Missions on the scope and success of other donor activities, facilitate information exchanges on private sector support, as well as highlight potential areas for coordinated action.

6. **Data to identify/assess a fuller array of potential private sector implementing agents.** The issue of contacts and knowledge of the private sector becomes particularly important when answering a fundamental question: "What are the best channels for USAID assistance and allocations?" Institutions capable of channeling assistance and/or implementing project activities need to be identified and their capabilities assessed. This issue is made all the more difficult because of the fragmented and dispersed nature of information on the private sector (e.g., there is no one "Ministry of the Private Sector"). MAPS dialogue (Phase IV) and survey research (Phase III) are used to help Missions determine potential private sector implementing agents for development activities as well as assess their outreach potential and strengths.
7. **Data for monitoring and evaluating private sector projects.** In the absence of good information, monitoring and evaluation capabilities and the Mission's ability to effectively direct resources for maximum impact remain limited. The MAPS Private Sector Description (see Phase II) and Diagnostic Survey (see Phase III) provide the Mission with a rich source of macro- and firm-level data with which to monitor the impact of its projects and programs over time. The MAPS process involves working closely with local researchers to build in-country capabilities to continuously update and expand this information base. MAPS has provided all countries with quantitative and descriptive information on microenterprises, women-owned businesses, exporters, agribusiness and other areas critical for Mission reporting, monitoring, program/project design and strategic planning activities.
8. **An integrated strategy for private sector assistance.** In countries where the notion of working with and through the private sector is still relatively new for A.I.D., private sector development activities and strategies have too often been regarded and initially designed as "add-ons" to the rest of the Mission's development portfolio. This has resulted in many missed opportunities for a more effective and synergistic strategy in agriculture, training, health and other important USAID areas. Therefore one of the key outputs provided by MAPS is a private sector strategy document that a) specifies how

this strategy fits within the Mission's overall development portfolio, and b) provides guidance on and critical inputs for CDSS or Action Plan development. By helping Mission personnel articulate, incorporate and achieve consensus on a private sector development strategy as a component of the overall Mission portfolio, MAPS facilitates closer integration of Mission objectives and activities, strengthening all elements of the Mission's strategy. The MAPS exercise can serve as a vehicle for visualizing and achieving integration of "basic human needs" and "private sector" approaches to development. This has been the primary output in most implementations in Africa, where knowledge of, and experience with, private sector development was relatively limited.

9. **Private Sector Program/Strategy Evaluation.** In Missions where there has been a private sector program operating, MAPS can be regarded as an input into its private sector program evaluation and monitoring process. The objective of the exercise in this case is not so much to produce a brand new strategy, rather to help program evaluators assess the impact of the program and develop an improved set of indicators to monitor progress towards program goals. MAPS was used in this manner in such countries as Kenya, Costa Rica and the Dominican Republic.

1.2 The Output Mix for a Mission

Which outputs are appropriate for each Mission, as well as the actual substantive orientation and emphasis of each output is determined by each Mission in consultation with the bureau and/or the core MAPS consultants. At a very basic level however, which outputs are most appropriate is roughly dependent on both the level of knowledge/expertise about the private sector within the Mission (roughly equivalent to the Mission's resources for private sector assistance and support), and the level of complexity in the local private sector; if one were to crudely categorize each Mission along these two dimensions (by its level of expertise/experience in private sector support in country X, and the complexity of country X's private sector environment), then one can obtain at least 4 basic "types" of Missions (see Exhibit 2). Exhibit 3 provides a rough guide for matching the outputs described above to the Mission types in Exhibit 2. This is a rough simplification, and the actual output mix will vary according to a variety of other factors, including the time in which the MAPS exercise is taking place (prior and as an input to the CDSS, versus Action Plan development), the level of resources the Mission has used and anticipates using for private sector development, etc.

In the past, the appropriate output mix for the MAPS exercises has

been determined during Phase I. In future MAPS implementations, a consultant, usually the proposed Team Leader for the MAPS exercise in that country, will be able to travel to the country where the exercise has been scheduled to begin within the next few months, and spend several days with the Mission staff orienting them on the MAPS process, familiarizing him/herself with the Mission portfolio and level of expertise and contacts in the private sector, and discussing with the staff their needs so as to arrive at an optimal mix of MAPS outputs for the Mission. On the basis of these discussions, a basic scope of work will be prepared and levels of effort and other budgeting matters can be determined.

2. THE FIVE PHASES OF MAPS

The MAPS exercise is implemented in 5 basic "phases," each building on the results of the preceding phase. These are:

- I. Articulation of the current USAID Mission strategy
- II. "Mapping" the local private sector
- III. Diagnosing the opportunities and constraints to private sector growth
- IV. Conducting dialogue with the private sector
- V. Generating and analyzing options for USAID private sector strategy.

Phase I: Articulation of the Current Mission Strategy and Catalogue of Donor Activities

As noted above, MAPS is driven by a thorough analysis of Mission strengths, needs and experience. During the initial Team Leader's visit, the basic output mix for the MAPS exercise will have been decided. Upon the return of the entire MAPS Team to the country in Phase I, specific terms of reference for subsequent MAPS data gathering and dialogue activities are then tailored to the specific needs of the local Mission with active Mission participation. Interviews with other donors are usually carried out at this stage as a preliminary step for further research into other donor activities in the country. Deliverables include a brief report assessing a) USAID private sector activity to date, b) the country's general policy environment, c) donor activity, and d) preliminary findings to be tested in further phases.

Phase II: Secondary Source Research: "Mapping" the Local Private Sector

The next step involves gathering, consolidating and/or synthesizing reliable and objective data of use to USAID officers to better understand and quantify the importance of the private sector in the local economy and basic policy reform and structural adjustment issues. MAPS begins with a set of statistical presentations, including a "Private Sector Map", which responds to USAID's strategic questions and which helps verify critical Mission assumptions regarding the role and performance of the private sector over time. In addition, during this phase, research on other donor activities can be completed or augmented. Deliverables include a substantive report focusing on and quantifying a) private sector contribution to GDP and employment b) the impact of Government policy and regulation and the role of parastatals in the economy, c) leading and lagging sectors in the economy and, d) benchmark data for time series analyses.

Phase III: Primary Research: Diagnose Opportunities and Constraints to Private Sector Growth

Judgments regarding private sector constraints and opportunities are often made on the basis of intuitive perceptions or on the basis of conversations with a subset of private sector actors who may have access to USAID but who may not be representative of the wider private sector. MAPS can either synthesize past survey research data or undertake primary survey research to enable USAID to consult with a truly representative sample of private sector actors. Survey research where necessary can provide a statistically sound basis for confirming or modifying the Mission's assessment regarding major constraints to private sector growth. This diagnostic survey can provide a second means of verifying the Mission's program and project assumptions. A basic core questionnaire is adapted and expanded in consultation with the Mission so that it addresses specific questions and issues critical to project and program strategy and design initiatives. Deliverables include a report synthesizing primary data on firms, sectors and gender concerning a) the investment climate, b) constraints to private sector development, c) public policy impact, d) the role of business associations and e) future potential investment opportunities.

Phase IV: Conducting Dialogue: with the Private Sector, Government and Other Donors

MAPS facilitates dialogue sessions and more structured focus groups with a wide representative set of private sector leaders. A key objective of these meetings is to present the findings from the

description and survey phases to both private and public sector leadership. This allows USAID to receive qualitative feedback to confirm or modify the findings. It also helps build consensus regarding the most critical constraints to private sector growth, and to promote a continuous interactive process in private sector development.

Dialogue undertaken as a part of the MAPS exercise facilitates brainstorming with local leadership regarding initiatives and interventions. It serves as a means of testing USAID assumptions. It also serves to verify local support for initiatives A.I.D. has been implementing or planning to undertake.

The process is also designed to enable USAID to transfer ownership of project ideas to the local private sector and ensure that local leaders will play a major leadership role in design and implementation of private sector initiatives. Another crucial activity at this stage is to identify the most credible and desirable channels or implementing agents through which A.I.D. can implement its programs and projects.

Donors have recently been stressing common themes with regard to structural adjustment, policy reform and private sector-based economic strategies. A.I.D. dialogue should not only include the local private and public leadership, but the donor community as well. Therefore, an important element in the dialogue phase is helping A.I.D. communicate its strategy and coordinate its activities with those of other important donors. This allows A.I.D. to leverage its influence by coordinating with others.

Deliverables in Phase IV include a report summarizing key findings comparing findings produced in the Private Sector Description (Phase II) and Survey (Phase III) and the reactions of the individuals and groups with whom the MAPS Team discussed them.

Phase V: Generating and Analyzing Options for New Private Sector Strategy or Revision of Existing Strategy

At this stage, in the case of Missions where new strategies are being developed, overall objectives are clarified, a coherent set of program and project initiatives are generated and priorities are established. Feasibility is assessed based on the results of preceding research and dialogue activities and according to CDSS criteria (specified by Mission, e.g. capable of measurement, affordable, etc.). Following this, new Action Plans, CDSS, PAIPs and PAADs can be developed. The strategy development phase helps ensure consistency between the project and program sides of the Mission's activities.

In Missions with existing private sector programs, this stage

serves to synthesize program evaluation findings with those of MAPS research and dialogue. On the basis of these, new directions for the existing program can be developed, program monitoring indicators systems finalized and extended on the basis of MAPS data. Deliverables include a strategy document assessing a) options discussed and highlighted for the Mission, b) feasibility based on CDSS/Action Plan criteria, c) critical performance indicators and d) implementing agents and potential USAID impact.

The phases in the MAPS process are summarized in Exhibits 4 & 5.

Exhibit 1 Contributions of MAPS

PROBLEMS IN THE FIELD

HOW MAPS COMPONENTS ADDRESS THESE PROBLEMS

- | | |
|--|---|
| 1. CDSS Often Seen as an "Exercise." | 1. Articulates Objectives Clearly and Identifies Current Strategies. |
| 2. Tension Between "Private Sector" and "Basic Human Needs" Approaches. | 2. Promotes Consensus and Team Building with A.I.D. |
| 3. Lack of a Comprehensive View of the Overall Private Sector. | 3. Provides Comprehensive Descriptions of the Overall Private Sector and Locates Private Sector in the Greater Economy. |
| 4. Scarcity of Good Data to Confirm Impressions of Private Sector Opportunities and Constraints. | 4. Generates Survey Data with High Level of Confidence Based on Rigorous Sampling Methodology. |
| 5. Traditional A.I.D. Contacts in Local Private Sector May Bias Results. | 5. Widens A.I.D.'s Network of Contacts and Structures a Systematic Dialogue Process. |
| 6. Lack of Clear Implementing Agents, As In the Case of Public Sector Programs. | 6. Identifies new Potential Implementing Agents. |
| 7. Lack of Methodology for Monitoring and Evaluating Projects and Programs. | 7. Provides A.I.D. with Comprehensive Statistical Descriptive Data Useful for Evaluating and Monitoring Impact of Program/Project Assistance. |
| 8. Limited Scope of Projects and Programs. | 8. Provides A.I.D. with a comprehensive menu of options. |
| 9. Tendency to Create "New Waves" and Institutions Rather than "Catching the Wave" of Local Initiatives. | 9. Dialogue Process and Focus Groups Allow A.I.D. to Discover and Support Existing Initiatives/Projects of Local Private Sector Leaders. |
| 10. Failure of Projects Due to Lack of Local Support or Because of Erroneous Assumptions. | 10. Reveals Options Which Do Not Enjoy Strong Local Support and Tests Assumptions Behind Projects. |
| 11. Lack of Experience in Private Sector Promotion. | 11. Provides Systematic Guidance and Clear Methodology. |

Exhibit 2

Typology of Missions

Complexity/Sophistication of Private
Sector Environment

	<u>HIGH</u>	<u>LOW</u>
Internal Mission expertise/knowledge of private sector environment	<u>HIGH</u> Mission Type A	Mission Type B
	<u>LOW</u> Mission Type C	Mission Type D

Exhibit 4

MAPS: A FIVE PHASE PROCESS

- 1. Articulate Current Strategies for Private Sector Development**
- 2. "Map" the Local Private Sector**
- 3. Diagnose the Opportunities and Constraints to Private Sector Growth**
- 4. Dialogue with the Private Sector**
- 5. Generate and Analyze Options for USAID Private Sector Strategy**

Exhibit 3

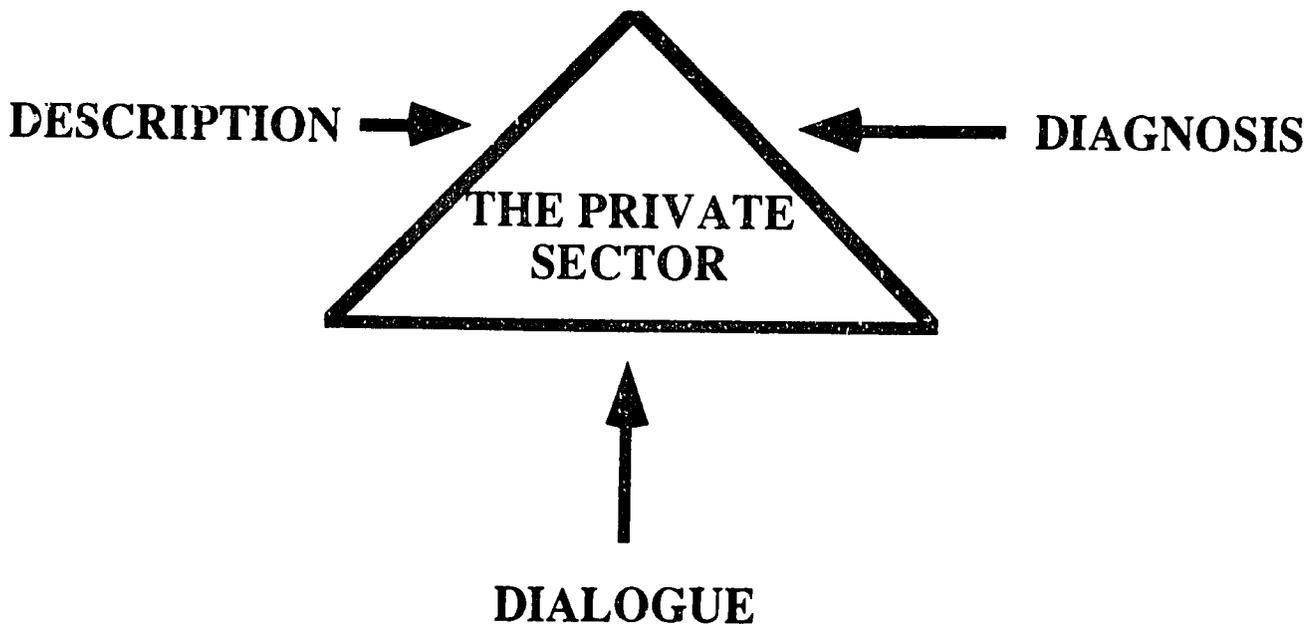
Matching Mission Type to Output

<u>POSSIBLE OUTPUTS:</u>	A	<u>Mission Type:</u>		
		B	C	D
New PS Database		X		X
Synthesis PS Data	X		X	
PS Contact Database			X	X
Policy Reform Agenda	X	X	X	X
Catalogue of Donor Activity	X	X	X	X
Implementing Agents	X		X	X
Monitoring/Evaluation Data	X	X	X	X
New PS Strategy			X	X
PS Strategy/Program Evaluation	X	X		

Exhibit 5

THE MAPS PROCESS

MAPS UTILIZES A TRIANGULATION PROCESS THAT RESULTS IN HIGH LEVELS OF CONFIDENCE FOR A.I.D. IN PREPARING ITS APPROACH TO THE PRIVATE SECTOR



MAPS Phase I:

Initial Review of Current Mission Strategy, Private Sector Development Activities and Experiences

MAPS PHASE I

INITIAL REVIEW OF CURRENT MISSION STRATEGY, PRIVATE SECTOR DEVELOPMENT ACTIVITIES AND EXPERIENCES

The implementation of the basic elements of the methodology described in this manual is driven by each Mission's requirements for knowledge, contacts, and its interests and experience in the private sector. The success of the entire MAPS exercise depends to a large extent on how well Phase I identifies critical issues and needs at the Mission level and adapts the rest of the process to address these. In Phase I the MAPS Team must be able to visualize and create a consensus within the Mission on how the MAPS process and methodology will be adapted to respond to the Mission's special needs.

1. PURPOSE AND OBJECTIVES

The basic goal of Phase I is to establish a detailed scope of work and timetable for the implementation of the rest of the MAPS process. As described above, this requires gaining thorough knowledge of the Mission's information requirements and an initial assessment of the Mission's potential comparative advantage in accomplishing development objectives with and through the private sector. To do this, the MAPS Team must:

- Understand the Mission's own experiences in private sector assistance, its explicit and implicit private sector strategy and how that strategy supports and complements the Mission's overall development strategy;
- Understand the experiences and development priorities in the private sector of other donors, government and key private sector actors themselves.

To achieve this understanding the MAPS Team must:

Articulate the Mission's Private Sector Development Strategy and its role within the overall country strategy.

For the MAPS exercise to be relevant to the Mission and the situation of the country, it must be based on a thorough understanding of Mission strengths, needs and experience with private sector development support activities. Even in Missions where there is no private sector strategy per se, there is usually some sort of assistance strategy to this sector implicit in the Mission's overall project portfolio. Accordingly, the first task in Phase I is to analyze the Mission's current strategy documents, its project portfolio and budgetary allocations, and the implicit and explicit assistance strategy to the private sector contained in

these. This initial phase is critical in that it serves to orient the MAPS Team, identify Mission assumptions regarding private sector needs, areas of interests, key data gaps and analytic needs. Subsequent MAPS data gathering and dialogue activities can then be more finely tailored to meet the specific interests and needs of the local Mission. In section 2 of this chapter there is a more in-depth discussion of the analytic tools available to undertake this activity (see also Exhibit 1.2).

Develop understanding of priorities and experiences of other relevant actors in private sector assistance.

The types of activities and assistance strategies that are desirable and feasible depend to a great extent not just on the Mission's own resources and experiences, but on how well these fit and complement the experiences, resources and interests of other actors, including the host-country government, the rest of the donor community, and the local entrepreneurial (indigenous and expatriate) community itself. Thus it is important to become familiar with the strategies, objectives and activities of these other actors. This type of information will also help define what sort of specific data on the private sector exists outside the Mission, what data gaps remain, what issues seem to be of particular importance and interest to all parties, as well as what sort of actions are being contemplated by each party. This in turn will help the consultants define the scope of work for both the data gathering activities and identify the agenda and key actors for subsequent dialogue activities.

The key objectives of Phase I are summarized in Exhibit 1.1.

2. IMPLEMENTING PHASE I

To accomplish the objectives defined in the preceding section, there are seven basic types of activities which must be performed during Phase I.

- Initial Briefings for the Mission and the Consultants
- Conduct Strategy Articulation
- Research and Dialogue on Host-Country Government Policies
- Research and Dialogue on Activities of Other Donors
- Informal Dialogue Sessions with Private Sector Representatives
- Define Terms of Reference (TORs) for Subsequent Private Sector Studies
- Interview and Hire Local Contractors

Initial Briefings. If the Mission is going to be able to articulate for the MAPS Team what they need and want from MAPS, it

must first understand what the basic MAPS process entails. Accordingly, one of the first tasks undertaken is a detailed briefing to the Mission, presenting an overview of the types of activities which may be undertaken, the type of outputs which can be expected, and the type of support which the MAPS Team will need in-country. In the first MAPS implementations, most of the briefing activities took place after the consultants arrived in-country. Increasingly, the briefing process has begun before the consultants arrive. Some initial "briefing" activities which can be undertaken prior to the Team's arrival in-country:

A Mission which expresses an interest in MAPS should be sent a briefing cable on the process, outlining the basic scope of work that can be expected (an example of such a cable is provided in Appendix 1.A). This basic scope of work can be supplemented by additional information on MAPS. For example, the Mission can be sent copies of recent reports and results in countries which are of similar size, complexity, or have similar programs to those in the country where MAPS is being contemplated. The Missions should also receive a copy of the "Overview" chapter in this manual. In Africa, the Office of Market Development and Investment (AFR/MDI) has taken charge of issuing these background cables and documents to the interested Mission.

In addition, once the basic scope of work for the exercise has been determined, and before the consultants arrive in-country, the Mission should receive a follow-up cable confirming the dates of arrival for the MAPS Team and outlining in greater detail what the scope of the initial visit is expected to be (see Appendix 1.B). Ideally, even before the MAPS Team arrives in country, the Mission may have a reaction to the initial scope of work and the examples of the output, suggest changes or amendments, given the Missions own interests, and make these known to the Team. These suggestions can then be used as inputs for determining the specific scope of Phase I activities to be included in this follow-up cable.

Likewise, the consultants need to be as fully briefed as possible on the Mission's own activities, interests and experiences, before they arrive in-country. They too should have had an opportunity to think about how the basic scope may have to be changed/adapted, given the Mission's own interests, experience, and their understanding of the private sector and private sector activities undertaken by other donors. This means it is important to identify early on the members of the MAPS Team, provide them with as many of the relevant Mission and other donor documents as possible (at the very least

a copy of the most recent CDSS, Congressional reports, Action Plans, World Bank reports, Economist Intelligence Unit) and the time to study, and react to these as a Team, making initial assessments of the implications of these for a MAPS. Thus once the Team arrives, there has already been some basic understanding on what each party can expect, leaving more time to discuss more substantive tactical issues.

Strategy Articulation. In theory, the Mission's overall development strategy and its private sector development strategy should be linked and interrelated explicitly. In practice this is not always the case. The articulation process should begin by defining the overall Mission country strategy, its goals and objectives, as well as the manner in which these goals and objectives, and the activities carried out to achieve these, affect and interact with the private sector and with the private sector strategy (if there is one) and activities. The purpose of this step is to derive a better understanding of the manner in which the Mission's portfolio of activities, not just private sector activities, are interrelated and complement each other. In addition, this exercise serves to identify for the MAPS Team those areas in which the Mission feels it has the most experience, and in which it is strongest in terms of resources and personnel. Finally this exercise can facilitate consensus-building regarding the role of the private sector development strategy within the Mission's portfolio, and where and how the Mission may have a comparative advantage in various types of private sector assistance work.

There are several analytical techniques and tools for arriving at an understanding of the Mission's portfolio and its relation to private sector development goals:

- Elaborating the Mission Goals and Objectives.** Mission goals and objectives are stated in the Mission CDSS sent to Washington. But this document may not always be current or continue to reflect accurately continuing Mission priorities. It may be several years old; the environment or the actors within the Mission may have changed, causing a change in Mission priorities. It is also important to look at Action Plans, Project Papers, PIRs, as well as touch base with the Program Officer, the PDO and other senior Mission staff, including the Mission Director and Deputy Director. A schematic representation can be derived such as that presented in Exhibit 1.3. While this scheme provides the basic blueprint, analysis of the strategy should not stop here. It is often useful to prepare a strategy matrix and/or project inventory.

- Preparing a Strategy Matrix.** A strategy matrix is a tool for linking projects to specific goals and objectives. An example

of such a matrix is provided in Exhibit 1.4. Projects are listed on the left hand side of the page and matched against the array of objectives, including those exclusively for private sector strategy, across the top. The budget amounts can also be filled in, showing the fact that some projects, implicitly or explicitly, address more than one objective or goal. Some useful sources of information for obtaining project objectives and amounts are the Congressional Budget Submissions, the Project Implementation Reports, Project Papers, Annual Action Plans.

•Preparing a Project Inventory. Another useful tool, specially for understanding how projects are implemented, is to list all existing projects, their LOP authorizations and the various implementing agents used to channel project resources. An example of such an inventory is presented in Exhibit 1.5. Project Papers, PIRs and SARs are also possible sources for information needed to complete these. Such an exercise is a useful way of cataloguing the implementing agents currently used by the Mission; it also illustrates the degree to which private sector implementing agents are identified and used by the Mission.

The exercises mentioned above yield an articulation of current Mission strategy. At this stage no judgement is made regarding the value of the existing strategy. It is purely an exercise of orientation for the MAPS Team, useful in identifying Mission experience, priorities, areas of interest, and the role of the private sector assistance portfolio in the Mission strategy. The process is also useful in identifying the assumptions of Mission personnel regarding future Mission strategy in the host country. Finally, strategy development cannot be done in a vacuum; any new strategy which is developed as a result or at the end of the MAPS process must begin with a thorough understanding of current Mission priorities and strategy. Where the Mission should go in the future to a large extent depends on where the Mission has been in the past.

The results of this exercise should be presented to the Mission in an informal manner. One surprising result of some previous implementations is that strategies articulated from existing Mission documents can generate considerable discussion and even controversy. Thus the Team should be prepared to work with Mission officials individually in articulating their own versions of current strategy and then build consensus slowly. In some countries, such as Swaziland, Lesotho and Dominican Republic, this process was ultimately greatly valued by the Mission Directors; Phase I served as a means of creating consensus within the Mission regarding the focus of their present strategy and its implications for the development of a future strategy.

Research and Dialogue on Host Country Strategy. USAID private sector development strategy does not operate in a vacuum. It is shaped and affected by the host-country government's own development priorities, statements, policies and actions, which in turn affect Mission programs directly (by restricting what can or cannot be done) or indirectly (by affecting the enabling environment for businesses and entrepreneurial incentives). As such it becomes just as important to research, describe, analyze and discuss these objectives, strategies and actions early on. These will in a very real sense determine what is possible, desirable and feasible in terms of private sector support, as well as the types of issues which need to be explored in terms of business incentives and environment. It is a critical step in defining the scope of the MAPS process.

Governments articulate their explicit and implicit goals and objectives regarding private sector in a variety of ways. In the case of Kenya for example, the GOK's Sessional Paper No. 1 was the blueprint for its private sector assistance and support strategy. In this country it became important to articulate and define what this document said. Other sources of information on government strategy and attitude towards the private sector may be obtained from annual budget speeches and planning documents. Just as important is a review of the host country's investment, tax, banking codes and regulations. Data on informal sector growth can provide a rough indicator of the business environment. It is also important to schedule informal dialogue sessions with key government officials to probe topics, such as the institutional environment for business and the expected role of the government in the economy in the future.

Research and Dialogue on Other Donor Activities. Bilateral and multilateral interest and activity in private sector development and support has been growing significantly over the last 10 years. But information exchange on these activities has often lagged behind. While most countries have various donor cooperation and coordination committees in health, agriculture, infrastructure, such institutionalized coordination is often lacking for private sector, reflecting the relative newness of this area of donor support. As such, it becomes increasingly important that the MAPS Team make it a point to systematically review and assess other donor experience, priorities and interest in private sector development, as well as catalogue and quantify the amount and type of private sector development support activity in the country. One useful document for gathering general information on this activity is the UNDP's annual publication of donor activity in a country. Informal interviews with representatives of the World Bank, EEC, UNDP, as well as key bilateral donors (British, Canadians, French, increasingly the Japanese) should also be undertaken during the first weeks of the MAPS exercise. At this point, MAPS can become a very important and useful tool for the Mission to use to exchange

information and enhance coordination of donor private sector assistance.

Dialogue Sessions with Private Sector Representatives. Phase 5 describes in greater detail the entire dialogue process which is usually undertaken under MAPS. But Phase I must set the stage and define the key participants and the initial agenda for the rest of the MAPS dialogue activities. Initial dialogue sessions scheduled in the first weeks during Phase I serve to identify key themes which could/should be explored in greater depth in subsequent phases: which are the key institutional/regulatory obstacles to private sector operations for various types of firms; what are the key perceived resource constraints; who are the key leaders; what are perceived to be the most effective private sector support organizations; why? The agenda to be explored in these meetings will evolve, as the Team becomes more familiar and is able to refine key Mission interests and priorities, as well key actors in the private sector. Most of persons interviewed in these initial meetings will per force be identified by the Mission, but the Team should use each of the meetings with donors, public officials, entrepreneurs to try to identify other key individuals who may be less well known to the Mission, and thus begin to widen its network of private sector contacts.

Draft terms of reference for subsequent studies and identify and contract local consultants. As the activities described above take place, the Team should be in a position, by day 7-10 of Phase I, to begin identifying key outputs which should be expected by the Mission, data needs and the parameters of the data gathering activities which should be undertaken under MAPS. Phases 3 and 4 of this manual describe in greater detail the possible contents of these scopes of work, the role of local consultants in these studies, and the process for identifying, contracting and monitoring local contractors. But it is crucial that by the end of Phase I these scopes of work be refined and local consultants in country at least identified, if not sub-contracted to undertake this activity. A general table of contents for Phase I output is shown in Exhibit 1.6.

3. LESSONS FROM THE FIELD

This section discusses some of the most common issues and difficulties which arise in MAPS Phase I implementation and some ways to resolve these.

Two basic objections voiced regarding this phase have been:

- "Strategy articulation is a waste of time." The Missions expect that the MAPS Team is there to help them produce a new, or update the existing, private sector strategy. They did not ask the Team to look at their current strategy (which may not even have anything to do with the private sector). The Missions often feel that they are not getting anything very brand new or different from this exercise. The Mission personnel may not understand the importance of this stage for setting the rest of the MAPS exercise. Moreover, they want the consultants to "go out there" and talk to entrepreneurs, donors and all those other important actors they have no time to talk to themselves. They do not like seeing the MAPS Team spend too much time inside the Mission, reviewing documents.
- "Is this all the Phase I report contains? Why didn't you produce a more prescriptive document?" All consultants in the field are under some pressure to produce a field report. Unfortunately, there is relatively little to report at the end of Phase I because the time has been used to primarily set the stage for the rest of the activities. Thus, in the past some Missions have expected that after the initial visit the Team will be able to leave behind some preliminary recommendations for a new strategy. Upon reading the report usually produced at the end of Phase I, some Missions have been annoyed at the lack of substance in this regard.

Possible solutions: In view of the above experiences, the idea of radically restructuring Phase I has been discussed extensively. Upon review of past experiences however, it is felt that what was needed was not so much to change the basic structure of the Phase I process; it does produce what it is supposed to produce -- a blueprint for the subsequent implementation. Rather what is needed are specific ways of making the process more efficient, so that the Team can perform its work more effectively while in-country and manage effectively Mission expectations concerning the contents of the activities and deliverables in this Phase. This implies the need to:

- Research and interview before departure. Often many of the internal Mission documents (certainly the CDSS, the Action Plans, many of the PPs, the Congressional budget

submission) can be obtained in Washington from the regional bureau office. Reviewing and analyzing these documents prior to departure allows the Team to arrive acquainted with at least the basic outlines of the current strategy and the project portfolio before arrival. In countries where the Mission portfolio is particularly complex and/or the private sector fairly large the need to prepare thoroughly before beforehand becomes even more important. The Team can then focus time and effort on interviews and research with local government, donor agency representatives, and entrepreneurs.

The need to prepare beforehand includes not just getting acquainted with internal Mission documents, but also with other issues or research related to the private sector in that country. For example, in the case of Africa, it is important to touch base with AFR/MDI regarding potential US business interests in the region: joint venture opportunities, interested US investors, upcoming investor Missions, results of recent investor Missions. Gathering up-to-date data on US private sector activities, current and potential, in the country becomes extremely important for assessing the types of private entrepreneurs that can/should be contacted in-country. Likewise, it is also desirable to contact other donor agencies in the US, the World Bank, UNDP or OECD for example, for data on the country (amount of assistance, foreign investment assessment Missions, private sector support activity or interest).

By doing as much "homework" prior to departure, the Team arrives in the country with a more focused agenda for discussion with the Mission, entrepreneurs, the host-country government, and donors. The MAPS budget should allow the Team enough (3-6 person days at least) time for all Team members in the US prior to departure for these tasks.

Conduct Phase I debriefing as an informal session. If a formal final briefing is organized, the pressure to present a big report or major recommendations at the end is enormous. This should be avoided because, as highlighted above, there really are no "major" conclusions or findings to discuss at the end of Phase I, other than implications for the design of the rest of the MAPS exercise. The final Phase I briefing should be "low-key," an informal exchange of views rather and an opportunity to discuss the major implications of the interviews and preliminary research for the rest of the MAPS exercise. Make it clear from the beginning that the basic "output" at this stage are: the memoranda of the

interviews, the scopes of work and the draft survey questionnaire. The "findings" and conclusions come later.

- Gauge the extent to which the Phase I briefing should highlight "strategy articulation" results. The utility derived from discussing results of the Team's "strategy articulation" assessment has varied significantly from Mission to Mission. The MAPS Team should assess the extent to which spending much time and effort in discussions with and presentations of these issues to the Missions will be worthwhile and when it will be redundant. Some Missions have found this part of Phase I to be extremely useful, both in terms of building internal consensus regarding the Mission's mission and understanding how a private sector development strategy fits within their overall portfolio of activities. The Mission Director in the Dominican Republic was so pleased with the initial discussions regarding strategy, that he asked the MAPS Team to extend the presentation. The Swaziland Mission resisted the idea at first, but by the end of the presentation thought that the exercise was well worth the time and effort. It helped them visualize better present Mission capabilities and how a private sector strategy would need to be worked in within their present portfolio. But in the case of Kenya, the Mission had already discussed strategy articulation issues (and in fact held several retreats to evaluate past strategy and create consensus about possible new directions) prior to starting MAPS. Hence the MAPS discussion of these issues with the entire staff in a major briefing was redundant.
- Include in the Phase I report detailed memoranda of all the conversations with representatives of the host country government, other donors, and private entrepreneurs. The format developed for Swaziland and Lesotho in this regard should be followed. These memoranda become important in terms of building an institutional memory of the MAPS process. It also provides the Mission with some "substance" for the Phase I report. Despite being extremely skeptical regarding the usefulness of Phase I, the Mission Director in Lesotho was placated after reading through the memoranda. He said this alone was worth the MAPS Team initial TDY. The Deputy Director in Kenya, who had just taken over that position in the country, found the memoranda very useful as an orientation tool.

EXHIBIT 1.1
MAPS PHASE I
Definition of Private Sector Assessment Issues and
Catalogue of Donor Activities

OBJECTIVES

- 1. To ensure the MAPS Team properly understands current A.I.D. private sector strategy at a Mission-wide level and the role of the private enterprise office within that larger strategy.**
- 2. To focus the efforts of the MAPS Process on those areas of critical importance to the Mission and develop Terms of Reference for subsequent data gathering and dialogue activities.**
- 3. To stimulate dialogue among A.I.D. officers leading to broad consensus regarding current A.I.D. goals, objectives and strategies.**
- 4. To identify hypothesis and assumptions underlying the current strategy which can be tested in the later phases of the MAPS implementation.**
- 5. To identify host-government development priorities and strategies as they relate to private sector development.**
- 6. To identify other donor activities as they relate to private sector development.**
- 7. To initiate informal dialogue with local private sector actors.**

EXHIBIT 1.2
THE MAPS PROCESS
PHASE I: Articulating Current Private Sector Strategies

Key Questions

- What is the Current Mission Strategy?
- What do A.I.D. and others believe will be the important components of the future strategy?
- How should MAPS be tailored to respond to Mission needs?
- What are other donors doing in the private sector?
- What does the Private Sector think?

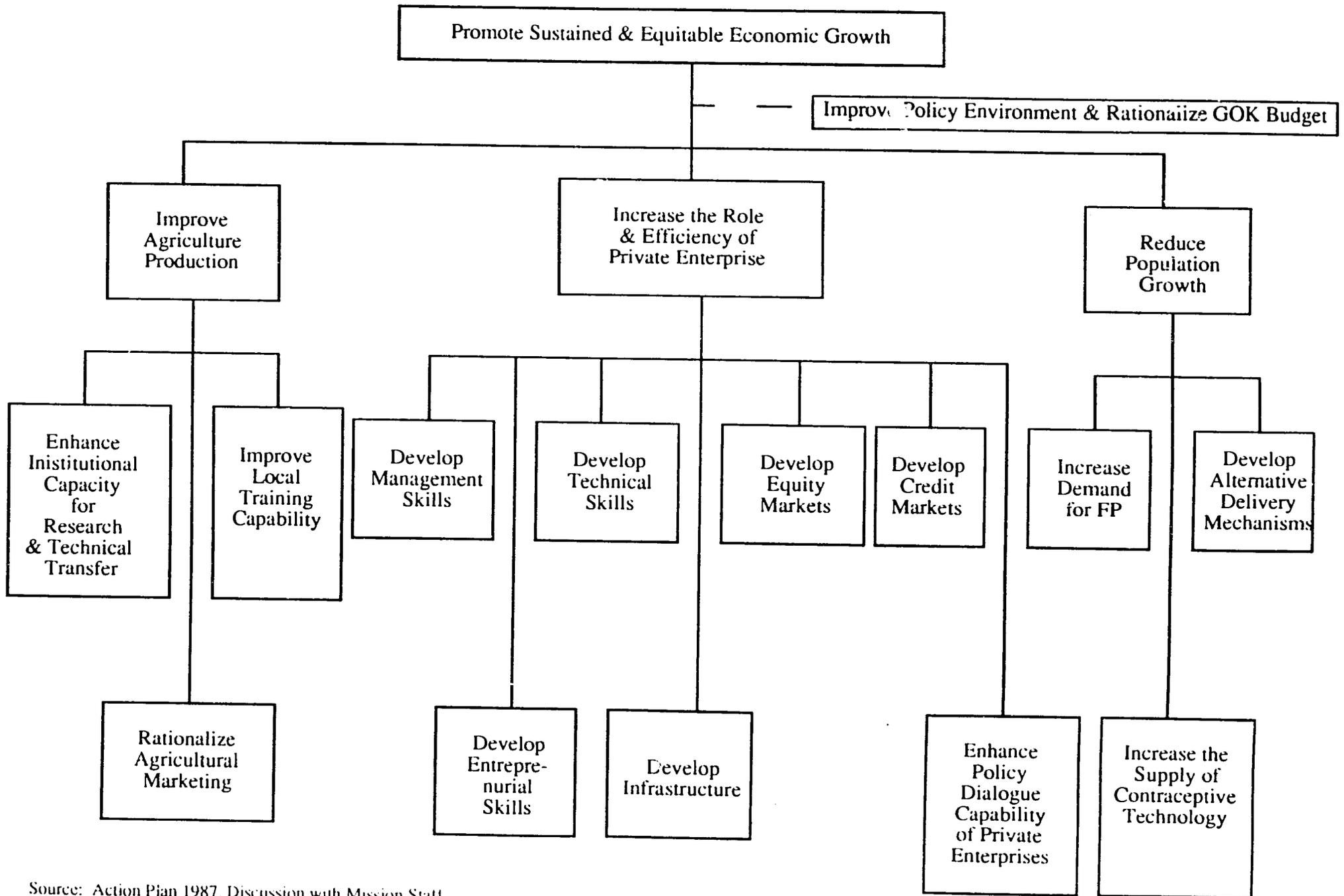
Analytical Techniques

- Strategy Audit
- Project Inventory
- Consensus Building
- Define SOWs for other MAPS phases
- Informal Dialogue Sessions

Outputs

- Understanding of Current Mission Strategy
- Detailed MAPS implementation plan: Tailored to Mission requirements
- Memoranda of Conversations
- Private Sector Strategies of Other Donors
- Host-Government Development Priorities

Exhibit 1.3
Mission Goals, Strategy: USAID/Kenya



Source: Action Plan 1987, Discussion with Mission Staff

**EXHIBIT 1.4
STRATEGY MATRIX--USAID/KENYA**

	Capacity Rsch & Tech Transfer	Ag Mktg	Im- Prove Local Trng	Dev Mgmt Skills	Dev Tech Skills	Dev En- trep Skills	Dev Infstr	Dev Equity Mktg	Dev Credit Mktg	Policy Dial Cap.	De- mand for FP	Supply of FP Tech	Alt Deliv Mech	Im- prove Local Trng
HRDA				X										X
PRIM HEALTH											X			
RPE				X	X	X			X					
AG MGMT			X	X										
PUB SECT FP											X	X	X	X
NAT AG RSCH	X													
FPSS											X	X	X	X
TRNG FOR DEVELPMNT				X										X
PVO CO- FINANCNG													X	
PED				X	X	X		X	X	X				
IDAT			X											
SAP		X						X	X					X
SAAP II		X						X	X					X
CORAT											X			
MKTG DEV							X							
JUA KALI						X			X					
PL 480		X												X
FPIA											X	X	X	
FP SERVICES											X	X	X	
PRITECH											X			
REACH											X			
DIARR RSCH											X			
AFRICAN MAN- POWER														X
PEACE CORPS						X	X		X					

Source: Semi-Annual Reports, ABS, Discussions with Mission Staff

Exhibit 1.5
USAID/Kenya Project Inventory--September 1988

PROJECTS	KEY COMPONENTS	LOP AUTH US \$ M	PIPELINE US \$ M	AUTH DATE	IMPLEMENTING AGENTS
Rural Private Enterprise	Credit/NGO Devp.	36	28	Aug-83	MOF
Private Enterprise Devp.	Pol/Trng/Credit/Eq.	25	9.8	May-85	MOF;KAM;KEM;ECT; WEREP Ltd;KMAP;IESC
SAP (CIP, Fertilizer)	Policy Reform/Credit Informal Sector; Ag Mkting	76	23.1	Jun-85	MOF;MOA;MOP; Central Bank
SAAP (CIP, Fertilizer)	Policy Reform	46.4	36.7	Apr-86	MOA;MOP;Central Bank
Grain Storage		7.8	2.1	Apr-81	MOA
Agric. Management	Training	3	2	Sep-85	MOEST/Egerton
Nat'l Ag Research	Research/Tech Trans	15.3	13	Aug-86	MOA/KARI
Agric Dev Program		14.7	0	Sep-84	MOF
IDAT	Training/Curr Devp	5.2	4.5	Jul-86	Egerton Univ
EA Remote Sensing II	Research	2.5	1.9	Jun-86	RCSSMRS
Private Sector FP	PVO/NGO Devp Demand/Supp of FP	8.4	3.7	Aug-83	John Snow Inc.
FP Service & Support	Demand-Supply FP	46.2	17.8	Aug-85	MOH;NCPD
CORAT Child Survival	Demand FP	1.6	1.1	Feb-87	Christ Org Res Advis Trust
Training for Developmnt	Training	10	6.4	Aug-87	DPM
PVO Co-Financing	PVO Devp.	12	0.7	May-85	USAID/Kenya
Kenya Small Town Shelter	Rural Infrastructure	16	9.6	Sep-80	MOLH;NHC
PS Coop Housing Fin.	Housing	9	0.3	Dec-83	NHC; Housing Union
UMOJA II	Housing/Infrastructur	18.5	2	Feb-82	Nairobi City Commission
Kenya Credit Union	Credit		10	Aug-87	NHC; Housing Union
FPLA	Dem-Supply FP/Info	0.6			FPLA
FP Services	Info/Trng Dem- Supply	1.2			MOH
PRITECH	Demand FP	0.4			MOH
Small Ruminants	Research	3.3			MOLD
Research		0.8	0.006		MOH/Kenyatta Hospital
African Mnapower	Training	1.2	0.2		DPM
HRDA	Training	0.2	0.2		DPM
Peace Corps	Credit/Infrastructure	0.2	0.2		Peace Corps
TOTAL LOP		361.5			

Exhibit 1.6

Proposed Table of Contents for MAPS Phase I Output

- **Overview of the Views and Needs of Private Entrepreneurs (summary of memoranda of conversations)**

- **Government of "X" Policies**
 - **General Development**
 - **Private Sector Development Strategy**

- **USAID Portfolio**
 - **Activities Directly Related to Private Sector (using private sector implementing agents or for the private sector)**

- **Other Donors**
 - **Their activities in private sector**

- **MAPS**
 - **Explanation of methodology**
 - **Schedule of Activities**
 - **Scope of Work for MAPS Survey and Description**

Appendix 1.A
Sample Scope of Work MAPS

Purpose:

The objectives for this assessment are:

1. To obtain a current description and baseline data to measure the components of the private sector, to determine their constraints and to assess their potential for growth;
2. To identify potential new areas for USAID/ involvement and to determine alternative strategies and new opportunities for promoting and assisting private sector development; and,
3. To identify local private sector groups with which the Mission can work in implementing a targeted strategy.

Scope of Work:

The contractor will undertake the research and analysis necessary to produce a strategy which will assist the Mission to meet its development objectives for and through the private sector. The MAPS exercise will consist of the following phases:

1. Phase I -- Current strategy articulation and initial orientation.

The MAPS Team will review current Mission development strategy with the purpose of understanding how current programs and projects are related and how they in turn currently affect private sector development. This phase will also serve to orient the Team regarding the Mission's current sectoral development priorities.

The Team will also carry out interviews with sector specific representatives of the private sector to obtain a broad understanding of private sector constraints and opportunities, as well as with Government officials and representatives of other donor agencies with the purpose of obtaining a broad overview of Government development priorities and the current policy environment for business in the country. The data gathered through these interviews as well as through the current strategy articulation will be used to design the scopes of work for two subsequent studies of the private sector (Phases II and III below).

2. Phase II - Private Sector Description

The MAPS Team will gather reliable and objective data on the private sector in the country, including data to estimate the absolute size (in terms of employment and contribution to GDP and foreign exchange) and structure of economic sectors including, but not limited to agroindustry, mining, manufacturing and industry, and services such as finance and tourism. The Team will also seek to quantify the importance of the informal sector on a sub-sectoral basis. The descriptive phase will use data from secondary sources available in country (including Government statistics, World Bank and IMF data). The Team will identify, on the basis of the data, major trends in private sector development, and potential constraints and opportunities for further growth and development. The data from the description will be complemented by primary data collection through a survey of private businesses (see Phase III below).

3. Phase III - Private Sector Diagnosis

The MAPS Team will design a survey questionnaire to be administered to a number of private firms in the country large enough to yield statistically significant results. In the past the survey has included anywhere from 136 firms (in Lesotho) to 778 firms (in Kenya), with an average of one quarter of the firms surveyed selected from the informal sector. The contents of the questionnaire and the types of firms chosen as well as their location will be determined with the Mission during Phase I. The data from the survey will serve to diagnose the opportunities and constraints facing the private sector. Government policies which may be impeding development of the private sector, as well as determination of opportunities and constraints of capital availability, natural resources, labor and markets will be catalogued and ranked.

On the basis of the preliminary results from the description (Phase II) and the Survey (Phase III) the contractor will be able to identify the strengths and weaknesses, constraints and opportunities for private sector growth. The contractor will identify trends both in the private sector and in the current policy environment which impact private sector development.

The output of Phases II and III will be a section of the final report which describes and analyzes the local private sector and current prospects for growth. It will identify constraints to growth and the institutions with which specific projects and programs might be carried out to address these constraints.

4. Phase IV - Dialogue

The results of the description and the diagnosis phases (Phases II and III above) will be presented to small groups of entrepreneurs. These discussions will be used to enrich and validate the interpretation of the results from the studies. They will also be used as sounding boards to assess private and public sector and commitment to particular development activities and strategies.

5. Phases V - Strategy Formulation

The MAPS Team will take account of current programs and projects and how they are meeting identified constraints to private sector growth, without undertaking an evaluation of each program's effectiveness in meeting its objectives. The Team will then identify on the basis of the results from Phases I-IV, possible areas of involvement, options for addressing them, how the efforts might overlap with current programs, how they might relate to other donor programs and with the Government's own development priorities.

The Team will also suggest an evaluation methodology to measure the impact of the private sector strategy as a whole using the baseline data gathered through the Phase II and III studies.

The Team will suggest reformulation of the Mission's private sector goals and objectives as necessary. The output of this effort will be a recommended strategy for private sector growth to meet the real and perceived needs for development of the private sector.

Reports and Deliverables:

The Team shall submit a draft report summarizing Phase I activities and providing detailed memoranda on all interviews held with private entrepreneurs during this initial phase, the finalized SOWs for subsequent studies and documentation on the selection process for local subcontractors.

Upon completion of Phases II through V described above the Team shall draft a report which shall be comprised of three components:

- "Private Sector Strategy"
- "Private Sector Description"
- "Private Sector Diagnosis (Survey)"

In addition, with Mission approval, the Team will provide summary

documents of all three reports appropriate for general dissemination.

A first draft of this report (including all 3 components and the summary documents) will be submitted to the Mission prior to the completion of the Team's last field visit. A final report shall be submitted no later than 30 days after receipt of the Mission's comments.

Proposed Team

Candidates for the MAPS Team will be proposed to the Mission. It is expected that the MAPS Team will consist of a 3 person team, with the skills composition outlined below:

- o Team Leader -- substantial experience in research design and implementation and economic data analysis. Experience with USAID private sector strategy assessment and USAID programming activities.
- o Research Supervisor -- experienced collecting and analyzing data from secondary and statistical sources; experience designing and managing research activities.
- o Team Economist and Data Analyst -- experience designing economic research, data synthesis, evaluation and analysis.

The MAPS Team also expects to use local subcontractor(s) to carry out secondary and primary data research. The subcontractors for the various studies will be identified with Mission assistance during Phase I after detailed scopes of work for the Description (Phase II) and the survey (Phase III) have been developed. They will be chosen through a competitive bidding process managed by the contractor.

Project Schedule

The strategy assessments exercises last on average four months. A more precise schedule of field visits and project completion dates will be prepared during the Team's initial visit, and attached to this scope of work.

Appendix 1.B
Sample Cable to Mission Prior to first MAPS Visit

Cable

TO: Mission Director
FR: -----, AFR/MDI
RE: MAPS Implementation

Ref: Telcon 5/10/90 USAID/X with -----, AFR/MDI

1. As discussed in ref telcon, the MAPS exercise is scheduled to begin . The initial MAPS visit (Phase I) will require approximately 2.5 weeks and will end o/a June 20, 1990. The full MAPS process is a five phase process which requires approximately four months to complete. Accordingly, the first visit of the MAPS Team will tailor the exercise to Mission needs and start data collection.
2. In response to your inquiry as to what will be the scope of work for the full MAPS exercise see following sample scope of work and workplan. Also sending via DHL one copy of MAPS: Manual for Action in the Private Sector (MAPS Manual) and one copy completed MAPS Ghana exercise. This is to insure you have these documents. The Manual describes in detail what the MAPS process will accomplish. The MAPS scope can be and often is adjusted to accommodate Mission desires and focus. Accordingly, it should be treated as a guide only, subject to adaptation/modification to suit Mission needs.
3. The Team proposed to undertake the MAPS exercise consists of the following individuals:
4. It is MDI practice to try to retain continuity among the MAPS Teams. Accordingly, unless there are extenuating circumstances beyond our control, we would plan to have this Team undertake all facets/phases of the MAPS exercise. While this helps ensure continuity, it also restricts MDI flexibility in terms of schedules. Therefore, we would hope/encourage strongly the date for June start of MAPS exercise be maintained.
5. With regard to initial June 1 visit of MAPS Team, the purpose of the visit is to undertake Phase I and start Phase II of a five phase exercise. This will include: A.) Consulting/ dialoguing with the Mission on MAPS exercise; B.) Initiating data collection and strategy work; C.) Designing the terms of reference for the full MAPS exercise which comes later. The full MAPS exercise, however, requires a greater depth of data collection/analysis and dialogue with the private sector/business than will be possible during the June visit.

6. The following is the proposed June MAPS visit agenda:

a. The MAPS Team will meet with the Mission Director, Project Development Officer/Private Sector Officer and Mission Economist. The purpose of the meetings will be to explain the MAPS methodology, discuss current Mission private sector and country development strategy, review and discuss ongoing and planned Mission programs and projects in the private sector, set MAPS assessment parameters and solicit Mission feedback on how standard MAPS assessment should be modified to better meet Mission conditions and priorities.

b. Team will need to spend time in discussions with Mission Director, Private Sector Officer, Project Development Officer and Mission Economist to familiarize themselves with Mission country development strategy, particularly in terms of private sector development. This will include a review of present CDSS and Action Plan as well as Mission project portfolio. Previous experience has shown this familiarization and subsequent discussions with Mission staff are useful in assisting Team to develop scopes of work for the follow-on MAPS phases that are uniquely tailored to Mission priorities and situation.

c. MAPS Team will, as part of Phase I exercise, conduct a review of host government objectives and priorities in private sector development, what other donors are doing in this area and will attempt to define USAID role in that constellation.

d. Based on above, Team will tailor MAPS implementation to conform to Mission needs and guidance. In close coordination with the Mission, the Team will develop terms of reference for the follow-on work on the private sector description, surveys, financial market assessments, dialogue sessions and other activities deemed appropriate and necessary by the Mission for the follow-on MAPS exercise. A detailed timetable for the remaining phases of the MAPS exercise, amenable to the Mission shall be developed for Mission consideration and approval. Staffing requirements for the MAPS work will be outlined and the availability of local contracting sources and capabilities will be assessed.

7. At the conclusion of the first visit, the Team will prepare and present to the Mission the outline of data to be collected and the terms of reference for the full MAPS assessment which is to follow. A meeting to discuss and finalize the terms will be held prior to the departure of the Team from the country.

8. Previous experience has demonstrated that several preconditions should exist if the full follow-on MAPS effort is to achieve its intended objectives and be of maximum usefulness to the Mission.

a. Mission consensus regarding the need for a true private sector strategy assessment.

b. Mission commitment to widening the consultative process with the local private sector and to widening its network of contacts within the country.

c. Adequate Mission backstopping in terms of time devoted to the process.

9. The MAPS exercise is seen as one step in a process and not as a stand-alone exercise. If the MAPS process is to work, Mission will need to commit to building a capacity in-country for monitoring and continued assessment of private sector growth and development and conditions affecting the same.

10. Therefore, it would be appreciated and most helpful if potential local contractors could be identified for interview by the Team upon their arrival. This use of local expertise has the additional benefit of building in-country analytical capability and continued up-dating of the private sector databases developed by the MAPS studies.

11. The Team would appreciate if the Mission could pull together relevant information to include country analysis documents, current budgets, recent studies, etc. Also a comprehensive list of local contractors, private sector leaders and institutional actors with whom the Mission currently dialogues, if available, would be most helpful.

12. Feedback and comments on this workplan will be most welcome. Specific travel arrangements of the Team will be sent septel. Team looks forward to working with the Missions and to receiving any comments on this proposed workplan for this first visit. Request concurrence on Team visit and proposed scope of work as outlined above.

MAPS Phase II:
Map the Local Private Sector

MAPS PHASE II

MAP THE LOCAL PRIVATE SECTOR

Knowing "what is out there" is a prerequisite for knowing what to do. Accordingly, the second step in the strategic assessment is to develop an accurate and comprehensive "description" of the private sector. The private sector description provides A.I.D. officers with a database which is useful in preparing the CDSS, project papers and documents, as well as developing benchmark data that can be used to measure change over time.

The private sector description synthesizes and analyzes current and historical data on the local private sector, as well as the greater economic environment in which it operates. The information base developed in this phase includes quantification of the current importance of the private sector in the economy, an assessment of the role of state-owned enterprises, a description of the policy and regulatory environments as they affect private sector growth, a review of private sector performance in recent years, an identification of the key private sector actors, a presentation of existing government and donor objectives and programs and a detailed description of local capital markets and financial institutions. As stated above, this description, or map, of the private sector is a prerequisite for further diagnostic analysis.

1. PURPOSE AND OBJECTIVES

The objective of the private sector description is to help A.I.D. personnel best understand the present and evolving nature of this particular assistance "target" or "client" group: who and what the private sector is, how significant it is in a given economy and where it is located in that economy. The objectives of MAPS Phase II are presented in Exhibit 2.1.

The private sector description is organized around a series of key questions that include:

- How important is the private sector in the economy?
- Where in the economy is it located?
- How strong are the capital markets?
- What is the impact on the economy of parastatal enterprises?
- What has been the impact of public policy on economic growth and private sector development?

•What have been the trends in the private sector (e.g. leading and lagging sectors)?

It is important to remember that these are simply the core questions around which the private sector description is organized. In Phase I of the MAPS exercise, the consultant must work closely with the Mission to determine key priorities in data gathering. In most cases, the Mission will have a special focus (e.g., micro-enterprises, exporting, tourism) that the private sector description should address in addition to the core issues described above. An overview of the Private Sector Description process is presented in Exhibits 2.2-2.4.

2. PRIVATE SECTOR MAPPING

Private sector mapping refers to the set of analytical techniques which create a systematic description of the private sector. Mapping implies that the result should be as comprehensive as a globe and as useable as a highway map. It should also be versatile enough to allow the user to do a number of different things. A good "map" of the private sector must:

Be Conceptually Clear: For instance, a good map of a country should allow the user to get a quick overview of the country in question. It should give a clear indication of the size of the country and its importance relative to the region in which it is located. Likewise, the private sector map should provide a quick indication of the relative size of the private sector and its importance in the overall economy.

Be Comprehensive: The private sector "map" should, as all good maps, provide enough background information to orient the user. It is not enough to understand the role of the private sector; the "map" must help the user understand how that role has developed and been shaped by wider economic forces. It is also necessary to make a private sector map as all-inclusive as possible to bring to the Mission's attention a wider variety of actors which might otherwise not be considered. Also, such an approach highlights the linkages among groups which are interrelated.

Provide Appropriate Layers of Detail: A useful map will provide a clear overview of the country in question, with ample detail on the state, province, and/or city in which one may travel. The private sector map, similarly, should be useful in providing a macro picture of the private sector, as well as a clear picture of the private sector at the sectoral and industry level, showing private sector contribution to GDP and employment at each stage. Just as the level of detail required on a map will vary according to the user and the purpose of the journey, so will the level of detail provided

by the private sector "map" depend on the specific needs and plans of each Mission.

In the end, the map should help clarify for A.I.D. the role and performance of key private sector "segments." Just as business executives segment the markets in which they operate in order to shape their strategies, so too A.I.D. must segment the private sector if it is to develop a coherent and balanced strategy. Different actors or groups of actors behave differently in the marketplace and play different roles in the economy. They face different constraints and bottlenecks and enjoy different opportunities. Macro-policy reform will affect different segments in different ways, and all concerned with strategy development and assistance need to be aware of the likely effects of change on these segments, both positive and negative.

Another important reason for segmenting the private sector is that these sectors need to be reached through different access channels. The leading business groups in a given country may be able to take advantage of a large-scale credit project through commercial banks; to reach micro-enterprises, however, another access route and kind of project will be required. Stimulus may work for one segment and entirely miss another. The information gathered and segmented in the private sector description will allow A.I.D. officers to project better the impact of assistance strategies across different groups, and thus gauge better potential implementation issues.

Rely on Standardized Units of Measures: Maps, if they are to be useful, must be careful to employ standardized measures such as miles, kilometers or other easily comparable units. This allows the user to understand the map quickly, no matter how unfamiliar he or she may be with the country in question. Similarly, the framework presented here must find descriptive measures which are intuitively meaningful, internally consistent and can be used to interpret and compare the data at different levels of detail for different segments of the private sector. In addition, the use of standardized units of measurement allows for comparison over time. Thus, "output" should mean the same thing over time, employment and underemployment should be defined consistently, parastatal must be defined similarly across sectors, and so on.

Provide Orientation on Progress: A good map enables the user to gauge not just where one is going but where one has been. Similarly, a good private sector map should enable the user to trace the progress of the private sector over time. This can provide A.I.D. with insights as to where the private sector is going or how it has changed in recent years. This can alert A.I.D. to potential problem areas or to help A.I.D. target areas which appear to be especially promising at a particular

moment in time. The dearth of reliable data in Africa make going beyond single year estimates of private sector contribution to GDP, employment, etc. problematic. However, MAPS has been most useful when it has made an effort to include private sector shares over time--a task that should be simplified in countries where the private sector and data collection practices are more developed. Hence, all efforts should be made to make the "mapping" outputs as "dynamic" as possible, providing a minimum of five-year estimates of private sector shares at the sectoral level.

Examples of private sector maps (see caveat above) appear in Exhibit 2.5.

3. METHODOLOGY FOR CONSTRUCTING A "PRIVATE SECTOR MAP"

Estimating Private Sector Shares. There is no set methodology for estimating "private sector shares". In many cases it has been found that collection of aggregate totals for parastatal (and the corresponding percentage totals of mixed enterprises) contribution to value added and employment was an effective starting point. These totals can then be subtracted from total value added to give a useable estimation of private sector shares. In Rwanda, where the number of registered firms was very small, the task was simplified by a thorough census completed by the Ministry of Planning which allowed the MAPS team to total all the firm-level data collected by the Ministry. These are two possible approaches to calculating the private sector contribution to output and employment. Careful consideration should be given to selecting the method (or other methods) for calculating this information based on the quality of the information available. But the analysts constructing the private sector "map" must, in the end, provide a full discussion of the methodology and the sources used to arrive at all estimates. The analysts should also be consistent in their application of the "mapping" methodology. The validity of cross-sectoral comparisons and time series analyses will depend on the extent to which the methodology has been consistently applied throughout the process.

Estimating Formal vs. Informal Private Sector Shares. There is, admittedly, a problem of estimating informal sector shares of the economy due to the lack of comprehensive data. The MAPS team can approach the informal sector several ways depending on the Mission need and uses for informal sector data. MAPS can provide general estimates of informal sector activity, but these will always be preliminary and based on "residual analysis." MAPS should not be seen as a substitute for an in-depth informal sector assessment, but as a tool for helping the Mission focus on key data gaps and uses of such an assessment. In addition, the MAPS team must consult with those who have experience working with the micro-enterprise sector. The International Labor Office, A.I.D.'s S&T

GEMINI project, and local financial institutions (e.g., Banques Populaires) may be able to provide reliable estimates of the informal sector. Finally, most governments have now set up programs aimed specifically at the small-scale and artisanal sectors which may be a good source of information for the MAPS consultant.

How to Organize the Private Sector Data Sets

While the outline of the MAPS description will depend on the needs of the local Mission, there are certain elements which will be common to most MAPS implementations. Approximately seventy-five data sets and graphic presentations form the core of the MAPS private sector description (see Exhibit 2.6 for list of core data sets). This core is expanded to include data of specific interest to the Mission. Below is a brief description of the manner in which the key data sets respond to the questions posed in the preceding section.

A. Who is the Private Sector?

Before one can begin the mapping process, one needs to decide on what will go in the map. One of the ambiguities which arises when A.I.D. discusses the private sector is that of clearly identifying who or what the private sector includes. Boundaries are not always clear and different people focus on different things when discussing the private sector. MAPS analysts may not be able to reach a final resolution of this definitional dispute. However, the MAPS process may help clarify some of the definitional issues by presenting a map that is sufficiently all-inclusive and which captures the heterogeneity of the private sector through proper segmentation. In addition, the MAPS analyst should consult with the appropriate central bureau in the process of clarifying definitional issues as a certain degree of homogeneity across countries may be of great importance for the bureau in cross country comparisons.

Thus, data that are available on the number of registered firms and size of firms by employment, sales, capital and export-orientation should be presented to help A.I.D. define the universe of private sector actors in the economy. This exercise is also helpful to the consultant when it comes time to gather firm-level data using a random sample of this universe in the course of the private sector survey.

A presentation of ten of the top business groups and their holdings is also useful where such information (or the business groups themselves) exists. Not all countries are sufficiently developed to have such groups, but it is often the case that formal private sector activity (especially access to credit) is dominated by a relatively small number of business groups which enjoy favorable

status. The consultants should also examine other "groups" which may not be formally established (e.g., top exporters, leading manufacturers, prominent women-owned firms and leading multinationals).

A.I.D. officers often identify with those representatives of the private sector who "speak their own language" or those that most effectively represent their own interests. In most cases, these entrepreneurs are not truly representative of the private sector at large. There are many other segments in the private sector including women-owned enterprises, cooperatives, informal sector actors, small-scale and micro-entrepreneurs, and others. However, MAPS does not normally examine the non-profit sectors of the private sector, nor does it look at the activities of the private health and education sectors. However, these areas can be examined if deemed important to the Mission. It is essential for the MAPS description to integrate these private sector actors into the universe of the private sector for the Mission by estimating their contribution to the economy in terms of output and employment.

B. How Important is the Private Sector?

A presentation of private sector shares of GDP, employment, gross investment, credit utilization, foreign exchange earnings (exports) and expenditure (imports), and tax revenues can provide the Mission with an indication of the strength of the private sector in a given economy. Similar data on parastatals can be presented as important benchmark data. Time series should be presented to illustrate trends and, when possible, informed projections will be included.

C. What is the Role of the SOEs?

The private sector mapping exercise illustrates where in the economy the SOEs play a predominant role. In addition, the MAPS description phase can provide other indicators for gauging the evolving role of parastatals. If data on aggregate losses (or in the rare case, profits) are available over time, these should be presented. It is helpful to present these losses as a percentage of GDP, as a percentage of the total government budget deficit and on a per-worker basis. These comparisons put losses into graphic perspective.

Problems concerning data availability and the methodology for calculating true losses may be encountered. In many cases the explicit losses are disguised via hidden subsidies, protectionism and monopolistic distortions. However, both the World Bank and the IMF frequently quantify the real losses using a standard accounting methodology and should be consulted.

D. What is the Impact of Public Policy?

The private sector description typically moves on to assess changes in government policy over time in various areas: government spending, fiscal policy, monetary growth, inflation rates, foreign exchange regime, economic growth strategies of the host-government; trade and investment policies, etc. This enables one to assess the policy environment over time in government treatment of, and attitudes toward, the private sector. It allows the consultant to assess the stability of the economic environment and the "levelness of the playing field", two important factors in stimulating private investment.

These data are typically available from the Mission economist. However, informal dialogue sessions with both private and public sector officials that commence in Phase I of the MAPS exercise are a good source of information on the policy and institutional environment.

E. How has the Private Sector Performed Over Time?

A twenty-year overview of annual economic growth can reveal broad trends over time. Then, data on leading and lagging sectors of the economy can be presented. These might include sectoral information concerning economic growth, employment generation, installed capacity and foreign exchange generation. In addition, five-year estimates of private sector contributions to output and employment and similar estimates of micro- and small-scale enterprise shares should be compiled. This information should be provided on all sectors of priority to A.I.D. The informal sector is admittedly difficult to quantify due to lack of reliable or comprehensive data. However, estimates can often be made based on interviews with those who have studied or channeled credit to this sector. Organizations most likely to have this kind of information are local and international private voluntary organizations working on informal sector development and the International Labor Office.

F. How Strong are the Local Capital Markets?

Capital investment and medium-term credit are most often cited as the fundamental and most critical constraints to private sector growth, especially among small- and medium-sized companies. A clear understanding of the structure, operations and capabilities of capital markets and, more importantly, the commercial banking system and informal financial sector is therefore essential. This survey also reviews the structure and regulatory systems of central and regional banking systems, in addition to World Bank/IMF structural adjustment programs as they affect private sector investment and credit.

A more exhaustive survey of the financial sector is recommended concurrent with, or as part of, the MAPS strategy assessment. A more complete financial sector assessment is characterized by the following specific tasks:

- To provide a current overview of how capital markets operate and the role of government, financial institutions and private banks in these markets.
- To describe the size, capabilities and current operations of the major development and commercial banks.
- To assess the strengths and weaknesses of the banking system in serving private sector needs for short-, medium- and long-term credit.
- To summarize existing information and review the importance and activities of the informal savings and lending systems.
- To describe and evaluate financial markets: savings mobilization, business financing, credit assessments, range and availability of banking products and services, loan terms (including treatment of collateral), and legal and regulatory support of the banking system.
- To evaluate the capabilities and involvement of commercial and development banks, credit unions and cooperatives in the private sector.
- To identify and assess capabilities of business and financial advisory and assistance services being offered by the banking system.
- To identify major policy and regulatory issues in the finance and banking sectors, including World Bank/IMF structural adjustment programs, which concern private sector access to bank credit and services.
- To review multilateral lender and donor efforts to regulate and improve the finance and banking system.
- To assess the impact of regional banking authorities, such as are found in Francophone Africa, in developing private sector credit programs and financial intermediation.

4. FINDING THE DATA

In the preceding sections we have been concerned with the uses and organization of the data. This all assumes that the information is available from secondary sources, and all one has to do is find it. This section covers some of the more basic steps involved in tracing the sources of needed data.

There are many sources of data that are useful in the MAPS private sector data base. The host-government will collect data in a number of ways. The Ministry of Planning, the Ministry of Trade, the Ministry of Commerce and the Ministry of Industry all may have statistical departments which are a good place to start looking for the needed data. In addition, most developing countries operate on five-year development plans. With luck a five-year plan may have just concluded; at this point the government normally produces a "global evaluation" of the plan that is quite extensive. In addition to governmental sources of data, multilateral donor agencies (the World Bank Group, the International Monetary Fund, UNDP, ILO, etc.) regularly collect information on the country. These agencies, as well as bilateral donors, should be contacted in the initial informal dialogue discussions and access to their information should be requested. On information pertaining to the private sector, banks (central and commercial) are a good source of information. For information concerning the parastatal sector, the appropriate supervising Ministry may (although it is rare) have information concerning the state of each enterprise. As stated above, informal sector information will be difficult to access and every effort should be made to contact the responsible Ministries, other donors and local academic institutions early in the process.

In most past MAPS implementations, the team relied on a local subcontractor to collect, organize and analyze the majority of the data sets described above. In many countries this has been a trying and tedious task whose difficulty has been compounded by the lack of good data. The following note from a World Bank Country Economic Memorandum¹ is an example of the problems that face the data collector:

"A major difficulty in evaluating recent economic trends and policies in Rwanda arises from the serious problems of data availability and consistency. These problems are partly attributable to the fact that reporting of a number of key economic aggregates occurs only with a considerable delay. An even more serious problem arises from the fact that, in the absence of timely and comprehensive data, the alternative data sources which are available are highly inconsistent.

"These problems are particularly acute for data concerning national income accounts and agricultural production. Until 1978, the Ministry of Plan provided national account estimates in both current and constant prices. Since that time, however, no sectoral deflators have been provided, leading to a situation in which there are no official national income figures in constant prices."

¹World Bank, Rwanda Country Economic Memorandum, 1986, pp.3-4.

Therefore, the MAPS team should select a subcontractor who can demonstrate good access to government and non-governmental (e.g., banks) data sources and expertise dealing with the special problems of collecting and analyzing what are often incomplete and fragmented data sets from a variety of sources. The MAPS team should begin to inquire as to sources of information and methodologies available for estimating private sector shares during informal conversations with local experts and economists at the start in Phase I of the MAPS exercise. As data access may be a constraint, the MAPS team must be very specific from the very beginning concerning the specific data sets expected from the subcontractor. Thus, access issues can be addressed early on and expectations regarding the description shaped accordingly. In addition, the MAPS consultants should identify key data gaps and determine what is being done to address these and what can be done in the future. This area of data gaps provides the Mission, through MAPS, with an important opportunity to coordinate with other donors for obtaining needed information (e.g., the MAPS team helped USAID/Lesotho coordinate with the Swedes to finalize work on a census of industry). The MAPS team should also work closely with the Mission to determine how the private sector survey can address these data shortfalls.

5. LESSONS FROM THE FIELD

In the initial field test of the MAPS methodology, great effort was expended in gathering data and conducting original research. While this resulted in the most comprehensive data base available on that country's private sector, it was also very costly. In subsequent implementations, the MAPS teams relied almost exclusively on data available from existing sources.

In most cases Missions in Africa have been very pleased with the output. In part this may be due to the fact that the Missions knew very little about the private sector in the country and, therefore, much of what they were getting was totally new data. In addition, in Swaziland, the local subcontractor worked very closely with the Mission to produce quality results responding to the Mission's priority data needs. In Rwanda, the MAPS team did not subcontract the private sector description. Again, this effort was closely coordinated with the data needs of the Mission and resulted in a higher quality, more useful product.

However, in other cases confusion and disappointment were the result of the MAPS description. In one instance, the data presented by the local subcontractor was confusing and inconsistent. Mission personnel did not feel the data presented to them was useful in their program design. In addition, some Missions with extensive experience and full-time economists on staff are underwhelmed by the results and feel they were not being told anything they did not already know.

Possible solutions or ways of making the output more useful to the Mission:

- Build Consensus with the Mission as a Whole: It is of critical importance that the MAPS team build consensus on the objectives of the MAPS exercise from the start to ensure that the Mission gets exactly what it is expecting. While the team works independently of the Mission, USAID can only make the process work for them if they provide input on data needs (Phase II) and key hypotheses (Phases II-IV).
- Depend Less on Local Subcontractors for Presenting and Analyzing the Results of the Description. Given the negative experience with subcontractors in Africa, recent MAPS implementations have not required that the local subcontractor produce a report or the graphics; their role has been limited to gathering the raw data. While this option has been far more expeditious, it does undercut one of the goals of the MAPS process: to transfer skills to the local consulting community. Thus, while relying less on final report preparation locally, the MAPS team should still include the local subcontractor in assisting in the design of the presentation and analysis. This way the MAPS team and the Mission benefit from the special insights of local analysts and the local consultants profit from the exchange of ideas and technology involved in data analysis and report preparation.
- Work Closely with the Mission Economist: In several implementations in Africa, the Mission felt the descriptions were not giving them data that the Mission Economist was not already providing. It is important for the consultant to familiarize him/herself with the economist, find out what he/she has been doing: what kinds of data are already available in the Mission; what types of indicators are of interest to the Mission and would be helpful in their work. It is important to get the Mission economist on board early so that he/she feels that he/she has a stake in the successful completion of the process.
- Put the Description Results for the Country into a Broader Context: Many Missions want to know not only how the private sector is doing in their country, but how local performance compares with that of other countries in the region or at comparable levels of development. In addition, most Missions will want to know how the micro- and macro-level data collected in the MAPS exercise fit into the policy environment of the country. These two issues can be resolved by conducting a study on the enabling environment and by including regional indicators:

•Determine if a Study on the Enabling Environment is Needed: In the MAPS implementation in Ghana, a simultaneous study on the regulatory and institutional environment was performed to provide the Mission with a general public policy context that complemented the micro- and macro-level data collected in the private sector description. The MAPS consultant should determine how the type of information collected in such a study would provide useful depth to the Mission during Phase II of the exercise and, if so, assist the Mission in specifying its scope.

•Provide Regional Indicators: Another method for providing a broader context for the information collected during the MAPS private sector description is to include regional economic indicators that will highlight the country of study's position relative to other countries in the region and other countries at a comparable level of development. If the Mission feels greater value can be provided by a comparative perspective, the Country Reference Binder (CRB) should be offered. While normally outside the scope of the MAPS description, the CRB provides the Mission with a useful integrated data base that includes comparative information of the kind discussed above as well as data on other areas of interest to the Mission such as health, population and education.

•Produce a Summary Document for the Mission: In the past, MAPS teams have produced a short summary of the description that includes the key findings and the most illustrative graphics and tables (perhaps one third of the total) from the description. This document is useful to hand out in discussions with entrepreneurs and donors to stimulate discussion on the results of the study. In addition, it provides the Mission with a document that is easy to distribute and "arms" the private sector for their discussions with the government and financial authorities.

The MAPS Description phase is extremely labor-intensive. Many potential data quality problems and delays can be avoided, however, by keeping the following in mind:

•Lay a Solid Groundwork for the Description During Phase I Visit: One of the first steps during the initial consultant visit should be to conduct a preliminary search, through contacts in ministries and key donor agencies, and establish the type of macroeconomic and private sector data that are being collected or have recently been collected. The MAPS team must try to become as knowledgeable as possible, or identify someone who is very knowledgeable and with whom it

can work to expedite the process of identifying and collecting information. This will facilitate monitoring of the local subcontractor(s) later in the process.

•Closely Monitor the Local Subcontractor: In two African implementations, the Description presentation suffered because the local contractor was late submitting the draft and did not, as a consequence, have enough time to provide a quality draft. The Mission, upon reading the draft, was dismayed at the quality of the work produced. It is important to be able to monitor carefully the quality of the contractor's work. In the end, it is not only the contractor which ends up looking bad in the eyes of the Mission, but the MAPS team, who was not able to manage the contractor adequately. An effective tool for managing this process is to use an on-site project monitor.

As will be discussed in the next phase, the project monitor is a very important position in the implementation of the survey. However, if the private sector description will be subcontracted to a local firm, the use of an on-site project manager greatly improves the likelihood of on-time delivery of the output, in addition to acting as a quality control guarantee for the MAPS team. In the two African implementations discussed above, a project monitor would have eased the confusion that resulted from poor communication between the MAPS team, the local subcontractor and the Mission.

•Specify the Desired Output: If a local subcontractor is used, it is very important for the MAPS team to specify in terms of reference and the desired output from the data collection exercise. This improves monitoring and reduces misunderstandings.

•Contact the Broadest Range of Local Subcontracting Sources: It is necessary in Phase I of the exercise to thoroughly research and evaluate the broadest range of local subcontracting capabilities possible. The MAPS team should actively seek Mission advice on local implementing agents and carefully research the field before choosing a local firm.

6. SKILLS REQUIRED

Each private sector description team should have a team member who has experience performing economic research, data synthesis, evaluation and analysis. He/she should also be familiar with spreadsheet manipulation, such as Lotus 1-2-3 or Microsoft Excel. While it is true the contractor should collect and enter all the data needed to estimate private sector shares, the MAPS team must be able to manipulate this information to achieve the desired

results. In addition, this team member should be sufficiently proficient in a graphics software package to produce the private sector description report.

7. **OUTPUTS**

The MAPS private sector description produces for the Mission a Private Sector Database, a statistical and graphic presentation, whose suggested core components are listed in Exhibit 2.6; a Private Sector Map, as discussed above; and a short summary document for use in the focus groups and dialogue sessions.

Exhibit 2.1
MAPS PHASE II
MAPS THE LOCAL PRIVATE SECTOR

Objective

To gather and present new data or synthesize existing studies relative to private sector performance in a given country such that A.I.D. personnel will be able to understand clearly who and what the private sector is, how significant it is in the economy and where it is located in the economy.

This Can Include:

- 1. A quantification of the current importance of the private sector in the economy.**
- 2. An identification of key private sector actors.**
- 3. A review of private sector performance in recent years.**
- 4. An assessment of the role of state owned enterprises.**
- 5. A description of the policy and regulatory environments as they affect private sector growth.**
- 6. A detailed description of the local capital markets.**

Exhibit 2.2

THE MAPS PROCESS PHASE II: MAPPING THE LOCAL PRIVATE SECTOR

Key Questions

- Who is the Private Sector?
- Where in the Economy is it Located?
- How Important is the Local Private Sector?
- What is the Role of State-Owned Enterprises?
- How Strong are the Capital Markets?
- What is the Impact of Public Policy?
- How has the Private Sector Performed Over Time?
- What are the Leading and Lagging Sectors of the Economy?

Analytical Techniques

- Data Gathering
- Data Analysis
- Private Sector Mapping

Outputs

- Private Sector Database
- Private Sector Description Presentations
- Private Sector Map
- Summary of Handout for Private Sector Actors

Exhibit 2.3
PROCESS FOR PRIVATE SECTOR DESCRIPTION

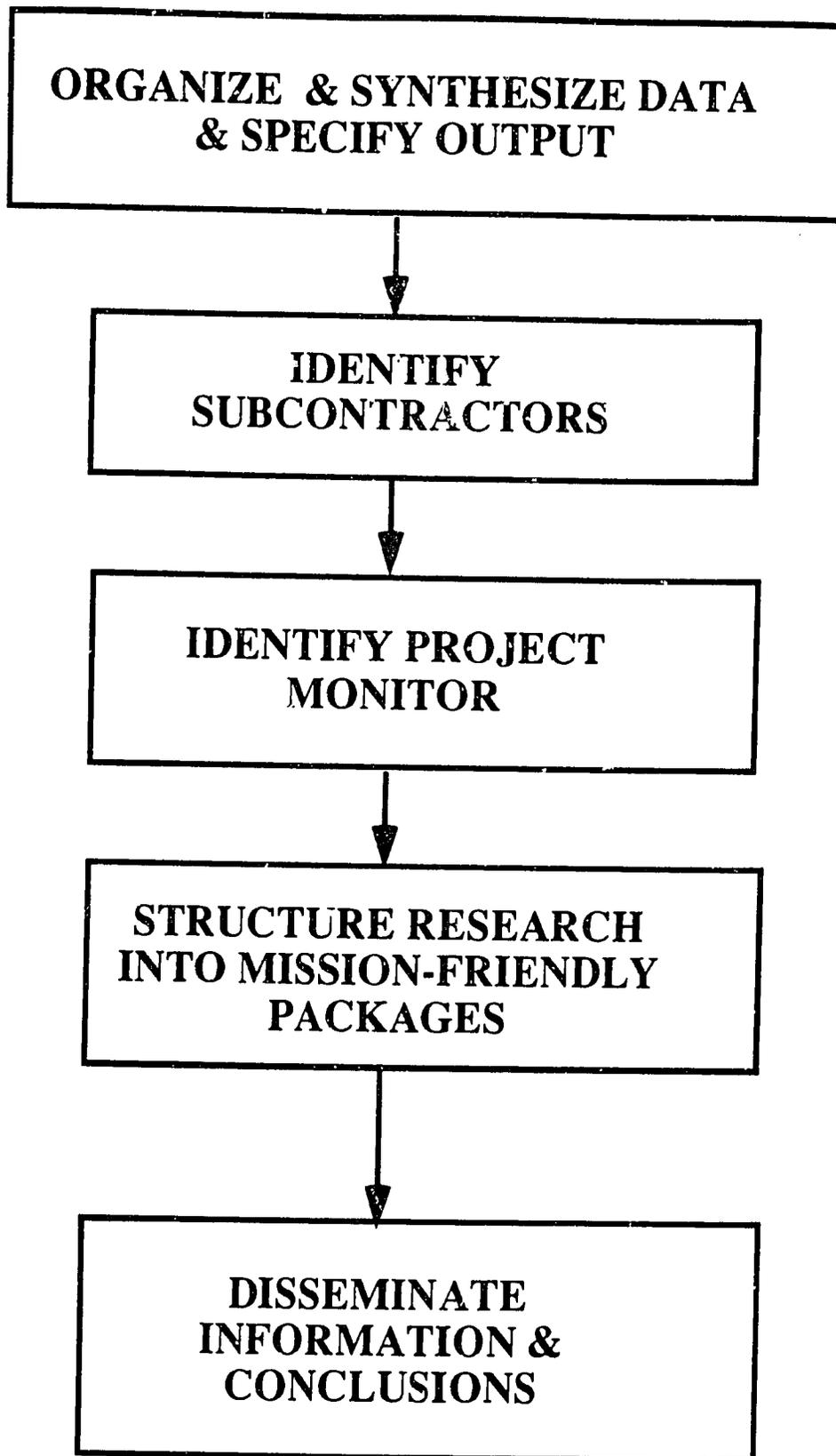


Exhibit 2.4

MAPS PRIVATE SECTOR DESCRIPTION DEVELOPMENT OF DATA "PACKAGES"

- 1. Quantify Contributions of Private Sector**
- 2. Review Economic Policy and Regulatory Environment for Private Sector**
- 3. Assess Role of State-Owned Enterprises**
- 4. Analyze Trends in Private Sector Over Time, Including Dynamic and Lagging Sectors and Sectors of Critical Importance to A.I.D.**
- 5. Describe Key Private Sector Actors**
- 6. Analyze the Formal and Informal Financial, Banking and Credit Delivery Systems**

EXHIBIT 2.5

Private Sector Map

Private Sector Contribution to GDP by Sector

1986

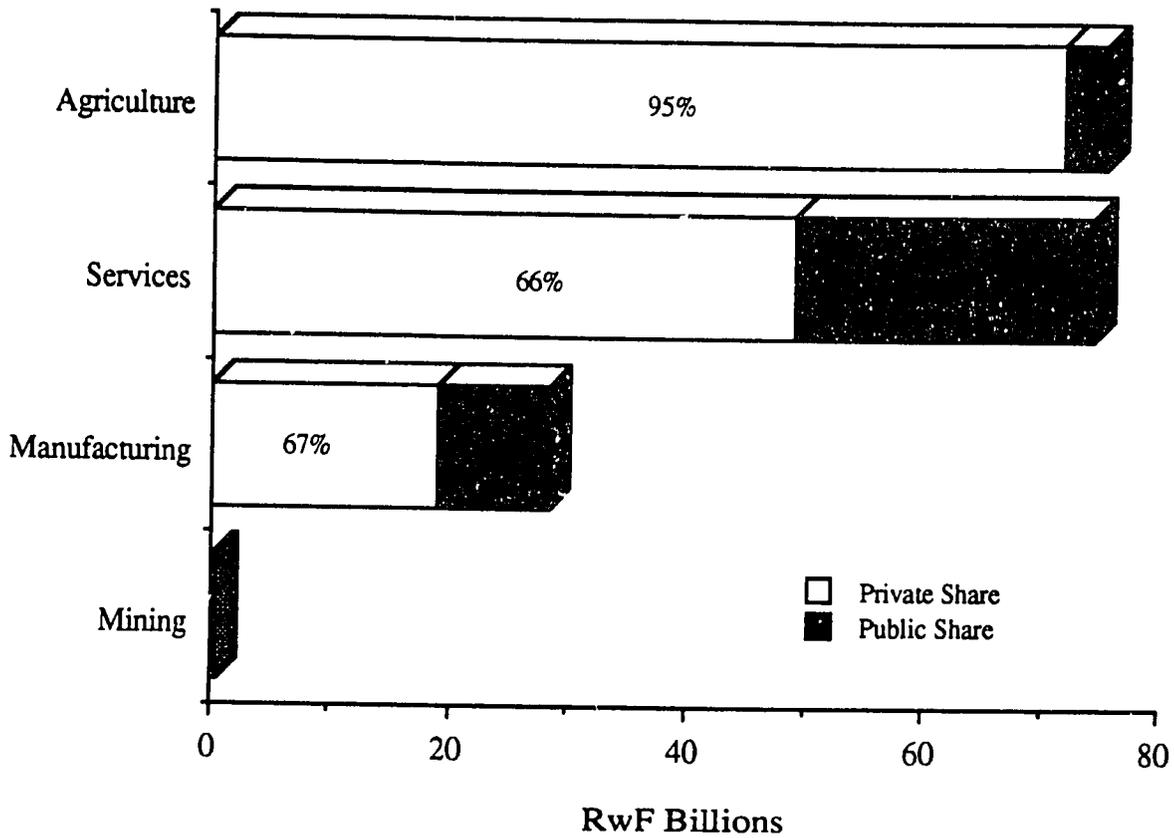


EXHIBIT 2.5 (cont'd)
Private Sector Map: Agriculture
1986

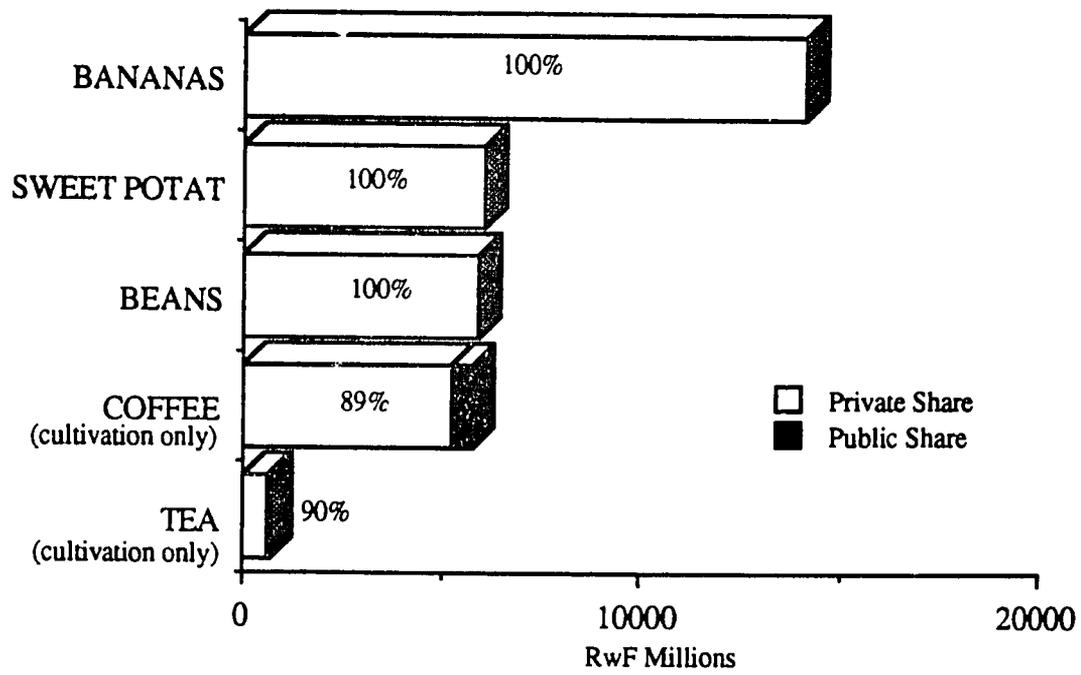


EXHIBIT 2.5 (cont'd)
Private Sector Map--Manufacturing
1986

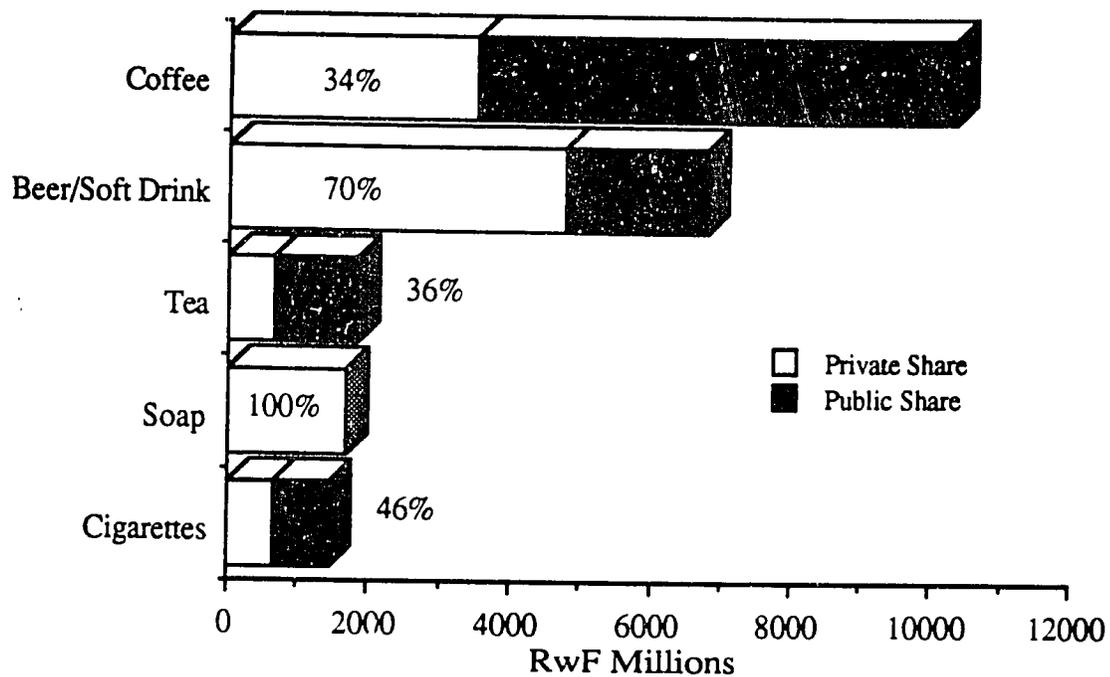


EXHIBIT 2.5 (cont'd)
Private Sector Map: Services
1986

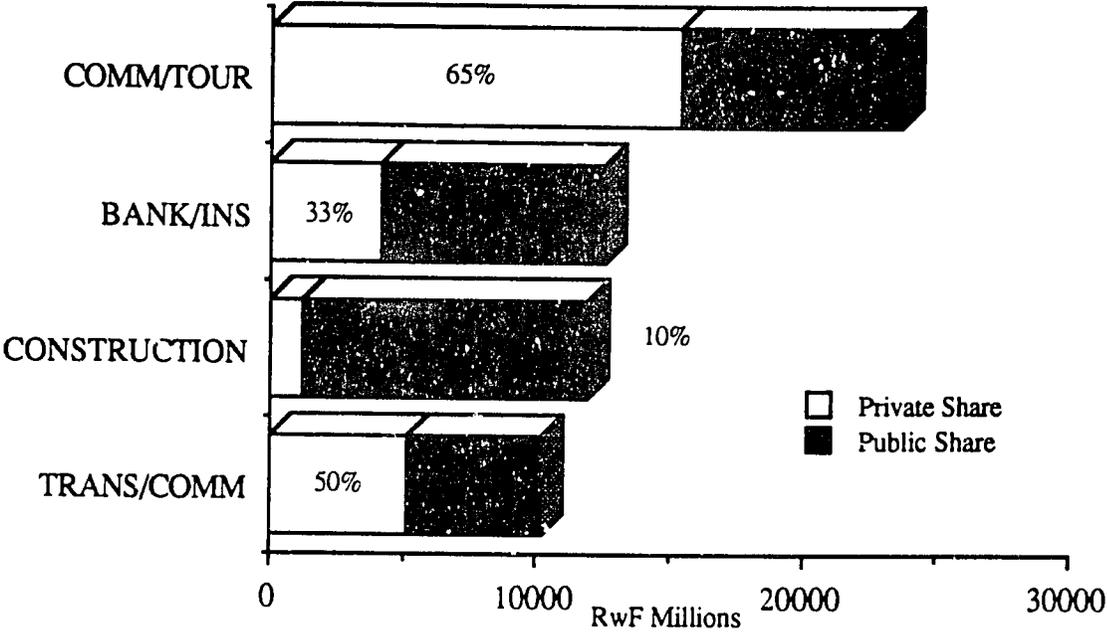


Exhibit 2.6
Graphics, Tables and Charts for MAPS Private Sector Description

- A. PRIVATE SECTOR OVERVIEW
 - 1. Overall GDP
 - Current
 - Constant (deflated)
 - 2. Public, Parastatal and Private Shares of GDP
 - 3. Sub-Sectoral Public, Parastatal and Private Shares
 - 4. Modern and Informal GDP shares
 - 5. Sub-sector Modern and Informal Shares
 - 6. Private Sector Highlights
 - 7. Overall Employment
 - 8. Public, Parastatal and Private Shares of Employment
 - 9. Modern and Informal Employment
 - 10. Sub-sectoral Modern and Informal Employment
 - 11. Private Sector Highlights

- B. SECTORAL OVERVIEW OF PRIVATE SECTOR
 - 12. Public, Parastatal and Private Agriculture Share of GDP
 - 13. Sub-Sectoral Agriculture Share of GDP
 - 14. Agricultural GDP (constant \$) vs. rest of region and world
 - 15. Modern vs. Informal Shares of Agricultural GDP
 - 16. Sub-sectoral Agriculture Shares of Employment
 - 17. Agricultural Land Base
 - 18. Production of Important Crops
 - 19. Producer Price of Important Crops
 - 20. Fertilizer Use
 - 21. Number of Land Holders:
 - Region/Age/Gender/Enterprise/Size/etc
 - 22. Private Sector Highlights
 - 23. Public, Parastatal and Private Shares of Industry GDP
 - Manufacturing
 - Mining
 - 24. Sub-sectoral industry share of GDP
 - 25. Industrial GDP (constant \$) vs. region and world
 - 26. Modern and Informal Shares of Industrial Employment
 - 27. Sub-sectoral Industry Shares of Employment
 - Private and Parastatal
 - 28. Capacity Utilization by Sector, Subsector (time series)
 - 29. Production Indices (time series)
 - 30. Ownership by Nationality, Sub-sector and equity
 - 31. Private Sector Highlights
 - 32. Public, Parastatal, Private Services Share of GDP
 - Trade and Non-trade
 - 33. Sub-sectoral Share of Service GDP
 - 34. Modern and Informal Shares of Service Employment
 - 35. Sub-sectoral share of Service Employment
 - Private and Parastatal
 - 36. Ownership by Nationality, sub-sector and equity
 - 37. Private Sector Highlights

C. PUBLIC FINANCE

38. Summary of Central Government Finance (current)
 - Revenues (Taxes and non-Tax sources)
 - Expenses (Recurrent, Development. Other)
 - Surplus vs. Deficit
 - Financing (foreign vs. domestic)
39. Ratio Analysis (constant)
 - #38 as % of GDP
 - Public and Private Savings and Investment as % of GDP
 - vs. rest of region
40. Development Budget (constant)
 - Targets
 - % Total Revenue and Expenditure

D. PARASTATAL SECTOR

41. Summary of Financial Performance
 - Losses/GDP
 - Sub-sectoral % GDP
 - Sub-sectoral % Employment
42. Listing of Parastatals by Sector, Ownership
43. Relevance to Private Sector

E. MACROECONOMIC INDICATORS

44. Aggregate and Sub-Sector GDP (local currency/\$)
 - Constant
 - Current (with deflator)
 - Per Capita
45. National Accounts as % of GDP
 - Consumption (public and private)
 - Savings (public and private)
 - Investment (public and private)
46. Central Government Revenue/Expenditure as % of GDP
47. Money (M2)
 - Net Domestic Assets
 - Net Foreign Assets
48. Inflation
 - Time Series (CPI, Deflator)
 - Compared to Region, World
49. Balance of Payments

F. TRADE AND INVESTMENT

50. Merchandise Exports
 - Volume
 - Unit Value
 - Total Value (\$) by Product/Sub-Sector
 - Non-traditional Products and Earnings
 - Compared to Region and World
51. Non-factor receipts (\$)
52. Export Markets
 - Volume

- Total Value (\$)
- Non-traditional markets and earnings
- 53. Merchandise Imports
 - Volume
 - Unit Value
 - Total Value (\$) by major products/sub-sector
 - Compared to Region and World
- 54. Non-factor payments (\$)
- 55. Import Markets
 - Volume
 - Total Value (\$)
- 56. Capital Account Balance (\$)
- 57. Ratios
 - Interest Expense/Export Earnings
 - Current Account Balance/GDP
- 58. Investment
 - Domestic and Foreign
 - Public, parastatal and private
 - Sectoral
 - as % of GDP

- G. MONEY AND BANKING

- 59. Total Banking System Assets
 - Consolidated Balance Sheet
- 60. Total Credit
 - Sectors
 - Public, Parastatal and Private
 - Estimates of non-performing loans
- 61. Interest Rates
 - Nominal and Real
 - Loans and Deposits
 - Compared with region and world
- 62. Composite of Banking System
 - Branches, ownership, loans, deposits, equity

- H. PUBLIC AND PUBLICALLY GUARANTEED DEBT

- 63. External Debt
 - Total Outstanding Commitments vs. Disbursements
 - Interest Expense/Export Earnings
 - Total Principal and Interest as % of GDP
 - Terms and structure (interest, duration)
 - Lenders (multilateral, bilateral, commercial banks, etc)
 - Borrowers (central gov't, parastatals, private)
 - Comparative vs. Region and World
- 64. Other Debt
 - Arrears and Obligations to Banking System
 - Borrowers (Gov't, parastatals, private)

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- 66. Total Labor Supply (past and projected)

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J. LEADING AND LAGGING SECTORS

- 69. Sub-Sectoral % GDP (past and projected)
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MAPS Phase III:

Diagnose Constraints to Private Sector Growth

The Private Sector Survey

MAPS PHASE III

DIAGNOSE CONSTRAINTS TO PRIVATE SECTOR GROWTH: THE PRIVATE SECTOR SURVEY

The Description of the Private Sector provides a macro overview of the private sector: its role in the economy, its estimated contribution to various economic performance indicators, the performance of the major categories of private sector activity. In Phase III, the macro data are complemented with aggregated micro or firm level information. In this phase MAPS examines closely the collective histories of firms, their evolving structures and marketing and distribution channels, their past and projected growth patterns, and asks private entrepreneurs directly to share their perceptions regarding the effect of policy, political and resource constraints on their business operations.

Coupled with the data on the economy collected during the Phases I and II, as well as with the qualitative feedback obtained in dialogue sessions with entrepreneurs, Phase III results provide the Mission with a powerful tool for analyzing constraints to private sector development, establishing a policy agenda with government, and designing effective assistance strategies that "fit" well within the structure and interests of the local private sector. The information developed during these first three phases also provides valuable data on the economy and the business environment for potential private investors, donors and other external actors interested in working with the local private sector.

1. PURPOSE AND OBJECTIVES

As illustrated in Exhibit 3.1, one of the key objectives of Phase III is to develop comprehensive baseline statistics on private firms that will assist the Mission not just to test critical hypotheses concerning private sector growth patterns, opportunities and constraints, but also enable it to monitor and evaluate the impact of various programs/projects on the various components of the private sector over time. But, as also illustrated in Exhibits 3.1 and 3.2, beyond this very basic function, Phase III must be seen as part of a broader process that will ultimately provide the Mission with improved contacts and intelligence on the private sector, its growth prospects, and the strategies and motivations of key private sector actors. Phase III should in the end provide a comprehensive data base on the private sector, the strategies used by local entrepreneurs for reacting to and coping with their environment and identify areas of needed reform and assistance to stimulate private sector growth.

Exhibit 3.2 shows the basic questions driving the design of Phase III data gathering and dialogue activities. But ultimately the type of firm level data that is collected and analysis that is performed during this phase depends very much on the results of the preceding phases, and the types of hypotheses that the Mission wishes to test regarding private sector growth opportunities and constraints to growth.

How do We Get the Information?: Sources of Firm Level Data

1.1 Using Firm Level Data from Secondary Sources

Survey efforts are routine in the United States and have become increasingly popular in most industrialized countries. They have been much less prevalent in developing countries. In the past many governments discouraged (or forbade) the use of surveys and polling techniques; entrepreneurs themselves have often distrusted any type of survey activity -- regarding them as another attempt by government (or potential competitors) to get confidential information. But this situation has been changing and the amount of survey activity in developing countries has increased enormously over the last 10 years. Governments have become increasingly open to this technique as a mechanism for improving their planning and implementation capability. Individuals have grown increasingly used to the idea of census, marketing and other surveys. Government-sponsored, and -implemented, industrial surveys and census efforts are being undertaken with increasing regularity in developing countries; in addition, multilateral donors, such as UNDP, ILO, as well as a number of bilateral donors, are funding an increasing number of firm level survey research efforts.

Thus in principle, firm level data of the type described above could be obtained from past private sector surveys. These studies may not always focus on the same types of issues described above, or the same key subsectors of the economy, but their work may serve to orient subsequent efforts under MAPS. It could be possible to put together an adequate analysis of all the key issues highlighted above by synthesizing and reanalyzing the results of a number of studies carried out for different purposes by a variety of agencies. This would save the considerable expense of implementing a survey effort, and it would also serve to decrease the burden on the entrepreneurs, who are called upon to give increasing amounts of their time to market, government and donor-sponsored survey researchers.

Thus a first step during the initial consultant visits in Phase I, should be to conduct a preliminary search, through contacts with the local census bureau, the ministry of industry, and key donor agencies, and establish the type of firm level data gathered (or being gathered) recently. The consultants should evaluate these studies and ask:

- What methodology was used to construct the sampling frame and draw the sample? Have the researchers detailed the methodology used for the studies? What possible biases arise in the data from their sampling frame and sampling methodology? Is it possible to correct for these biases statistically? Can one hope to "do better" in a subsequent study under MAPS? Why? If one cannot be satisfied that the methodology used was valid (or if the researchers have not been clear as to the methodology used), then one cannot use the results presented (or indeed even the sampling frame) with confidence.
- Are the issues explored by other firm level studies usable and relevant to the MAPS study? Examine the survey questionnaires used. How did the researchers ask their questions? Are the questionnaire and the methodology likely to have extracted trustworthy answers? Can these same questions be used to answer other issues which the MAPS study will examine investigate? How?
- Are the data gathered in readily usable format? Have the data been coded and entered? Can the database be imported easily to a statistical analysis package available to the MAPS Team? Is it possible to obtain permission to access the raw data? If the raw data is not available, in a readily usable computerized form, then it become mores difficult to use the results to analyze a different or more specific set of issues under MAPS.

1.2 When a Survey May be Necessary

In the countries where MAPS has been recently implemented, the answers to the questions posed in point 1.1 above have been negative. Basic problems which arise when trying to use data collected from previous surveys are:

- Many of the "private sector" survey studies undertaken have not been extensive or systematic data gathering exercises at all. Respondents for these studies have been drawn from incomplete sampling frames, and/or have not been drawn at random. As a result, much of the data tend to be biased in ways that are unacceptable for the purposes of a MAPS study.

- The industrial surveys carried out by government census bureaus, on the other hand, may be less likely to be biased (e.g. they may have been drawn at random and from more complete sampling frames), but these tend to be very limited in the scope of the data gathered (focusing on gathering general information on firm size, turnover, and type of economic activity).
- Due to budgetary constraints and security considerations, the data from government-sponsored surveys often is not available to the public, or not available in a form that is readily usable (the surveys may have been done, but the data neither coded nor entered in any software). Alternatively, due to public mistrust, government sponsored surveys are often not reliable indicators of the actual state of affairs.
- In countries where the economic environment is changing rapidly (due to economic crises, IMF/World Bank imposed structural adjustment measures, or a fluid political/policy situation, such as that brought about by a radical change in government), studies performed even 6 months prior to the MAPS exercise can become outdated quickly. Not only have the external conditions changed for the entrepreneurs, the outlook of the entrepreneurs themselves, their perceptions of what is possible/desirable, and their strategies for coping with their external environment may have changed rather radically.

For any or all the reasons given above, the MAPS exercise usually contemplates the implementation of some sort of direct survey exercise. In the sections which follow we will discuss in greater depth the key issues which arise in implementing these surveys and the key outputs which can be expected.

2. DESIGNING AND IMPLEMENTING A SURVEY

Exhibit 3.3 shows the basic steps in survey implementation.

Below is a brief review of what is involved in performing each of these steps.

2.1 Design of the Scope of Work

In general a SOW should define the universe and the sample, the sectors to be targeted, the time frame for the survey, the budget, the software to be used for data entry and analysis, the

statistical output expected.¹ Below are general guidelines for dealing with each of these key issues (a sample SOW is provided in Appendix 3.A):

Defining key issues to be examined. During Phase I of the MAPS exercise, the Team Leader and the Research Supervisor should have begun establishing with the Mission those areas (sectors, geographic regions, firm sizes) in which the Mission has an interest, as well as identifying those key hypotheses which seem to drive Mission thinking and approach to private sector development strategies. Through this process, one will in turn be able to define the sectors and subsectors to be included, the geographic scope of the survey, the types of firms to be targeted (e.g. should the survey include parastatals, foreign-owned multinationals, informal sector establishments?), etc.

For example USAID/Cameroon was particularly interested in agribusiness, and exporters (defined as those exporting over 50 percent) because of its experience with a fairly large and complex program in the agricultural sector and because it was embarking on a project to establish an industrial free zone. In addition, the Mission strategy towards the private sector as articulated in its latest CDSS, was driven by the key hypothesis that the policy environment was hostile to businesses, that policy and regulatory burden costs in part accounted for the sluggish economic performance. Thus the scope of work drafted for Phase III was adapted so that it would gather data with which to quantify this regulatory burden, particularly on agribusinesses, exporters and foreign-owned firms, as well as examine the potential demand for IFZ activities among these firms.

The sectors targeted. This issue is important because of its implications for the size and complexity of the sample and the sample drawing process, and hence the total budget and time frame allowed for the exercise. By sectors one should understand not just types of economic activity (e.g. manufacturing, agroprocessing), but also geographic sectors (is the sample to be solely urban based, or also rural based), and whether the sample will include formal and informal economic activity. In the end the types of sectors chosen depends not just on the specific interest of the Mission, but also on the availability of data from other sources. For example, if there has been a recent comprehensive study of the agribusiness sector, there may not be a need to spend much time or energy on targeting this sector in the MAPS study, as

¹Appendix A provided at the end of this chapter is an adaptation of the SOW used in recent exercises in Africa. It can be used as a template for other countries.

long as one can make use of and incorporate these results easily into the analysis. In the case of the informal sector, MAPS consultants should be aware of the fact that a number of countries have taken or are in the process of undertaking fairly comprehensive surveys of firms in this sector under the S&T GEMINI project. Ideally MAPS can collaborate with GEMINI consultants in the design and implementation of these studies.

Usually sampling the informal sector is felt to be necessary, simply because it provides a useful point of comparison for formal sector responses. In this case the MAPS Team must define clearly in the SOW what is meant by the term. The definition of SSE will change from country to country. In Swaziland it was defined by the Central Bank and other agencies working in the area as firms employing less than 25 people and with fixed capital assets of less than E100,000, in Kenya it is generally defined as firms which do not have any permanent establishment. Moreover, it is important to define whether or not it will include the small scale/subsistence farming sector. MAPS has in the past excluded this sector, since a survey of the small subsistence farmer requires focusing on a whole set of different issues not usually covered by the standard questionnaire, as well different survey techniques. The MAPS Team must also determine what proportion of the total sample will be devoted to these types of firms. In the past, since the purpose of including these firms in the sample has been simply to compare their responses to those of formal sector firms (rather than undertake an in-depth assessment of the sector, an activity which a vehicle such as GEMINI is more qualified to undertake), between 25 and 50 percent of the sample has been reserved for informal sector establishments. Finally, the MAPS Team must agree on a sampling frame and sampling techniques for these types of firms. A detailed review of possible sampling techniques for informal firm surveys is provided in section of this chapter.

The total number of firms specified (the Sample "n"). The answer to this question has important implications for the cost and time frame for the survey, and must thus be defined as clearly as possible in the SOW. As any text book on sampling will tell you, a precise answer to the question "how large a sample do I need?" is difficult to give. Clearly one wants to avoid making the sample so small that the estimate is too inaccurate to be useful; and to avoid taking a sample that is too large in that the estimate is more accurate than is required. Thus the first step is to determine how large an error one is willing to tolerate in the estimate of population parameters. This demands careful thinking about the uses of the data collected to be made in the estimate and the consequences of a sizeable error. Generally, in studies of this nature one is willing to tolerate a 5 to 10 percent

chance that the error of the estimate will exceed 5 percent.²

A precise determination of the size of the sample also requires some knowledge about the distribution of the population characteristics and the population standard deviation. Given the relative lack of experience in private sector surveys of this type, there is little a priori knowledge in this regard. In the past one has assumed a normal distribution. But each consultant will have to make a determination of what is reasonable in each country in terms of "tolerable error limits" and plausible assumptions regarding the distribution of firm characteristics, based on the Mission's information requirements and previous studies of the private sector in the country.

Given the fact that most Missions are not just interested about the "private sector" in general but about the histories and characteristics of specific strata (e.g. agribusinesses, women-owned enterprises, exporters), then the issue is not just how big the entire sample should be but how large the individual strata in the sample need to be in order to obtain statistically valid results for each one. Again the answer is similar to that given above: it depends on the variability within each strata and the amount of precision required. In theory, if a stratum is perfectly homogenous, then we could use the results of only one firm to estimate the parameters for the entire stratum. In practice of course this is rarely the case. This is not a textbook on sampling, so not much time need to be spent on the various theories and formulas for determining sample size. Suffice to say that in the absence of any a priori knowledge about the variability within each stratum, and assuming that the costs of drawing a sample of each stratum are uniform, then the number drawn from each stratum should at the very least reflect the proportional distribution of that stratum in the sampling frame. But if that proportion means that the number of firms in a stratum of particular interest is less than 10, then the stratum should be "over sampled" so that at least 10 firms appear in the stratum. This means getting a rough estimate of all the firms operating in the country in the sectors and geographical areas of interest. It also means working closely with the Mission to identify a priori those strata in which the Mission has a particular interest, to ensure enough firms appear in that stratum in the final sample.

²For example, if the survey results show that 90 percent of all large firms belong to an association, we are willing to tolerate a 5 percent chance that the "true" proportion of large firms belonging to an association is really less than 85 or greater than 95 percent.

Generally, except for Kenya (where the private sector was large and complex and the interests of the Mission encompassed a variety of sector and regions in the country, requiring a large sample of 778 firms) and Lesotho (where the private sector was very small and the interests of the Mission centered in the agricultural/agroprocessing sector, requiring a smaller total sample of 136), the determination of each of these sampling issues have meant that surveys have on average encompassed between 300-400 firms.

The software. In the past, SOWs have been very specific about what software package should/must be used in order to ensure a minimum of confusion in transferring the raw data into a system that is readily available in-house for additional analysis. SPSS has been the software package of choice simply because MAPS consultants knew how to use it and because it is fairly widespread, and most consulting firms in developing countries with experience in survey work and statistical analysis have had access to it. But there is nothing magical about SPSS; many other statistical packages are available. Final determination of the package to be used should depend on what is available in-country (both at the Mission level and in other consulting firms) since the idea is to leave behind this data for local researchers to continue using and updating, without depending on outside consultants.

The output expected. Output requirements specified in the SOW will affect the final budget estimates for the exercise as well. At a minimum, the output expected from the local contractors should include coding and entering the responses in a package that is compatible with software used by the MAPS consultants and/or the Mission. Since part of the purpose of MAPS is to make the raw data available to a wide audience (e.g. Mission personnel, local research community), the MAPS Team should also specify how each variable is to be labeled and coded. For this reason once the survey instrument is finalized, a list of the variables and suggested variable names is usually appended to the SOW. The SOW should also request at a minimum that the contractor construct all composite variables required for analysis, and produce frequency distributions/mean responses for all composite and simple variables defined. Appendix 3.B shows the output required from the survey contractor in Cameroon.

In the first few MAPS implementations, the SOWs also requested that the local contractors produce all the graphics. This has often proven to be more trouble than it is worth. Local capabilities in this regard are often poor and it is difficult to specify beforehand the number of graphics which will be required from the contractor. The number may increase significantly after initial results are obtained. Thus in more recent implementations all graphics and tables have been

produced by the MAPS Team directly (see point for a discussion of the final output expected from Phase III).

Estimating the level of effort and budget for the subcontractor. These estimates depend, of course, on the manner in which the issues discussed above have been resolved: the size, sectoral and geographic distribution of the sample and the type of output expected. It also depends on the length and complexity of the questionnaire itself. It will probably not be fully completed until after the contract has been signed (since the final version will be prepared after the instrument has been field tested by the local subcontractor). But on average, for budget estimate purposes, the past private sector surveys have taken approximately 45-60 minutes to complete. The contractor can use this number when budgeting for enumerator/interviewer days. The cost of these surveys has run between US\$15,000 in Lesotho, to US\$41,000 in Cameroon, to US\$68,000 in Swaziland). Appendix A provides a sample budget.

Timing for preparing the SOW. Work should begin on drafting the SOW for a survey by the end of the first week of the Phase I visit. The draft SOW should be shared with the Mission. After securing approval for the basic areas/issues to be covered by the survey, the Team should make it available to all local firms identified during the first week as potential subcontractors for this assignment. The firms will then have 2-3 days to respond to the SOW and submit bids, which can then be evaluated on the basis of the guidelines provided above.

2.2 Design of the Survey Instrument (Questionnaire)

The MAPS Team is responsible for designing the survey instrument. The questionnaire should, as stated above, gather basic descriptive statistics on each of the firms so as to obtain a comprehensive history of each of the responding companies to complement the "macro" picture obtained from the description in Phase II. In addition, topics covered by the survey have included questions regarding the general business climate, perceived resource constraints in the areas of credit, labor, transportation, and land. The survey should also gather information on associations serving private sector businesses in the country. Information concerning micro and small scale enterprises, as well as the informal sector and women owned firms are gathered as well. Finally, given A.I.D.'s increasing interest in monitoring and evaluating the environmental impact of development initiatives, as well as designing programs/projects that are environmentally sound, the MAPS survey can also be used to gather important information in this regard. Possible environmental issues covered by a MAPS survey include: data on sources of energy for firms, effluent disposal mechanisms, costs of current effluent disposal mechanisms

used by private firms, awareness/perceptions regarding the costs of environmental degradation, perceptions regarding regulations affecting their effluent disposal practices and energy use, property rights.

Exhibit 3.4 provides the basic outline of a MAPS diagnostic survey. A sample questionnaire, used in Cameroon, which can be adapted, depending on the data requirements of the Mission, is included as Appendix 3.C to this document.

It is very important to consult as extensively as possible with key personnel in the Mission regarding the content of the survey. This may mean that several versions of the survey will have to be produced before everyone is satisfied (on average 4 versions have been produced in each of the last 4 implementations in Africa), a time consuming but necessary process. Better to spend a lot of time up front, revising the instrument, than have someone come up to you after the survey has begun and say "we should have included a question on X." By then it is too late and information which could have been relevant will not have been collected.

On the other hand, such extensive consultations with the Mission can be a problem since everyone tends to feel that they are an "expert" on surveys. As the manager for the survey exercise, it is not a matter of blindly including every question that comes up, but of carefully assessing whether: a) that information is relevant to the purposes of the study; b) whether the data cannot be extracted by analyzing specific questions already included; and c) whether that information is not available from another study.

2.3 Constructing the Sampling Frame

A private sector survey will usually require construction of two basic sampling frames: one for the formal sector and another for the informal sector. Below we discuss the general issues associated in constructing each of these:

Formal Sector. A formal sector sampling frame is nothing more than a comprehensive list of all the companies operating in the country (or at least all the companies operating in the sectors and geographic areas of interest). The list would ideally give the name of the firm, a code to indicate the economic activity (SIC category), the geographic location, and the size (in terms of turnover or employees). This would allow the consultants to stratify the sample readily along the key dimensions specified in the study. It is important to establish a sound methodology for constructing such a list because MAPS, as a process, should be considered not a one time study. It is as important to establish a process that constructs and provides a sampling frame that can be updated and used repeatedly. Thus the costs incurred constructing

such a list must be seen as part of a longer process whereby the Mission's ability to stay in touch and tap the private sector is augmented.

There are several possible sources for such lists: the bureau of the census, the internal revenue departments, the central registry of firms. In practice these lists are often not readily usable for survey purposes because they are either not computerized (which implies sifting through thousands of individual files, assuming the government permits access), or because the information on them is hopelessly out of date, or because one list does not cover all sectors required (e.g. the industry census list does not give the names of any commercial establishments, or only those with linkages to industrial ones). Thus even in cases where the data is computerized and fairly updated, it may be necessary to construct the sampling frame from various sources, in order to have a complete, unified list. In Ghana government statistics were so out of date that the contractor resorted to constructing as accurate a list as possible from the rosters of all the major business and trade associations. In Cameroon and Rwanda, the contractor were able to construct a comprehensive sampling frame based on the most recent census of industry and the DSF (fiscal and statistical declaration forms). In Cameroon, the Chamber of Commerce directory and the yellow pages provided telephone numbers and addresses for all the firms drawn for the sample. In Kenya MAPS used bureau of the census data, which ostensibly had all registered firms; but as the survey progressed it became clear that this list was terribly out of date, and again had to be supplemented with rosters of firms from the various business and trade associations. In Swaziland the contractor used the data from the national provident fund (the social security roster), but this excluded firms with less than 5 employees. It may be necessary for the Team to construct a "new" universe of firms to sample. In the MAPS implementation in Senegal, there was no centralized list available from which to draw the sample forcing MAPS to go to each regional office and construct a universe sufficient for a national sample. This information was useful in and of itself to the Mission as well as the Government of Senegal.

The observations above illustrate a major lesson about the process of constructing sampling frames: there will probably not be any one ideal frame. The MAPS consultant and local subcontractors must be aware of the strengths and weaknesses in each database, and thus of the possible ways in which the process of constructing the sampling frame may be ultimately biasing the sample and thus the responses of the survey. Even if the sampling frame is not perfect, to the extent that the possible biases can be known and quantified in advance, the final analysis of the results can be adapted to correct for these possible biases.

Informal Sector. The basic problem facing anyone wishing to survey the informal sector is that these firms are, by definition, not registered anywhere. In some countries, this has been less of a problem; in Swaziland, the MAPS survey was able to use the sampling frame constructed by a previous in-depth study of the informal sector. In the Dominican Republic, the MAPS survey used the extensive rosters developed by the 5 major NGOs working with the informal sector.

But in the absence of any such lists, the sample of informal firms has been drawn using a geographic cluster sampling technique. The technique for doing this may vary from country to country, but the basic steps are as follows:

- In each of the towns where the formal sector survey will take place, the subcontractor's field supervisors will first establish those geographical areas or clusters where there are informal sector firms operating.
- A sample of clusters will be drawn from that list of clusters. The total number of clusters chosen will depend on the total number of informal sector firms desired in each town as well as the estimated diversity of the clusters. If the sample is to be drawn in 3 towns (Town A, B and C) and the ratio of formal firms in these is 60:30:10, the ratio for informal sector firms between these towns will be roughly the same. This assumes that the geographic distribution of informal sector firms is similar to that of formal sector firms (a reasonable assumption, unless a previous study shows that this is not the case). If there are a total of 60 firms to be interviewed in Town A and the subcontractor identifies a total of 10 major clusters, and each cluster represents very different sets of economic activity, firms will be drawn from each clusters (so there will be a total of 6 firms per cluster in this case). If two or more clusters are similar in terms of the dominant economic activity, one may limit sampling to fewer clusters (and thus have more firms per cluster).
- The survey field supervisors then go to each cluster and estimate the general distribution of firms by activity in each "block" within a cluster.
- The enumerators will be assigned a block and given a methodology by the field supervisors for choosing at random firms within each block. The methodology seeks to ensure that the enumerators will choose a sample within each cluster that is roughly representative of the sectoral distribution of firms in that cluster. It will minimize the interviewer discretion in terms of whom to interview and so reduce the likelihood of systematic

biases introduced in the manner in which the firms are chosen (e.g. that not only those firms in a cluster operating next the road, or in one sidewalk are chosen).

Note that the above procedure minimizes biases in the responses. But because the sample of the informal sector firms is a nonprobability sample, one cannot generalize the results to the universe of informal sector firms in the country. There is no mathematical theory to estimate the chance of any unit in the universe of being selected into the sample and therefore no basis for estimating population parameters. On the other hand, by minimizing biases when choosing the respondents one can be fairly confident that the responses will be a "good" (though not "statistically valid") representation of the population of firms found in the clusters chosen.

As seen from the discussion above, drawing the sample for informal sector firms is labor intensive and complex. Hence, in the past the informal sector survey has been limited to major urban centers, allowing the supervisors and the MAPS Team to exercise closer quality control on both the sampling and the interviewing process.

2.4 Selecting the Contractor

The selection and contracting of the Contractor is sometimes left up to the MAPS Team; sometimes the Mission itself wants to be responsible for selecting and contracting. But even in the case of the latter, the MAPS Team will be asked for input and advice. It is important to choose the contractor carefully because a survey done improperly is money down the drain. If the results are biased or suspect, the entire exercise must be scrapped. One cannot go back and fix it, one has to live with the consequences of a poor choice. In evaluating in-country capabilities, one should examine carefully the bidders' previous experience with large-scale surveys (not just formal and informal interviews of 30-50 persons). It is also important to evaluate the type of enumerators which the local subcontractor proposes to use, and how they will be recruited and trained. The best results have been obtained when the interviewers (enumerators) have had at least a university degree, and have experience in business (e.g. business school graduates are ideal in this regard). The subcontractors should be asked to address these technical issues in their proposals.

It is also important to evaluate in-country capability for coding and entering data (the type and number of computers available, the software packages used, experience of company statistician, etc).

There is also the matter of determining which part of the survey exercise will be awarded to which local contractor. In the

Dominican Republic one contractor was in charge of drawing the sample, testing the instrument, training the interviewers, interviewing the firms chosen, and coding the responses. A second firm was awarded the contract to enter the data, process it, and produce graphics. In Africa all tasks have been carried out by one contractor. The latter is easier in terms of oversight, since one deals with only one firm. It may also provide more reliable results because those who are in charge of gathering the information are also in a position to see, when processing the data, whether or not the responses are consistent. It is also simpler logistically because the results are coming in to the same firm which will be processing. They do not have to be sent anywhere, decreasing the time needed to carry out the survey.

2.5 Testing the survey questionnaire and training the enumerators

Testing and revising the survey instrument. After agreement on the contents of the survey has been secured from the Mission, and all initial revisions performed, the questionnaire must be tested. This pilot test will serve to flag any additional problems, in the interpretation of the questions, coding of the responses, and (if this sector is being surveyed), clarify issues pertaining to the methodology for selecting and interviewing informal sector establishments. The number of firms to include in the pilot depends primarily on the total number of enumerators being trained; preferably each enumerator should have the chance to experience at least one test interview. The pilot should also include at least one firm (and preferably two) from each of the major sectors being surveyed. In the past 12-40 firms have been included in the pilot test. Responses from the firms included in the pilot should not be included in the analysis for the full scale survey. This implies that when drawing the sample, the contractor needs to select "extras" to serve as firms for the pilot and for replacements in cases where the firms drawn initially cannot be found or refuse to cooperate with the study.

Training the enumerators. Ideally, the subcontractor will hold two training sessions. The first session takes place before the pilot study and serves to orient all enumerators on the purpose of the study, review all questions and their meaning, and clarify the meaning of all terms (what is meant by "part time" employees, what is meant by "squatters," etc). The second session would take place after the questionnaire has been tested and will serve to review experiences and raise problems with its format and content. A MAPS consultant should be present to resolve any issues which arise in wording or any decisions regarding changes to the questionnaire or the survey methodology which are necessary as result of the pilot.

2.6 Monitoring survey progress

It is extremely important that there be a MAPS consultant experienced with survey work on site to provide oversight, at least during the first crucial week of the full scale survey implementation. Below is a brief discussion of some basic aspects of the monitoring process:

On-going supervision and quality control activities. There are a number of procedures which can be established to insure the integrity of the responses and minimize inconsistencies and possible biases. The MAPS survey monitor must assess early the capabilities of the local contractor and evaluate the amount and intensity of field supervision required. Not all the mechanisms discussed below may be appropriate in a given country. In every case the MAPS field supervisor must weigh the needs of quality control with the dangers of biasing the results of the survey by being "too" obtrusive. It is important to realize that the greater the number of people present at a particular interview, the lesser the chances the interviewee will want to be "candid." If the survey monitor is an expatriate, these dangers are multiplied; interviews where there are "foreigners" present are also more likely to extract different reactions and responses than sessions in which only local personnel are involved. The best protection against potential problems may be in selecting a local contractor with good knowledge of survey technique and ensuring high quality training of the enumerators during the pilot phase. Below are several quality control techniques used in past implementations:

- Aside from attending interviews during the pilot, have the MAPS survey monitor and/or the local MAPS project monitor attend a random number of the interviews carried out by the enumerators during the first week in order to observe and correct any errors in procedure or in the interpretation of questions. This way, any problems in methodology or technique can be corrected early on in the process.
- Have the enumerators carry a log to insure that all those who were scheduled for an interview had been interviewed. In that log, the enumerator enters each day the list of all firms to be contacted, and the time and date of the interview. Upon completing an interview, the enumerator can have the log signed by the respondent; when possible, he/she also can have the respondent stamp the log book with an official company stamp. The supervisor then reviews the log daily in order to attest to the authenticity of responses. The log can also serve to monitor the total number of "refusals," useful in estimating possible biases to the responses.

- Have the local project monitor call a random number (10-30 percent) of the firms contacted for the study to verify that they had been interviewed.
- Have the field supervisors hired by the local subcontractor review all completed questionnaires to insure all questions have responses, that the skipping instructions have been followed, and that the responses are internally consistent. Questionnaires which are not completed accurately are not signed as approved (and not coded or turned over for data entry) until errors have been corrected through follow-up interviews.

2.7 Analysis of Survey and Graphics Design and Report

The substance of the report is usually driven by the results of cross tabulations which control responses using specific firm characteristics of interest to the Mission such as firm size, sector, ownership, market orientation, and gender. Which firm characteristics one controls for depends on the specific issues of interest to the Mission. The MAPS Phase I results should have given the consultants preliminary hypotheses regarding key firm characteristics and policy variables of interest and relevance to the Mission. Phase II results should have helped to refine areas of inquiry. In addition preliminary analysis, using crosstabulations can help the analyst determine how and which specific firm characteristics affect responses. The significance of firm characteristics on specific responses vary widely by country (in Swaziland and Kenya, firm size is the best predictor of membership in an association; in Lesotho it is sector), but generally firm responses to most questions vary significantly by size,³ sector, and market orientation (percentage exported).

In general the Phase III report should have the following basic sections:

Section 1: Objectives of the Study. This section explains what MAPS Phase III was designed to analyze, in particular its relation to the preceding phases. It

³Size is usually defined by the number of full time equivalent employees rather than business turnover, since the latter is sometimes less reliable. The definition of size categories relevant will vary by country: in Ghana a firm employing 50 workers may be considered large, while in Kenya this may be considered a medium sized firm. The MAPS analyst can examine the overall size distribution of firms and determine which size categories are relevant in a particular context. Alternatively, the analyst may use size categories similar to those used in previous studies, to allow comparison of MAPS results with those of other studies.

should highlight the specific hypotheses the study set out to test and the scope of the study (in terms of economic activities covered, types of firms interviewed, geographic distribution of the sample, etc).

Section 2: Study Methodology. This section of the report addresses concerns regarding the reliability and validity of the survey findings. The report must be able to insure that this is a "scientifically" conducted exercise and not an informal canvassing of the usual Mission business contacts. In addition, the idea behind these MAPS exercises is that the studies can be updated easily. In order to be able to do this, there must be a detailed written record of the methodology, so that others who undertake the task of updating findings in later years can obtain data that is comparable. This section should cover the following issues:

- survey instrument design;
- pre-test results and subsequent modifications;
- enumerator/interviewer qualifications and training;
- sampling methodology.

Section 3: Results of the survey (supported by graphics and a statistical appendix⁴). This section has the following major sections:

- Description of the sample. This section provides

⁴Graphics are usually the best way to present survey results, particularly because these results will then be used for focus group presentations. It is difficult to retain an audience's interest with tables. In addition, the MAPS report should include a comprehensive set of statistical appendices, where the distribution of responses is broken down for each of the major types of firms in which the Mission has expressed an interest. This usually includes by type of economic activity (agribusiness, manufacturing, commerce), by nationality of owner (indigenous and foreign-owned), by gender (women-owned), by market orientation (exporters-meaning those exporting over 50 percent of their goods, vs. non-exporters), by size category (informal/microenterprises, medium, large). Appendix 3.D provides a copy of part of the statistical appendices provided for USAID/Cameroon. This data provides a good "picture" of the private sector economy to complement the description and has been useful for monitoring and evaluation purposes as well as for providing information for interested investors.

basic descriptive statistics on the firms, including their sectoral and size distribution, their experience, existing backward and forward linkages, marketing and distribution channels, labor skills composition, gender composition, business turnover (past and present), capacity utilization rates, etc.

-Perceptions regarding business environment. This section deals with current and expected growth and general perceptions regarding the business climate. Data on turnover and capacity utilization is compared to perceptions regarding the climate for business.

-Perceptions of business opportunities. This section examines perceptions and interest on leading sectors of the economy; flags emerging problems in particular sectors, in exporting activity.

-Perceptions regarding policy and regulatory constraints to growth. In this section the survey tries to quantify the regulatory burden on firms and its effects on private sector incentives and growth patterns.

-Perceptions regarding resource constraints (credit, labor, land, infrastructure, technology information). This section provides a rank order of the key factors affecting business operations and establishes present and projected firm strategies for dealing with these constraints.

-Implementing agents. This section identifies those agents/institutions thought to be most effective representing private sector interests and providing key support services. It also examines the extent to which these actors are or can serve as linkages between different types of firms in the economy.

Section 4: Conclusions and implications for dialogue. In this section the key conclusions are highlighted and an initial agenda for focus group discussions is established.

Note on special topics. MAPS has been particularly useful helping Missions fulfill special reporting and project/program design requirements. Results from the various phases, particularly the survey, which contains some of the richest information, must be presented in a manner which facilitates Mission response to these.

In the case of women in development (WID) issues, firm level data should always be disaggregated by gender of owner. In addition, other information, such as gender composition of the workforce and the management and skilled labor cadre, should also be collected and reported.

As noted above, environmental issues pertaining to waste management and costs, and environmental regulations and cost control will become increasingly more important in the future and may also require a separate issues section. Topics associated with the environmental issues include: distribution of property rights, waste management practices, waste management costs, energy sources, uses and costs, and the effect of different ownership patterns and regulatory constraints on the same. MAPS Teams are currently working closely with the PRE Bureau in defining more clearly the role of these and other issues in MAPS assessments.

The need to produce a summary document for general distribution. Surveys of private entrepreneurs, while increasingly common, always produce a lot of curiosity and excitement, particularly among the entrepreneurs themselves. Moreover, the data gathered from the survey is of interest to potential investors and to donors, many of which are taking increasingly active part in private sector promotion and support activity. It is important that the key findings of the study and the policy and program agenda it establishes be distributed widely in a format that is easily understandable by an audience beyond the Mission. This summary document has been distributed during the dialogue phase of the MAPS process with great success.

3. OUTPUTS AND DELIVERABLES

At the end of Phase III, the Mission will have the following as deliverables:

- A sampling frame and sampling methodology which will enable it (in collaboration with a local subcontractor) to undertake follow-up and more in depth analysis of specific private sector issues.
- A tabulated questionnaire and statistical appendices which can be used as baseline data to compare responses over time for different types of firms. This data can also be used as useful input to support CDSS and later project papers, as well as other studies, such as private sector training needs assessments, microenterprise assessments, sectoral studies.
- A private sector diagnostic document which can be used as one input into the strategy assessment process and into other Mission documents such as the CDSS.

- A summary document of the results of this study with supporting graphics and tables, suitable for general distribution.

4. SKILLS REQUIRED

The MAPS Team should have at least one member with extensive experience designing and managing the implementation of large scale surveys in developing countries. The Team should have at least one member with substantial experience working with one or several statistical analysis and graphics production software packages. Finally, experience monitoring quality control for this type of study is also desirable. This includes experience training enumerators and supervisors, coding and managing data entry software packages and programming statistical analysis software.

5. FINAL OBSERVATIONS

MAPS Surveys (as indeed all surveys) have been the most useful when they have been designed to test specific Mission hypotheses regarding private sector growth bottlenecks, provide in-depth analysis of the growth patterns observed at the macro level or verify Mission assumptions regarding particular design needs in upcoming projects. The exercise has been less effective when it has been used to canvass the "entire" private sector about a very wide number of issues, or as a way for generating "project design ideas."

It then follows that the survey will be most effective when the MAPS Team is able to use and build on the analysis and information gathered from the preceding phases as well as from other sectoral studies. It is best if the survey is scheduled to follow closely the delivery of the first draft of the Description. The design of the study should also take into account knowledge and perceptions gathered through the review of past program results and past studies commissioned by the Mission or other donors. The analysis of these results and studies may suggest areas of inquiry hitherto overlooked. Or it may suggest that efforts are best directed at filling specific gaps left unaddressed, or incompletely addressed by previous studies.

Finally, it is important to note what the MAPS Private Sector Survey is not. The MAPS survey should not be seen as an in-depth sectoral study. It can provide a useful overview of the key characteristics, linkages, policy and strategic issues faced by firms in specific sectors; as such it has been a useful first step in the process of conducting and in-depth sectoral studies. Along the same vein, the MAPS survey should not be considered a substitute for an in-depth "training needs assessment" or informal sector assessment. As noted above, the MAPS can serve as a useful

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starting point, identifying key labor and training issues, or key differences between formal and informal sector operations. In this sense the survey has again been a valuable input in the design of these studies.

Exhibit 3.1
MAPS PHASE III
DIAGNOSING CONSTRAINTS TO PRIVATE SECTOR GROWTH

OBJECTIVES

- 1. To develop comprehensive baseline statistics on the private sector to assist Missions in evaluating and monitoring private sector development activities.**
- 2. To broaden USAID's consultation within the local private sector.**
- 3. To identify and prioritize the principal factors constraining private sector growth.**
- 4. To identify areas of opportunity.**
- 5. To identify and assess the effectiveness potential implementing agents.**
- 6. To test critical USAID assumptions.**



Exhibit 3.2
DESIGNING MAPS PHASE III
TOOLS FOR DIAGNOSING CONSTRAINTS
TO PRIVATE SECTOR GROWTH

Key Questions

- How Can USAID Measure the effectiveness of its private sector development activities?
- What are the private sector's perceptions of its opportunities and constraints?
- What are the most critical resource constraints?
- What are the impacts of public and regulatory policies on the private sector?
- What private sector initiatives will greatest support among local leadership?
- What is the impact of the competitive environment?
- What is the impact of P.S.strategies on the capital environment?
- What is the role of the formal and informal financial sector?
- What is the roles of business associations and what are their capabilities as implementing agents?

Analytical Techniques

- Private Sector Survey
- Sector Specific Surveys

Outputs

- Private Sector Diagnostic Paper and Presentation
- Comprehensive Baseline Statistics on the Private Sector
- Summary Handout for Private Sector Actors

Exhibit 3.3
STEEPS TO IMPLEMENTING THE MAPS SURVEY

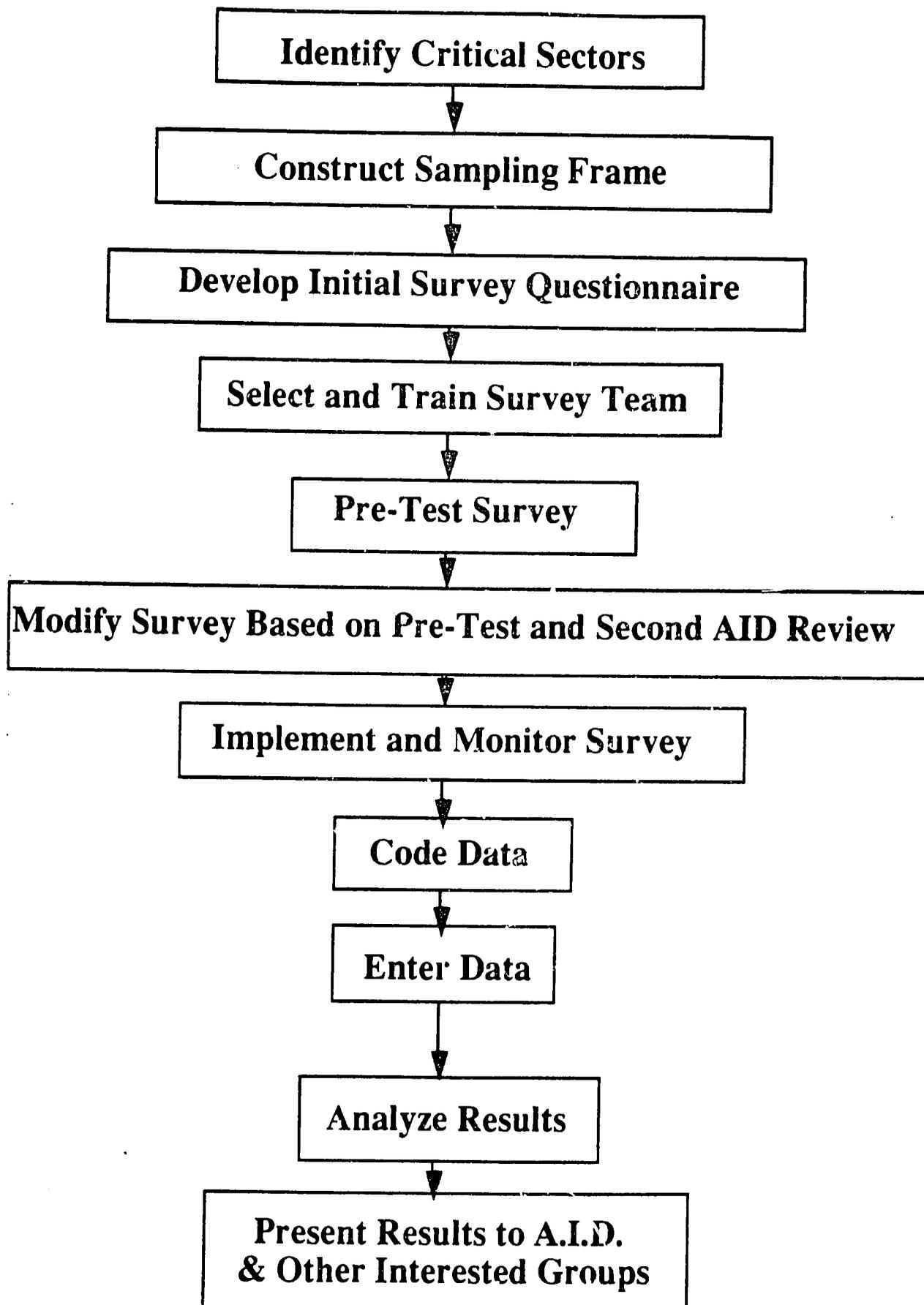


Exhibit 3.4

THE SURVEY OUTLINE

- 1. General Business Climate**
- 2. Investment Opportunities**
- 3. Constraints to Growth: Policy**
- 4. Constraints to Growth: Resources**
 - Capital/Credit**
 - Human Resources**
 - Land**
 - Information**
 - Infrastructure**
 - Other**
- 5. Initiatives Pursued by the Private Sector**
- 6. Business Associations and Other Implementing Agents**
- 7. Areas of Special Interest to Mission**
 - e.g. Free Trade Zones; Tourism; Exchange Rates, etc.**

Appendix 3.A

CONTRACT FOR THE SURVEY OF THE

PRIVATE SECTOR IN (Country)

TO BE PERFORMED BY (CONTRACTOR)

1. "The Contractor" will undertake a survey of businesses which will provide unbiased, statistically significant information on the perceptions of local entrepreneurs regarding opportunities and constraints for private sector development in (Country).
2. The survey undertaken by the Contractor will cover private sector firms in the following industry sectors:

(below are some examples of sectors to be included in this contract):

- a. Commercial Agriculture, focusing on non-traditional crops for export such as fresh horticultural crops (including pineapples, mangoes, avocados, peppers, mushrooms, green beans, eggplants, cut flowers) and other non-traditional commercial agricultural activity.
 - b. Aquaculture and fishing -- including freshwater and marine fish and shellfish.
 - c. Agro-processing: includes canned fruit and vegetables, hides and skins, textiles, sugar and products, cotton and wool, sugar products, meat and dairy, other.
 - d. Tourism (hotels, restaurants, lodges).
 - e. Other Services: principally transport services and services of relevance to agriculture (seed processing, agricultural machinery, fertilizer).
 - f. Manufacturing
3. The survey will exclude all firms (private, profit or not-for-profit, and public) in the social services sector (health, education, etc.). [Note: most Missions want these sector EXCLUDED from the survey, as they are not what is traditionally thought of as the "private enterprise sector." All countries surveyed thus far have also excluded the small scale subsistence farming sector from the survey].

4. The survey instrument will be developed by the MAPS team in consultation with the USAID Mission.
5. The Contractor will help reword the survey instrument so that it may be used to survey small scale enterprises (see paragraph 8 below). It will also be responsible for translating the survey instrument if needed.
6. The Contractor will be responsible for testing the survey instrument on a small number of businesses chosen at random prior to full implementation to insure that the questions are understandable to the interviewees. The Contractor will work with the MAPS Project Monitor and the USAID/ Mission to revise the survey instrument on the basis of the results from the field test. The firms included in the field test will NOT be included in the final number of firms chosen for the full scale survey.
7. The sampling frame of firms will need to be as complete as possible to prevent biasing the sample. The contractor will identify appropriate sampling frames for this task, in consultation with the MAPS project monitor and the USAID Mission. (the following is optional, as mentioned above in countries where the private sector is very large, it may be wise not only to limit the number of sectors but to focus the survey geographically; this is not necessary in small countries like Swaziland or in larger countries where the private sector is fairly limited as is Ghana) The sample will be limited to the major towns (and their surrounding areas) where there is a concentration of the industries identified in point 2 above. These will be: In addition, small scale rural-based enterprises operating outside these centers will be included, insofar as they appear in the registries of organizations providing assistance to these enterprises (see point 7 below).
8. The sample size is expected to be approximately ____ firms; ____ of these should be small scale enterprises (SSE's), which for the purposes of this contract are defined as firms employing less than ____ persons and with less than ____ in fixed capital assets operating in the sectors identified in paragraph 2 above.
9. The sampling frame for the SSE's will be established on the basis of the registries of cooperatives, NGO's, and other organizations providing credit and/or technical assistance to SSE's in the cities and towns specified above. The sampling frame for the larger enterprises will depend on the

availability and adequacy of comprehensive lists. The lists used by the Government to undertake its annual survey of industries may be a possible source. Other sources include the registries of business associations such as the Association of Manufacturers, the National Chamber of Commerce and Industry. The Contractor will propose a strategy for constructing a sampling frame and drawing the sample so it meets the requirements regarding sample composition specified in paragraphs 1 through 8.

10. The sample will be drawn using stratified random sampling. It may be necessary to stratify the sample to insure that there are at least 30 firms sampled in the key sectors of interest defined in point 2 above.
11. The contractor will assemble a team of personnel experienced in survey work to implement the survey. The contractor will be in charge of recruiting and training the interviewers, testing the survey instrument, overseeing the survey at the field level to insure quality control, and codifying the survey responses to facilitate data entry and analysis.
12. The contractor will assemble a team to enter the codified responses into a database processing system which can be imported into a statistical package adequate to analyze the responses, such as SPSS.
13. The output expected from the data processing will include the following:
 - a. Frequency distributions of responses to all the questions in the survey instrument.
 - b. Cross tabulations of specific responses using as control variables firm characteristics. The control variables used for the cross tabulations will include at a minimum: sector in which the firm operates, size (employee), ownership characteristics (owner gender and ethnic origin).
 - c. Non-parametric tests to measure the statistical significance of relationships between categorical variables (such as the chi-square) for specific cross-tabulations.
14. The Contractor will be responsible for producing high quality graphics to illustrate key survey results. The

MAPS project monitor, in consultation with the USAID Mission, will specify a list of the graphics needed after analyzing the output described above. The final product expected will include the diskette with the data entered from the survey and approximately 20 to 30 graphics.

15. The budget for this exercise is as follows:

[NOTE: an illustrative budget is provided below. It presents some of the most common costs for a survey of this type. The costs for transport and lodging will vary significantly with the size of the country. Some costs, such as translation, are not included. As can be seen, skilled labor in developing countries is just as expensive (or more) than that in the United States.

STAFF COSTS

<u>Personnel</u>	<u>Person Days</u>	<u>Rate (US\$)</u>	<u>Total (US\$)</u>
Project Director	3	750.00	2,250.00
Team Leader	15	600.00	9,000.00
Field Supervisor	30	150.00	4,500.00
Computer Specialist	5	250.00	1,250.00
Computer Technician	10	110.00	1,100.00
<u>Interviewers</u>	<u>300</u>	<u>100.00</u>	<u>30,000.00</u>
SUB-TOTAL (STAFF)			48,100.00
OTHER COSTS			
Transport			1,500.00
Accommodations			4,200.00
Printing & photocopying			800.00
<u>Telephone and Telex</u>			<u>200.00</u>
SUB-TOTAL (OTHER)			6,700.00
TOTAL			<u>55,800.00</u>

16. The timing and delivery dates for this exercise are as follows:

[NOTE: The delivery dates for Kenya are provided below for illustrative purposes. This is about average.]

March 13- April 14	Establish the sampling frame and draw the sample, and begin contacting interviewees.
April 17-22	Test the survey instrument and revise if needed
April 24	Begin full scale survey
June 5	Survey ends
June 12	Provide preliminary frequency distributions and crosstabs and draft methodology report
June 24	Provide final methodology report

17. The payment schedule is as follows: 25 percent upon signing the contract, 35 percent upon receipt of the preliminary frequency distributions, and the remainder upon receipt of the final deliverables.

**APPENDIX 3.B
SAMPLE ANALYSIS PLAN
(VARIABLE DEFINITIONS AND ANALYSIS EXPECTED)**

Part A

Simple Variables (from the Cameroon questionnaire)

1. V1 - Sampling source
2. V2 - Location
3. V3a - Proximity raw materials
V3b - Proximity labor
V3c - Proximity market
V3d - Tax incentives
V3e - Other location
4. V4 - Years operating
5. V5 - Gender owner
6. V6 - Months before starting
7. V7 - Regulations for starting
8. V8 - Regulations for operating
9. V9 - Annual renewals
10. V10a - Agriculture
V10b - Agroprocessing
V10c - Manufacturing
V10d - Commerce
V10e - Other services
V10f - Mining
11. V11 - Ag activity
12. V12 - Ag-process activity
13. V13 - Manuf activity
14. V14 - Commerce activity
15. V15 - Service activity

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16. V16a - Sales province
V16b - Sales Cameroon
V16c - Sales UDEAC
V16d - Sales other Africa
V16e - Sales EEC
V16f - Sales other Europe
V16g - Sales America
V16h - Sales Asia
V16i - Sales MidEast
V16j - Sales other
17. V17a - Dom retail
V17b - Dom small firms
V17c - Dom large firms
V17d - Dom parastatals
V17e - Dom other
18. V18a - Sales coop
V18b - Sales affiliated
19. V19a - Inputs province
V19b - Inputs Cameroon
V19c - Inputs UDEAC
V19d - Inputs other Africa
V19e - Inputs EEC
V19f - Inputs other Europe
V19g - Inputs America
V19h - Inputs Asia
V19i - Inputs MidEast
V19j - Inputs other
20. V20a - Inputs parastatals
V20b - Inputs farmers
V20c - Inputs small private
V20d - Inputs large private
V20e - Inputs other
21. V21 - Nationality owner
22. V22a - French owner
V22b - UK owner
V22c - FRG owner
V22d - US owner
V22e - Greek owner
V22f - Lebanese owner
V22g - Other owner
23. V23 - Public owner
24. V24 - Percentage public
25. V25 - Owner structure
26. V26 - Business climate

- 27. V27 - CA
- 28. V28 - Past sales
- 29. V29 - Future sales
- 30. V30a - Capacity past
V30b - capacity present
- 31. V31a - Dom demand
V31b - foreign demand
V31c - local private
V31d - parastatals
V31e - legal imports
V31f - illegal imports
V31g - Distance market
V31h - infrastructure
V31i - transport
V31j - regulations
V31k - taxes
V31l - exchange
V31m - technology
- 32. V32a - permits
V32b - price controls
V32c - wage regs
V32d - employment regs
V32e - customs
V32f - tax policy
V32g - tariffs
V32h - IC
V32i - TU
V32j - TIP

- 33. V33a - TIT
- V33b - DESCA
- V33c - Patente
- V33d - land taxes
- V33e - foncier
- V33f - apprenticeship
- V33g - TPRCM
- V33h - Property taxes
- V33i - sale taxes
- V33j - insurance
- V33k - trade union
- V33l - IMFS
- V33m - TSS
- V33n - corporate tax
- V33o - Profit tax
- V33p - community
- V33q - other

- 34. V34 - land rights

- 35. V35a - land cost
- V35b - land access
- V35c - tenure
- V35d - titling
- V35e - other

- 36. V36a - No. full time
- V36b - No. part time

- 37. V37a1 - total managerial
- V37b1 - total other skilled
- V37c1 - total unskilled
- V37a2 - Cameroonian managerial
- V37b2 - Cameroonian other skilled
- V37c2 - Cameroonian unskilled
- V37a3 - Women managerial
- V37b3 - Women other skilled
- V37c3 - Women unskilled

- 38. V38 - top managers women

- 39. V39 - top managers cameronian

- 40. V40 - labor productivity

- 41. V41 - payment mode

- 42. V42 - incentives

- 43. V43a - access managers
- V43b - access clerical
- V43c - access professional
- V43d - access technical

- 44. V44a - salary managers
V44b - salary professionals
V44c - salary technical
- 45. V45 - Effect salary
- 46. V46 - access to credit
- 47. V47a - Access short-term K
V47b - Access medium-term K
V47c - Access long-term K
- 48. V48a - commercial bank credit
V48b - other FI credit
V48c - foreign credit
V48d - remittances
V48e - tontines
V48f - credit unions
V48g - suppliers credit
V48h - family
V48i - personal
- 49. V49a - effect collateral
V49b - effect s-term interest
V49c - effect l-term interest
V49d - effect bank fees
V49e - effect credit ceilings
V49f - effect paperwork
V49g - effect venture capital
V49h - effect distance
- 50. V50 - Access to raw materials
- 51. V51a - availability financing
V51b - coop buying
V51c - transport access
V51d - transport cost
V51e - import licensing
V51f - for.exchange
V51g - customs
V51h - middlemen
V51i - shortages
V51j - input price
V51k - contract enforcement
- 52. V52 - local market info
- 53. V53 - export market info

- 54. V54a - price info
 - V54b - prod standards
 - V54c - contacts
 - V54d - trade regs
 - V54e - other info

- 55. V55a - Min of Trade
 - V55b - personal contacts
 - V55c - foreign partners
 - V55d - Syndustricam
 - V55e - Chamber of Commerce
 - V55f - CAPME
 - V55g - printed media
 - V55h - marketing board
 - V55i - other source

- 56. V56 - access to technology

- 57. V57a - lack of info tech
 - V57b - local expertise tech
 - V57c - cost tech
 - V57d - large investment tech
 - V57e - inappropriate tech
 - V57f - licensing tech
 - V57g - spare parts tech
 - V57h - maintenance tech
 - V57i - other tech

- 58. V58a - air access
 - V58b - air price
 - V58c - land access
 - V58d - land price
 - V58e - sea access
 - V58f - sea price
 - V58g - road net
 - V58h - road quality
 - V58i - transport regs
 - V58j - road checks
 - V58k - water price
 - V58l - water access
 - V58m - electricity price
 - V58n - electricity access
 - V58o - telecom price
 - V58p - telecom access

- 59. V59a - contracts difficult
 - V59b - legal effects

- 60. V60a - invest personnel training
- V60b - invest tech
- V60c - invest plant
- V60d - invest management
- V60e - invest marketing
- V60f - invest procurement
- V60g - invest quality

- 61. V61 - worst return

- 62. V62 - best return

- 63. V63 - best ag return

- 64. V64 - plans to export

- 65. V65 - best export market

- 66. V66a - export forex
- V66b - export credit
- V66c - export bureauc
- V66d - export taxes
- V66e - export tech
- V66f - export trans
- V66g - export infra
- V66h - export pack
- V66i - export raw mate
- V66j - export labor
- V66k - export info
- V66l - export other

- 67. V67 - know IFZ

- 68. V68 - interest in IFZ

- 69. V69 - point franc

- 70. V70 - leasing IFZ

- 71. V71 - space IFZ

- 72. V72 - joint venture

- 73. V73a - jv capital
- V73b - jv tech
- V73c - jv manage
- V73d - jv markets
- V73e - jv other

- 74. V74 - membership association

- 75. V75 - reason not member

- 76. V76a - Syndustricam rating

- V76b - Chamber of Ag rating
 - V76c - Chamber of Commerce rating
 - V76d - Ag commodity assoc. rating
 - V76e - Hotel assoc rating
 - V76f - Groupement rating
 - V76g - Coop rating
 - V76h - other group rating
- 77.
- V77a - access credit
 - V77b - access tech assist.
 - V77c - personnel training
 - V77d - feasibility
 - V77e - lobby
 - V77f - info on regs
 - V77g - info on exports
 - V77h - info on local market

Part B

New Variables

The following new variables will be created. (Note that SPSS commands are used; if you do not process using SPSS, these commands will have to change.):

78. New variable V80 (NO. FULL TIME EMPLOYEES) in the following manner

```
COMPUTE V80=(V36a*1.0) + (V36b*0.5)
```

79. New variable V81 (FIRM SIZE) ⁽⁵⁾

```
IF (V80 LT 2) V81=1 (OWNER)
IF (V80 GT 2 AND LTE 5) V81=2 (MICRO)
IF (V80 GT 5 AND LTE 10) V81=3 (SMALL)
IF (V80 GT 10 AND LTE 100) V81=4 (MEDIUM)
IF (V80 GT 100) V81=5 (LARGE)
```

80. New variable V82 (PERCENTAGE MANAGEMENT):

```
COMPUTE V82=V37a1/V36a ("/" means "divided by")
```

81. New variable V83 (PERCENTAGE SKILLED):

```
COMPUTE V83=V37b1/V36a
```

82. New variable V84 (PERCENTAGE UNSKILLED):

```
COMPUTE V84=V37c1/V36a
```

83. New variable V85 (PERCENTAGE CAM MANAGEMENT):

```
COMPUTE V85=V37a2/V37a1
```

84. New variable V86 (PERCENTAGE CAM SKILLED):

```
COMPUTE V86=V37b2/V37b1
```

85. New variable V87 (PERCENTAGE CAM UNSKILLED):

```
COMPUTE V87=V37c2/V37c1
```

⁵⁾ Note: LT means "less than"; LTE means "less than or equal to"; GT means "greater than"; GTE means "greater than or equal to."

86. New variable V88 (PERCENTAGE WOMEN MANAGEMENT):
COMPUTE V88=V37a3/V37a1
87. New variable V89 (PERCENTAGE WOMEN SKILLED):
COMPUTE V89=V37b3/V37b1
88. New variable V90 (PERCENTAGE WOMEN UNSKILLED):
COMPUTE V90=V37c3/V37c1
89. New variable V91 (PERCENTAGE WKFORCE CAM):
COMPUTE V91=(V37a2+V37b2+V37c2)/V36a
90. New variable V92 (PERCENTAGE WKFORCE WOMEN):
COMPUTE V92=(V37a3+V37b3+V37c3)/V36a
91. New variable V93 (REG BURDEN)⁶⁾
COMPUTE V93 (@SUM V33a to V33q)
92. New variable V94 (MARKET ORIENTATION)
IF (V16a LTE 050 AND V16b LTE 050) V94=1 (EXPORTERS)
IF (V16a GTE 050 OR V16b GTE 050) V94=2 (DOMESTIC)
93. New variable V95 (SECTOR)
IF (V10a EQ 1) V95=1 (AG)
IF (V10b EQ 1) V95=2 (AGPRO)
IF (V10c EQ 1) V95=3 (MANUF)
IF (V10d EQ 1) V95=4 (COM)
IF (V10e EQ 1) V95=5 (SERV)
IF (V10f EQ 1) V95=6 (MINE)
94. New variable V96 (Subsidiary)
IF (18b GT 50) V96=1 (SUBSIDIARY)
IF (18b LTE 50) V96=2 (NONSUBSIDIARY)

Part C

⁶⁾ @SUM means "sum all values of all these variables)

Data Processing Expected

1. Produce frequency distributions for all categorical variables defined in Parts A and B (that is, excluding variables: V4, V16a to V16j, V17a to V17e, V18a, V18b, V19a to V19j, V20a to V20e, V22a to V22g, V24, V30a to V30b, V36a, V36b, v37a1, V37b1, V37c1, V37a2, V37b2, V37c2, V37a3, V37b3, V37c3, V38, V39, V48a to V48i, V71, V80, v82 to V93.
2. Produce the MEAN response for all continuous variables: V4, V16a to V16j, V17a to V17e, V18a, V18b, V19a to V19J, V20a to V20e, V22a to V22g, V24, V30a to V30b, V36a, V36b, v37a1, V37b1, V37c1, V37a2, V37b2, V37c2, V37a3, V37b3, V37c3, V38, V39, V48a to V48i, V71, V80, v82 to V93.
3. Produce the MEAN response of all variables mentioned in point 2 (V4, V16a to V16j, V17a to V17e, V18a, V18b, V19a to V19J, V20a to V20e, V22a to V22g, V24, V30a, V30b, V36a, V36b, v37a1, V37b1, V37c1, V37a2, V37b2, V37c2, V37a3, V37b3, V37c3, V38, V39, V48a to V48i, V71, V80, v82 to V93) for all categories of the following variables: V1, V2, V5, V21, V23, V94, V95, V96. (That is, using the "MEANS/ TABLES dependent variable BY independent variable" command in SPSS: e.g. MEANS/ TABLES V4 BY V1-V2, V4 BY V5, etc.)
4. Provide the following cross-tabulations, (note that it is very possible that there may be some additions to this list, once we see the frequency distributions):
 - A. Cross-tabulations with V81 (firm size)
 - A.1 V81 by V6 (firm size by months to start operations)
 - A.2 V81 by V7 (firm size by regs for starting)
 - A.3 V81 by V8 (firm size by regs for operating)
 - A.4 V81 by V26 (firm size by business climate)
 - A.5 V81 by V28 (firm size by past sales)
 - A.6 V81 by V29 (firm size by future sales)
 - A.7 V81 by V31a through V31m (Effect of size on perceptions regarding factors affecting sales)
 - A.8 V81 by V32a through V32j (Effect of size on perceptions regarding regulations)
 - A.9 V81 by V33a through V33p (Effect of size on tax compliance)
 - A.10 V81 by V34 (firm size by land rights)

- A.11 V81 by V40 (firm size by labor productivity)
- A.12 V81 by V43a to V43d (effect of firm size on access to labor skills)
- A.13 V81 by V47a to V47c (effect of firm size on access to capital)
- A.14 V81 by V49a through V49h (Effect of size on factors affecting access to credit)
- A.15 V81 by V52 (size by local mkt info)
- A.16 V81 by 53 (size by export market info)
- A.17 V81 by V57a through V57i (Effect of size on technology constraints)
- A.18 V81 by V58a through V58p (Effect of size on perceptions regarding infrastructure)
- A.19 V81 by v59b (effect of size on legal effects)
- A.20 V81 by V60a through V60g (Effect of size on investment priorities)
- A.21 V81 by V74 (firm size by association membership)
- A.22 V81 by V76a through V76g (Effect of size on type of membership)
- A.23 V81 by V77a through V77h (Effect of size on demand for association services)
- A.24 V81 by V96 (size by subsidiary)

B. Cross Tabulations with V95 (sector)

- B.1 V95 by V6 (sector by months to start operations)
- B.2 V95 by V7 (sector by regs for starting)
- B.3 V95 by V8 (sector by regs for operating)
- B.4 V95 by V26 (sector by business climate)
- B.5 V95 by V28 (sector by past sales)
- B.6 V95 by V29 (sector by future sales)
- B.7 V95 by V31a through V31m (Effect of sector on perceptions regarding factors affecting sales)

- B.8 V95 by V32a through V32j (Effect of sector on perceptions regarding regulations)
- B.9 V95 by V43a to V43d (effect of sector on access to labor skills)
- B.10 V95 by V57a through V57i (Effect of sector on technology constraints)
- B.11 V95 by V58a through V58p (Effect of sector on perceptions regarding infrastructure)
- B.12 V95 by V67 (sector by knowledge of IFZ)
- B.13 V95 by V68 (sector by knowledge of IFZ)
- B.14 V95 by V74 (sector by association membership)
- B.15 V95 by V76a through V76g (Effect of sector on type of membership)
- B.16 V95 by V77a through V77h (Effect of sector on demand for association services)

- C. **Cross Tabulations with V94 (market orientation)**
- C.1 V94 by V26 (market orientation by business climate)
- C.2 V94 by V28 (market orientation by past sales)
- C.3 V94 by V29 (market orientation by future sales)
- C.4 V94 by V52 (market orientation by access to local market info)
- C.5 V94 by V53 (market orientation by access to export market information)
- C.6 V94 by V54a to V54e (market orientation by info desired)
- C.7 V94 by V55a to V55h (market orientation by source of info)
- C.8 V94 by V58a through V58p (Effect of market orientation on perceptions regarding infrastructure)
- C.9 V94 by V64 (market orientation by plans to export)
- C.10 V94 by V65 (market orientation by export markets)
- C.11 V94 by V66a through V66k (market orientation by type of export constraint)
- C.12 V94 by V67 (market orientation by knowledge of IFZ)

- C.13 V94 by V68 (market orientation by interest in IFZ)
- C.14 V94 by V74 (market orientation by association membership)
- C.15 V94 by V76a through V76g (market orientation by type of membership)
- C.16 V94 by V77a through V77h (market orientation by demand for association services)

D. Cross Tabulations with V5 (gender)

- D.1 V5 by V26 (gender by business climate)
- D.2 V5 by V28 (gender by past sales)
- D.3 V5 by V29 (gender by future sales)
- D.4 V5 by V46 (gender by access to credit)
- D.5 V5 by V47a to V47c (effect of gender on access to capital)
- D.6 V5 by V49a through V49h (Effect of gender on factors affecting access to credit)
- D.7 V5 by V74 (gender by association membership)
- D.8 V5 by V76a through V76g (gender by type of membership)
- D.9 V5 by V77a through V77h (gender by demand for association services)

**APPENDIX 3.C
SAMPLE SURVEY**

CAMEROON SURVEY

The purpose of the following survey is to gather information about the private sector in Cameroon, the beliefs held by business persons on different aspects of doing business, and the general investment climate. This study is financed by the U.S. Agency for International Development (USAID). This information will assist USAID/Cameroon in formulating its development strategy for the coming years. The information obtained here will be treated in a private and confidential manner. Nevertheless, questions deemed inappropriate do not have to be answered.

- Position of the person interviewed: (1). Owner
(2). Manager
(3). Professional/Technical
(4). Other

Date the survey was performed: _____
(day/month/year)

Name of Interviewer: _____

Approved by: _____

Questionnaire No. _____

1. Sampling source (CIRCLE ONE):

- (1). Formal registry (2). Informal sampling

2. Location of the firm (CIRCLE ONE):

- (1). Douala (2). Limbe (3). Tiko (4). Edea (5). Yaounde
(6). Bafoussam (7). Garoua (8). Bamenda (9). Ngaoundere

SECTION 1: GENERAL INFORMATION ON THE FIRM

3. How important were the following when selecting this site for your firm?
(FOR EACH CATEGORY PUT EITHER 1=IMPORTANT; 2=NOT IMPORTANT; 3=DON'T KNOW)
- _____ a). Proximity to raw materials
_____ b). Proximity to labor
_____ c). Proximity to clients for my products
_____ d). Tax incentives
_____ e). Personal considerations
_____ f). Other (specify): _____
4. How long has the firm been operating? _____ years
5. What is the gender of the owners (or the majority shareholders) of this firm (CIRCLE ONE RESPONSE)
- (1). Male (2). Female (3). Equal proportion of shares held by male and female (4). Don't Know
6. How many permits, licenses did you have to obtain to establish⁷ (start up) your business? (CIRCLE ONE)
- (1). 0-5 (2). 6-10 (3). 11-15 (4). 16-20 (5). Over 20
7. Approximately, how long did it take you to obtain all the paperwork necessary to begin business operations? (CIRCLE ONE)
- (1). 0-6 months (2). 7-12 months (3). 13 to 18 months
(4). 19-24 months (5). Over 24 months
8. Approximately, how many permits and licenses do you need to operate your business? (CIRCLE ONE)
- (1). 0-5 (2). 6-10 (3). 11-15 (4). 16-20 (5). Over 20

⁷For example: entry and residency permits, the acte de constitution, legalization of statutes, registration (SCIFE), declarations at DNPf, real estate permits (certificat d'urbanisme, permits de construire), application for installation of electricity service, water service, telephone connections, import authorizations.

9. How many of the permits and licenses you need to operate need to be renewed annually:

(1). 0-5 (2). 6-10 (3). 11-15 (4). 16-20 (5). Over 20

10. In which sectors does your business operate?
(Mark ALL categories either 1= YES or 2=NO):

___ a). Agriculture, forestry, fishing production (IF YES, GO TO NO. 11)

___ b). Processing of agricultural, forestry, fish products (IF YES GO TO NO. 12)

___ c). Manufacturing (IF YES GO TO NO. 13)

___ d). Trade and Commerce (IF YES GO TO NO. 14)

___ e). Other Services (IF YES GO TO NO. 15)

___ f). Mining (IF YES GO TO NO. 16)

11. In what MAIN agricultural activity is your business involved?:
(CIRCLE ONE)

(01). Coffee

(07). Livestock

(02). Cocoa

(08). Aquaculture/Fishing

(03). Bananas/Plantains (09). Cotton

(04). Other fruits (10). Palm Oil

(05). Vegetables

(11). Rubber

(06). Rice

(12). Tobacco

(13). Forestry/logging

(14). Other (specify): _____

(GO to NO. 16)

12. In what MAIN agricultural processing activity are you involved? (CIRCLE ONE)

- | | |
|---|--------------------------|
| (1). Cocoa/Coffee processing | (5). Ginning/Weaving |
| (2). Processed foodcrops
(fruits/vegetables) | (6). Palm oil processing |
| (3). Animal products
(meat and dairy) | (7). Tobacco processing |
| (4). Hides and skins | (8). Wood processing |
| (9). Other (specify): _____ | |

(Go to question no. 16)

13. In what MAIN manufacturing activity are you involved? (CIRCLE ONE):

- | | |
|---|-------------------------------------|
| (01). Handicraft | (08). Assembly (other) |
| (02). Clothing/textiles | (09). Brewing and beverage products |
| (03). Finished wood products | (10). Machinery and equipment |
| (04). Plastics | (11). Paper and Paper products |
| (05). Metal products | (12). Leather/footwear |
| (06). Confectionery/baking | (13). Chemical/pharmaceutical |
| (07). Assembly (electrical
electronic) | |

(14). Other (specify): _____

(Go to question no. 16)

14. In what MAIN commercial activity are you involved? (Circle one):

- | | |
|-----------------------------|-------------------------|
| (1). Wholesale Trade | (4). Direct import |
| (2). Retail Trade | (5). Export |
| (3). Both wholesale/retail | (6). Both import/export |
| (7). Other (specify): _____ | |

(Go to question no. 16)

15. In what MAIN service activity are you involved? (Circle one):

- | | |
|--|----------------------------------|
| (1). Vehicle and Appliances
Repairs | (5). Restaurant/food preparation |
| (2). Transportation | (6). Finance |
| (3). Communications | (7). Construction |
| (4). Tourism
(hotels/travel agencies) | (8). Consulting |

(9). Other (specify): _____

(Go to question no. 16)

16. What percentage of your direct sales (approximately) are to the following markets:

- | | |
|---|---------|
| a). Within the province | _____ % |
| b). Outside province, but within Cameroon | _____ % |
| c). within other UDEAC ⁸ | _____ % |
| d). To other parts of Africa | _____ % |
| e). To the EEC | _____ % |
| f). To other Europe | _____ % |
| g). To North America | _____ % |
| h). To Asia | _____ % |
| i). To the Middle East | _____ % |
| j). Other | _____ % |

⁸Includes Cameroon, Chad, CAR, Equatorial Guinea, Gabon, Congo.

17. Of your domestic sales, approximately what percentage of your product do you sell to:

- a). Retail customers _____%
- b). Small firms (less than 10 workers) _____%
- c). Larger private firms _____%
- d). Government agencies _____%
- e). Parastatals _____%
- g). Other _____%

18. What percentage of your product do you sell:

- a). Through a cooperative: _____%
- b). To an affiliated company or partner: _____%

19. What percentage of your raw materials (approximately) come from:

- a). Within the province _____%
- b). Outside province, but within Cameroon _____%
- c). within Other UDEAC⁹ _____%
- d). other parts of Africa _____%
- e). EEC _____%
- f). Other Europe _____%
- g). North America _____%
- h). Asia _____%
- i). Middle East _____%
- j). Other _____%

⁹Includes Cameroon, Chad, CAR, Equatorial Guinea, Gabon, Congo.

20. Approximately what percentage of the locally purchased raw materials are bought from:

- a). Parastatals _____%
- b). Directly from farmers or individuals _____%
- c). Small firms (less than 10 workers) _____%
- d). Larger private firms _____%
- e). Other _____%

21. Is your firm owned by Cameroonians? (CIRCLE ONE)

- (1). YES (2). NO (3). Don't know/not apply
(If YES, no. 23) (if NO or Don't Know/NA, go to no. 22)

22. Approximately what percentage of the total equity¹⁰ is provided by NON-Cameroonians?

- a). French: _____%
- b). British: _____%
- c). German: _____%
- d). US: _____%
- e). Greek _____%
- f). Lebanese _____%
- g). Other Foreign: _____%

23. Is part of the firm owned by Cameroonian public institutions (e.g. SNI or direct Government ownership)? (CIRCLE ONE)

- (1). YES (2). NO (3). Don't know/not apply
(if YES, no. 24) (If NO or Don't Know/NA, go to no. 25)

¹⁰Equity means non-loan money invested in the business.

24. What percentage of the business is owned by Cameroonian public institutions? _____%
25. Which one of the following best describes the ownership structure of this business?: (Circle ONE)
- (1). Sole owner (2). Partnership (SARL) (3). Corporation (SA)
- (4). Other

SECTION 2: FACTORS ACCOUNTING FOR BUSINESS PERFORMANCE

26. Do you think the economic environment today is: (CIRCLE ONE)
- (1). better than it was three years ago.
- (2). worse than it was three years ago.
- (3). has not changed in the last three years.
- (4). Don't know
27. Please estimate business turnover (CA): (CIRCLE ONE)
- (1). Less than 20 million
- (2). Between 20 million and 60 million
- (3). More than 60 million but less than 200 million
- (4). More than 200 million but less than 600 million
- (5). Over 600 million
28. How has your sales volume changed over the last year? (CIRCLE ONE)
- (1). Has improved by MORE than 20 percent.
- (2). Has improved by LESS than 20 percent.
- (3). Has not changed.
- (4). Has deteriorated by LESS than 20 percent.
- (5). Has deteriorated by MORE than 20 percent.
- (6). Don't know

29. What do you think will happen to your sales volume over the next year? (CIRCLE ONE)

(1). Will improve by MORE than 20 percent.

(2). Will improve by LESS than 20 percent.

(3). Will not change.

(4). Will deteriorate by LESS than 20 percent.

(5). Will deteriorate by MORE than 20 percent.

(6). Don't know

30. Please estimate the percentage of capacity at which your business:

a). Operates today: _____ % of capacity

b). Operated 3 years ago: _____ % of capacity

31. How have the following factors affected your sales volume over the past year?

(Mark ALL categories either 1=positive; 2=negative; 3=No effect; 4=Don't Know)

- ___ a). Domestic demand for my product
- ___ b). Foreign demand for my product
- ___ c). Competition from other private firms in Cameroon
- ___ d). Competition from Cameroonian parastatals or government agencies
- ___ e). Competition from legally imported goods
- ___ f). Competition from illegally imported goods
- ___ g). Distance to markets
- ___ h). Market infrastructure (roads, port facilities, airport facilities)
- ___ i). Transportation facilities (availability of freight space)
- ___ j). Government regulations
- ___ k). Taxes
- ___ l). Exchange rates
- ___ m). Production technology

32. How did each of the government regulations/actions affect you business performance last year?

(Mark ALL categories either 1=positive; 2=negative; 3=No effect; 4=Don't Know)

- ___ a). Permits, licenses requirements
- ___ b). Price/margin controls
- ___ c). Labor Code regulations on wages
- ___ d). Labor Code regulations of hiring/firing
- ___ e). Customs clearance procedures
- ___ f). Tax policies
- ___ g). The General Trade Schedule (policies on tariffs and quotas)
- ___ h). Investment Code incentives
- ___ i). Single Tax Regime (TU)
- ___ j). Internal Tax on Production Regime (TIP)

33. Which of the following fees, taxes, patents must your business pay?:

(Mark ALL categories either 1=yes; 2=no; 3=don't know; 4=NOT apply)

- ___ a). Tax on internal turnover (TIT)
- ___ b). Registration fees for company charters (DESCA and DESBI)
- ___ c). Other registration fees and stamp duties regarding property leases (Patente, etc.)
- ___ d). Land, forest or mining taxes/licenses
- ___ e). Credit foncier deduction
- ___ f). Apprenticeship tax
- ___ g). Proportional tax on income from securities (TPRCM)
- ___ h). Taxes/duties on sale of securities/property
- ___ i). Direct/indirect taxes or duties on sales and purchases
- ___ j). Tax on insurance contracts
- ___ k). Trade union tax for employees
- ___ l). Fixed minimum corporate tax (IMFS)
- ___ m). Special corporate tax (TSS)
- ___ n). Corporate tax
- ___ o). Profit taxes
- ___ p). Community taxes
- ___ q). Other (specify): _____

SECTION 3: RESOURCE CONSTRAINTS

Land

34. What rights do you have to the land you are occupying? (CIRCLE ONE)
- (1). Title deed (2). Lease (3). Squatter (4). Other
35. Please indicate how the following affected (or affect) your firm's operations over the last year: (Mark ALL categories either 1=positive; 2=Negative; 3=No effect; 4=Don't Know)
- ___ a). Cost of land
- ___ b). Access to land
- ___ c). Uncertainty about ability to stay on the land (tenure)
- ___ d). Lack of clear titling
- ___ e). Other (specify): _____

Labor

36. a). Number who work full time: _____
- b). Number contracted as needed (on average): _____
37. How many of your (full time) employees are in each of the following categories?
- | | (1) Total
Number | (2) Total
Cameroonian | (3) Total
Women |
|--|---------------------|--------------------------|--------------------|
| a). Managerial
Personnel ⁽¹¹⁾ | _____ | _____ | _____ |
| b). Other skilled
Personnel ⁽¹²⁾ | _____ | _____ | _____ |
| c). Unskilled | _____ | _____ | _____ |

¹¹For example, managing directors, company executives, general managers.

¹²Includes professionals (for example engineers, accountants, economists), technical personnel (such as, mechanics, repairmen, plumbers, artisans, production line technicians, assemblers) and secretarial personnel.

38. What percentage of the top management team¹³ are women?
_____%
39. What percentage of the top management (the company decision-makers) in this firm is Cameroonian? _____%
40. Are you satisfied with the productivity of your employees?
(CIRCLE ONE)
- (1). YES (2). NO (3). Don't know/not apply
41. On what basis do you pay your employees? (CIRCLE ONE)
- (1). Based on the Labor Code statutory wage schedule
(2). Based on piece work or contractual basis
(3). Both
(4). Other
42. Do you give bonuses or other incentives to get employees to work harder? (CIRCLE ONE)
- (1). YES (2). NO (3). Don't Know/not apply

¹³Refers to the people in the firm involved in making the key strategic decisions about the firm's operations, NOT just the day to day production decisions.

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43. For the following personnel categories, please specify how difficult it has been to obtain Cameroonians with the training/experience needed in your firm:
(Mark ALL categories either 1=Difficult; 2=Average; 3=Easy; 4=Don't know/Not apply)

- _____ a) Managerial Personnel⁽¹⁴⁾
_____ b) Secretarial/clerical Personnel
_____ c) Professional Personnel⁽¹⁵⁾
_____ d) Technical Personnel⁽¹⁶⁾

44. Do you have to pay very high salary and benefits packages to attract: (Mark ALL categories either 1=yes; 2=no; 3=don't know/not apply)

- _____ a) good managers? _____ b) good professionals?
_____ c) good technical personnel?

(If answered YES to any of the above, go to no. 45, otherwise go to no. 46)

45. Has the need to pay high salary and benefits packages hindered the growth of your business? (CIRCLE ONE)

- (1). YES (2). NO (3). Don't Know/Not apply

¹⁴For example, managing directors, company executives, general managers.

¹⁵For example: engineers (agricultural, chemical, etc.), accountants, economists.

¹⁶For example, mechanics, repairmen, plumbers, artisans, production line technicians, assemblers.

Credit

46. Have difficulties obtaining access to credit affected your business performance over the last year? (CIRCLE ONE)

(1). YES (2). NO (3). Don't Know/not apply

47. Please specify how difficult you think it has been to obtain each type of loan over the last year? (Mark ALL categories either 1=Difficult; 2=Average; 3=Easy; 4=Don't know/Not apply)

- ___ a) Short-term loans for working capital (e.g. less than 1 year)
- ___ b) Medium-term loan for plant and equipment (e.g. 1-5 years)
- ___ c) Long-term loan (e.g. over 5 years)

48. Please provide an estimate of the percentage of your capital (long and short term) which comes from the following sources:

- a) Local commercial banks _____ %
- b) Other formal financial institutions _____ %
- c) Foreign sources _____ %
- d) Remittances _____ %
- e) Tontines _____ %
- f) Credit Unions _____ %
- g) Supplier's credit _____ %
- h) Family/friends _____ %
- i) Personal _____ %

49. Please indicate how the following factors pertaining to bank policies affected your ability to access financing: (For each category of response, circle the appropriate number)

1. Very Negative	2. Negative	3. Positive	4. Not at all	5 Don't Know/NA
a. Collateral requirements ⁽¹⁷⁾			1 2 3 4 5	
b. Interest rates for short-term capital			1 2 3 4 5	
c. Interest rates for long-term financing			1 2 3 4 5	
d. Bank fees			1 2 3 4 5	
e. Credit ceilings			1 2 3 4 5	
f. Paperwork/Administrative procedures			1 2 3 4 5	
g. Availability of venture capital sources			1 2 3 4 5	
h. Distance to banks			1 2 3 4 5	

Raw Materials

50. Have you had difficulty obtaining the raw materials that you need to operate? (CIRCLE ONE)

(1). YES
(if YES go
to no. 51)

(2). NO

(3). Don't know/Not apply
(if NO or Don't Know/NA, go to no. 52)

¹⁷Collateral means: security required by money tenders.

51. How have the following factors affected your firm's ability to procure all the inputs it needs: (For each category of response, circle the appropriate number)

1. Very Negative	2. Negative	3. Positive	4. Not at all	5 Don't Know/NA
a) Availability of financing				
b) Lack of cooperative buying				
c) Availability of transportation				
d) Cost of transportation				
e) Import licensing controls				
f) Foreign exchange regulations				
g) Customs regulations				
h) Middlemen margins				
i) Scarcity/shortages of products				
j) The price of the input				
k) Enforcement of supply contracts				

52. Is reliable information on the LOCAL market/demand for your product available? (CIRCLE ONE)

(1). YES (2). NO (3). Don't know/Not apply

53. Is reliable information on the INTERNATIONAL market/demand for your product available? (CIRCLE ONE)

(1). YES (2). NO (3). Don't know/Not apply

54. How interested are you on the following types of market information for your business? (For each category of response, circle the appropriate number)

	1. Interested	2. Not Interested	3. Not apply	4. Don't know
a) Information on prices			1 2 3 4	
b) Information on product standards			1 2 3 4	
c) Contacts with other companies			1 2 3 4	
d) Information on trade regulations (tariffs/quotas)			1 2 3 4	
e) Other (specify): _____			1 2 3 4	

55. Specify the sources which you use to get information on the market for your product: (Mark ALL categories either 1=yes; 2=no)

- ___ a) The Ministry of Trade
- ___ b) Personal Contacts
- ___ c) Foreign Partners
- ___ d) Syndustricam
- ___ e) Chamber of Commerce
- ___ f) CAPME
- ___ g) Trade journals or newspapers
- ___ h) National Marketing Board
- ___ i) Other (specify): _____

Technology

56. Do you have access to appropriate production technology for your business?

- (1). YES (2). NO (3). Don't know/not apply

(IF answered NO, go to No. 57, otherwise go to No. 58)

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57. Have any of the following hindered access to needed technology
(Mark ALL categories either 1=yes; 2=no; 3=don't know/not
apply)

- a) Lack of information about available technology
- b) Lack of local expertise/experience
- c) Cost of technology
- d) Reluctant to invest large sums in fixed assets
- e) Imported technology not adequate for the market
- f) Government licensing requirements
- g) Difficulty access to spare parts
- h) Maintenance problems
- i) Other (specify): _____

Infrastructure

58. How have each of the following affected your ability to produce and market your product?: (Mark ALL categories either 1=negative; 2=positive; 3=Don't Know/not apply)

- a) Availability of air cargo space
- b) Price of air cargo space
- c) Availability of land transport facilities
- d) Price of land transport facilities
- e) Availability of maritime transport facilities
- f) Price of maritime transport
- g) Existence of an adequate road network
- h) Quality of road network
- i) Transport regulations (on weight, axles, etc.)
- j) Road checks/road blocks
- k) Cost of water
- l) Access to/reliability of water supply
- m) Cost of electricity
- n) Access to/reliability of electricity
- o) Cost of telecommunications (telephone, fax, etc)
- p) Access to/reliability of telecommunications

Legal Environment

59. Given your experience as a business person, please tell us if you agree with the following statements regarding your experience with the legal system: (Mark ALL categories either 1=Agree; 2=Disagree; 3=Don't Know/Not apply)

- a) Contracts are difficult to enforce.
- b) Problems enforcing contracts make it difficult to do business in Cameroon.

SECTION 4: OPPORTUNITIES

60. Have you formulated a specific plan to invest in any of the following areas? (Mark ALL categories either 1=yes; 2=no; 3=don't know/not apply)

- ___ a) Personnel training and development
- ___ b) Improved production technology
- ___ c) Physical capital (plant improvement)
- ___ d) Improving my own management capability
- ___ e) Marketing
- ___ f) Procurement
- ___ g) Quality Control

Suppose you were considering investing in one of the areas/activities listed below:
(Read or show the list)

- (01). Unprocessed agriculture production for domestic market
- (02). Unprocessed agriculture production for export market
- (03). Agroprocessing/agroindustry for domestic market
- (04). Agroprocessing/agroindustry for export
- (05). Manufacturing for export
- (06). Manufacturing for domestic market
- (07). Construction
- (08). Tourism
- (09). Commerce and trade
- (10). Banking
- (11). Other services
- (12). Other (specify): _____

61. Which one do you think offers the LOWEST or WORST return on investment?: _____ (put the number corresponding to the area listed above)

62. Which one do you believe offers the HIGHEST or BEST return on investment?: _____ (put the number corresponding to the area listed above)

(If answered 1, 2, 3, 4, go to No. 63, otherwise go to No. 64)

63. Which agricultural products do you think offer the BEST return on investment? (CIRCLE ONE)

- | | |
|-------------------------|------------------------------|
| (01). Coffee | (08). Aquaculture/Fishing |
| (02). Cocoa | (09). Cotton |
| (03). Bananas/Plantains | (10). Palm Oil |
| (04). Other fruits | (11). Rubber |
| (05). Vegetables | (12). Tobacco |
| (06). Rice | (13). Forestry/logging |
| (07). Livestock | (14). Other (specify): _____ |

64. Are you currently exporting or have plans to export in the future? (CIRCLE ONE)

- (1). YES (2). NO (3). Not Sure

(If answered YES, go to No. 65, otherwise go to No. 72)

(NOTE: if you are interviewing informal sector firms, skip now to question no. 74)

65. Which export market do you believe would be most profitable? (Circle ONE)

- | | |
|-------------------|-----------------------------|
| (1). UDEAC | (5). USA |
| (2). Other Africa | (6). Asia |
| (3). EEC | (7). Middle East |
| (4). Other Europe | (8). Don't Know/No Response |

66. How important are the following as obstacles to entering/expanding your export operations in this market: (For each category of response, circle the appropriate number)

	1. Very Important	2. Somewhat Important	3. Not Important	4. Don't Know
a) Foreign exchange controls	1	2	3	4
b) Credit controls	1	2	3	4
c) Bureaucratic delays	1	2	3	4
d) Taxes	1	2	3	4
e) Production technology	1	2	3	4
f) Transport infrastructure	1	2	3	4
g) Other market infrastructure	1	2	3	4
h) Packaging	1	2	3	4
i) Raw materials	1	2	3	4
j) Labor productivity	1	2	3	4
k) Market information	1	2	3	4
l) Other (specify): _____	1	2	3	4

67. Have you heard about the Industrial Free Zone (IFZ) program being initiated in Cameroon? (CIRCLE ONE)

(1). YES (2). NO

68. In order to qualify for the incentives offered under the IFZ regime, a firm must be 100 percent export oriented. Would consider establishing an export oriented operation under the IFZ regime? (CIRCLE ONE)

(1). I already export 100 percent, and would be interested in learning more about qualifying for the IFZ incentives.

(2). I already export 100 percent, but I am not interested in the IFZ regime.

(3). I do not export 100 percent, but would be interested in establishing an export oriented operation under the IFZ regime.

(4). I do not export 100 percent and I am NOT interested in the IFZ regime

(If answered 1 or 3, go to question no. 69, otherwise go to question no. 72)

69. The IFZ regime is designed to allow for development of an industrial park, as well as the establishment of single factory free zones, called "point francs." Would your operation require "point franc status" or could you locate your operation in an industrial park? (CIRCLE ONE)

(1). Require "point franc" status

(2). Willing to locate in an industrial park.

(3). Don't Know

(If answered 2, go to NO. 70, otherwise move to question 72)

70. Would you prefer to rent or own a building? (CIRCLE ONE)

(1). Rent (2). Own (3). Don't know

71. How much space would your business require if you were to locate in an IFZ? _____ sq. meters

72. Are you interested in joint venture with foreign companies, either for local production or export? (CIRCLE ONE)

(1). YES (2). NO (3). Don't know

(if YES, go to no. 73)

(if NO or Don't know, go to no. 74)

73. What resources do you expect from a foreign partner? (Mark ALL categories either 1=yes; 2=no; 3=don't know)

- a. Capital
- b. Technological expertise
- c. Managerial expertise
- d. Access to markets
- e. Other (specify):

SECTION 5: ASSOCIATIONS

74. Are you (or is your firm) affiliated with any type of business or trade association? (CIRCLE ONE)

- (1). YES (2). NO (3). Unsure

(if YES,
no. 76)

(if NO or Unsure, no. 75)

75. Specify which one BEST describes why you do not belong to an association: (CIRCLE ONE)

- (1). No association provides services I find useful.
- (2). I am unwilling to pay membership dues.
- (3). I am not able to pay membership dues.
- (4). Membership restrictions
- (5). Other restrictions
- (6). Other

(Skip to question no. 77)

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76. Please specify which associations and rate how effectively they have represented your business interests: (For each category of response, circle the appropriate number)

1. Very Effective	2. Somewhat Effective	3. Not Effective	4. Don't Belong
-------------------	-----------------------	------------------	-----------------

- | | | | | |
|---|---|---|---|---|
| a. Syndustricam | 1 | 2 | 3 | 4 |
| b. Chamber of Agriculture | 1 | 2 | 3 | 4 |
| c. Chamber of Commerce | 1 | 2 | 3 | 4 |
| d. Agriculture Commodity Associations | 1 | 2 | 3 | 4 |
| e. Hotel/Restaurateur Association | 1 | 2 | 3 | 4 |
| f. Groupement des Hommes D'Affaires Camerounais | 1 | 2 | 3 | 4 |
| g. Cooperative | 1 | 2 | 3 | 4 |
| h. Other (specify): _____ | 1 | 2 | 3 | 4 |

77. Which of the following services would you want a business/trade association to offer (or increase)? (For each category of response, circle the appropriate number)

1. Very Interested	2. Somewhat Interested	3. Not Interested	4. Don't Know
--------------------	------------------------	-------------------	---------------

- | | | | | |
|--|---|---|---|---|
| a. Provide access to credit | 1 | 2 | 3 | 4 |
| b. Provide technical assistance | 1 | 2 | 3 | 4 |
| c. Develop personnel training services | 1 | 2 | 3 | 4 |
| d. Provide feasibility studies | 1 | 2 | 3 | 4 |
| e. Increase contact/representation with Government | 1 | 2 | 3 | 4 |
| f. Provide information on government administrative procedures/regulations | 1 | 2 | 3 | 4 |
| g. Provide information on export markets | 1 | 2 | 3 | 4 |
| h. Provide information on local market | 1 | 2 | 3 | 4 |

Appendix 3.D
Excerpt from Statistical Appendix to
MAPS Private Sector Diagnosis
Cameroon

The Agribusiness, Manufacturing and Services Sectors

FACTORS	AGRIBUSINESS	MANUFACTURING	SERVICES
Number of Years Operating	14	11	9
% in INFORMAL SECTOR	0%	18%	26%
Location			
•Douala	65%	68%	47%
•Yaounde	4%	11%	37%
•Bafoussam	13%	7%	3%
•Bamenda	4%	8%	3%
Ownership			
•% Cameroon Owned	52%	67%	75%
•% GRC Ownership	0%	30%	13%
•% French Ownership	50%	49%	38%
•% Greek Ownership	0%	9%	11%
•% Lebanese Ownership	10%	6%	2%
•% FRG Ownership	0%	6%	1%
•% UK Ownership	10%	0%	2%
•% USA Ownership	0%	0%	0%
•% Other Ownership	30%	17%	29%
•% Women Ownership	0%	5%	7%
Ownership Structure			
•Sole Proprietor	30%	35%	47%
•Partnership	22%	19%	24%
•Corporation	43%	46%	27%
Business Turnover			
•Less than 20 million FCFA	17%	35%	45%
•20-60 million FCFA	9%	7%	17%
•60-200 million FCFA	26%	17%	13%
•200-600 million FCFA	9%	10%	12%
•Over 600 million FCFA	39%	31%	14%
Land Tenure			
•Title Deed	57%	45%	31%
•Lease	39%	54%	66%
•Squatter	4%	1%	2%
% Who Are Constrained By:			
•Cost of Land	26%	14%	22%
•Access to Land	22%	5%	17%
•Uncertainty of Tenure	39%	15%	25%
•Lack of Clear Titling	13%	9%	13%

Source: MAPS Private Sector Survey, March 1990

The Agribusiness, Manufacturing and Services Sectors

FACTORS	AGRIBUSINESS	MANUFACTURING	SERVICES
REGULATORY ISSUES			
<i>% Needing this Number of Permits to Start Operating</i>			
•0-5 permits	48%	50%	62%
•6-10 permits	26%	22%	25%
•11-15 permits	9%	15%	9%
•16-20 permits	0%	4%	2%
•More than 20 permits	17%	8%	2%
<i>% Needing this Number of Months to Obtain Permits</i>			
•0-6 months	39%	41%	69%
•7-12 months	17%	30%	20%
•13-18 months	9%	8%	7%
•19-24 months	9%	7%	1%
•More than 24 months	26%	14%	3%
<i>% Needing this Number of Permits to Operate</i>			
•0-5 permits	48%	57%	69%
•6-10 permits	35%	19%	19%
•11-15 permits	9%	8%	9%
•16-20 permits	0%	4%	1%
•More than 20 permits	9%	12%	3%
<i>% Needing this Number of Permits Renewed Annually</i>			
•0-5 annual renewals	74%	83%	87%
•6-10 annual renewals	22%	7%	9%
•11-15 annual renewals	0%	5%	3%
•16-20 annual renewals	0%	0%	0%
•Over 20 annual renewals	4%	5%	1%
<i>GRC Regulations Affecting Sales</i>			
•Permits/Licenses	39%	37%	44%
•Price/Margin Controls	45%	32%	45%
•Labor Code Wage Regulations	5%	21%	22%
•Labor Code Hiring/Firing Regs	17%	26%	22%
•Customs Regulations	48%	51%	29%
•Tax Policies	35%	48%	49%
•Tariffs/Quotas	35%	30%	32%
•Investment Code	12%	12%	16%
•Taxe Unique	17%	17%	7%
•TIP	20%	17%	28%

Source: MAPS Private Sector Survey, March 1990

The Agribusiness, Manufacturing and Services Sectors

FACTORS	AGRIBUSINESS	MANUFACTURING	SERVICES
Infrastructure			
<i>Factors Affecting Production</i>			
•Availability of Air Cargo Space	0%	6%	5%
•Price of Air Cargo Space	9%	12%	11%
•Availability of Land Transport	43%	13%	22%
•Price of Land Transport	39%	14%	27%
•Availability of Maritime Transport	30%	19%	15%
•Price of Maritime Transport	26%	17%	13%
•Existence of Adequate Road Ntwrk	48%	23%	28%
•Quality of Road Network	62%	24%	32%
•Transport Regulations	32%	5%	17%
•Road Checks/Road Blocks	59%	30%	34%
•Cost of Water	0%	15%	20%
•Reliability of Water Supply	4%	10%	16%
•Cost of Electricity	27%	60%	41%
•Reliability of Electricity	14%	33%	27%
•Cost of Telecommunications	32%	45%	35%
•Reliability of Telecommunications	22%	44%	30%

Source: MAPS Private Sector Survey, March 1990

The Agribusiness, Manufacturing and Services Sectors

FACTORS	AGRIBUSINESS	MANUFACTURING	SERVICES
Sales Channels			
•% Sales ABROAD	30%	7.5%	4.5%
•o/w UDEAC	3%	53%	22%
•o/w Other Africa	0%	4%	6%
•o/w EEC	80%	26%	66%
•o/w Other Europe	16%	13%	4%
•o/w USA	1%	4%	2%
•% Sales in CAMEROON	70%	93%	95%
•o/w in PROVINCE	86%	66%	78%
•% Sales to SMALL FIRMS	15%	16%	14%
•% Sales to LARGE FIRMS	30%	24%	13%
•% Sales to GRC AGENCIES	5%	4%	4%
•% Sales to PARASTATALS	2%	5%	2%
•% Sales to COOPERATIVES	8%	1%	0%
•% Sales to AFFILIATES	15%	4%	7%
Inputs			
•% Inputs IMPORTED	19%	33%	23%
•o/w from UDEAC	5%	0%	4%
•o/w from Other Africa	37%	0%	4%
•o/w from EEC	53%	100%	87%
•o/w from USA	5%	0%	4%
•% Inputs from CAMEROON	81%	67%	77%
•o/w from PROVINCE	52%	45%	47%
•% Inputs from SMALL FIRMS	10%	14%	16%
•% Inputs from LARGE FIRMS	22%	43%	36%
•% Inputs directly from FARMERS	6%	8%	6%
•% Inputs from PARASTATALS			
<i>Factors Impeding Ability to Obtain Inputs</i>			
•Lack of Financing	55%	73%	80%
•Lack of Cooperative Buying	20%	21%	41%
•Availability of Transport	82%	22%	33%
•Cost of Transport	90%	30%	47%
•Import License Controls	30%	31%	41%
•Foreign Exchange Regulations	20%	22%	23%
•Customs Procedures	60%	42%	41%
•Middlemen Margins	30%	24%	25%
•Shortages	70%	44%	65%
•Input Prices	40%	44%	56%
•Enforcement of Supply Contracts	30%	24%	38%

Source: MAPS Private Sector Survey, March 1990

The Agribusiness, Manufacturing and Services Sectors

FACTORS	AGRIBUSINESS	MANUFACTURING	SERVICES
Business Climate			
•Capacity Utilization TODAY	66%	45%	51%
•Capacity Utilization 3 YRS AGO	74%	60%	60%
•Business Climate Has Gotten Worse	70%	89%	77%
•Past Sales Declined	48%	66%	68%
•Future Sales will Decline	9%	25%	23%
•Don't Know What Will Happen Nxt Yr	30%	31%	46%
Legal Environment			
•Contracts are Difficult to Enforce	72%	80%	80%
•Makes it Difficult to do Business	78%	84%	86%
Business Associations			
•% Member of any Association	65%	44%	36%
<i>Percent Belonging to:</i>			
•Syndustricam	40%	81%	43%
•Chamber of Agriculture	67%	17%	18%
•Chamber of Commerce	67%	77%	68%
•Ag-Commodity Associations	27%	6%	9%
•Restaurant-Hotel Association	0%	6%	5%
•Groupement des Hommes d'Affaires	13%	28%	29%
•Cooperatives	27%	13%	9%
Associations Are Effective/Very Effective			
•Syndustricam	100%	92%	86%
•Chamber of Agriculture	90%	13%	33%
•Chmaber of Commerce	90%	81%	77%
•Ag-Commodity Association	75%	0%	50%
•Restaurant-Hotel Association	N/A	33%	0%
•Groupement des Hommes d'Affaires	50%	85%	84%
•Cooperatives	75%	25%	50%
Interested/Very Interested in Service			
•Access to Credit	78%	76%	81%
•Technical Assistance	86%	82%	73%
•Personnel Training	95%	77%	72%
•Feasibility Studies	70%	67%	72%
•Lobbying	63%	84%	84%
•Info on GRC Regulations	85%	83%	84%
•Info on EXPORT MARKETS	83%	84%	77%
•Info on LOCAL MARKETS	82%	95%	95%

**MAPS Phase IV:
Dialogue with the Private Sector**

MAPS PHASE IV

DIALOGUE WITH THE PRIVATE SECTOR

The MAPS Dialogue phase borrows techniques from private sector market research and includes 1) interviews; 2) informal dialogue sessions and 3) structured focus groups.

1. PURPOSE AND OBJECTIVES

The overall purpose of the dialogue phase is to ensure that any USAID private sector initiative will be likely to succeed and counts upon broad local private sector leadership and support. It also enhances USAID's public sector dialogue.

The specific objectives are:

- To broaden USAID's network of private sector contacts;
- To solicit qualitative feedback on the survey results on the private sector description findings;
- To test USAID assumptions underpinning existing or upcoming projects and programs;
- To assess private sector support for existing or potential USAID initiatives.
- To help generate a wider menu of options;
- To identify and evaluate new implementing agents.
- To provide the Mission Director and other key USAID officers with information useful to USAID-Host Government dialogue.
- To stimulate increased dialogue with other donors.

The objectives of MAPS Phase IV are presented in Exhibit 4.1.

2. THE IMPLEMENTATION PROCESS

During MAPS Phase I, the team explains the dialogue process and carefully tailors it to the Mission's needs and the Mission's existing dialogue with the private sector. This includes how many sessions will be held, timing, who will attend and how they will be structured and organized. Careful attention must also be given to informing the host government of the MAPS exercise, including the dialogue.

Dialogue usually begins immediately with interviews between MAPS consultants (often accompanied by USAID officers) and local private sector leaders. These typically include traditional USAID contacts and it is essential that the MAPS team consult these leaders early in the process. The MAPS team is also expected to go beyond that traditional network of private sector contacts and widen the Mission's knowledge of other important private sector leaders. The MAPS dialogue process is presented graphically in Exhibits 4.2 and 4.3. There are several types of "dialogue" activities which take place during the implementation of a MAPS exercise:

1. Interviews

MAPS interviews begin on the second or third day after arrival. During Phase I as many as 30-40 informal dialogue sessions may be conducted. For each of these interviews, a memorandum of conversation should be provided to the Mission. (This is generally considered a confidential output for internal Mission use only). These memoranda help provide the "institutional memory" for the MAPS process and serve as useful briefing documents when structuring and refining focus group agendas. These early interviews are often useful in helping to tailor the description and survey exercises. Later, they are invaluable assets for enriching the interpretation of survey results. They also will help in later organization of structured focus groups.

2. Dialogue Sessions

Dialogue Sessions consist of groups of 4-6 leaders from a particular area of economic activity of interest to the Mission (e.g. agro-exports, free trade zones, financial sector, business associations, micro-enterprise, etc.). They are organized primarily for the benefit of USAID officers and serve to strengthen the private sector assessment. The number and diversity of these sessions depends very much on the Mission. In countries such as the Dominican Republic and Ghana they have been useful vehicles for getting key USAID officers new to the country or the private sector acquainted with key private sector leaders. In these countries there were 6-8 such sessions organized during the MAPS study; in other Missions, no such sessions were organized. They have been held at a variety of locations including restaurants, hotel conference rooms, business association offices and at the USAID Mission¹. The Mission Director in Ghana even hosted several lunches at his own home. While there is no formula for these sessions, the people selected and the agenda should

¹This latter location is the least preferred. Ideally the dialogue sessions should take place at a neutral setting in which all parties feel at ease.

be given careful attention. As in the focus groups, it is important to include representatives of the government and other donor agencies. The extent to which these sessions are led by the MAPS team or by a USAID officer is a function of USAID personalities and is decided after close consultation. The sessions also help bring to Mission attention new local leadership groups and to screen invitees to the focus group sessions later on.

3. Focus Groups

The focus group is a session of about two hours with a group of private sector leaders organized by interest area (agribusiness, industry, financial sector, micro-enterprise, women's business groups, etc.). The first hour is generally spent in presenting the findings from the MAPS private sector description and survey. Handouts summarizing the key findings in written and graphic form are often provided. The participants comment on the findings and provide qualitative feedback.

The second hour is usually devoted to brainstorming interventions which respond to the constraints presented and discussed during the first hour. Many creative ideas are generated. Some existing initiatives already underway are identified.

Focus groups require careful logistical preparation and skilled moderators. It is also important for the Team to have a secretary to record accurately the proceedings of these meetings.

3. OUTPUTS AND DELIVERABLES

The outputs of the dialogue phase include the following:

- o Memoranda of conversation from the interviews;
- o Minutes from the dialogue sessions;
- o Report on results of each focus group;
- o A summary dialogue report; and
- o (Optional): Data base on private sector contacts.

But the most important output is not a written document but rather the strengthened dialogue process between USAID and the private sector.

4. LESSONS FROM THE FIELD

A number of issues have come up in the dialogue process in recent MAPS implementations.

1. When Does It Start?

The first MAPS implementations waited to begin dialogue until after the results of the description and survey were in. But in an increasing number of countries, due to Mission requests, the dialogue phase has become a more important part of the entire process, involving the Mission more closely in systematic and broad ranging discussions with private entrepreneurs throughout the MAPS implementation.

2. Who Attends?

The answer to this is that those private sector leaders who have the most to offer should attend. On the USAID side, this really depends on the Mission. In the Dominican Republic, where the Private Sector Officer was new, he attended all the meetings and played an active role. In Ghana, where the Mission was rebuilding a major presence, the Mission Director chose to participate in most sessions. In Kenya, the larger Mission size meant relatively larger numbers of USAID staff in the sessions. A MAPS moderator also usually attends, perhaps accompanied by other members of the MAPS team. It is important for the consultant to consider how a large USAID presence may affect the session. It has been the case that too many A.I.D. personnel may have thwarted more candid participation by those who were less well known to the Mission (and those that could potentially have had something "new" to say). In sessions with donors, the dialogue sessions should be attended by representatives of those agencies who have a significant presence, and particularly private sector programs. Who in government should attend depends on the purpose of the dialogue process. In some countries, government has already "bought into" the policy agenda promoted by USAID and other donors, but such intellectual and philosophical agreement at the top has not translated into operational changes in the bureaucracy. In this case dialogue sessions aimed at "education/training" of mid-level officials whose "veto power" over policy has slowed implementation of critical policy change may be most appropriate. In other cases, government policy makers at the top may need to be "alerted" to special policy problems/issues facing entrepreneurs. Government attendance in this case is best in the form of high level officials as opposed to the mid-level bureaucrat whose input into policy may be more limited.

An example of the list of participants from the focus group sessions in Ghana is provided in Exhibit 4.4.

But the MAPS Team must look beyond the local private sector. Private sector promotion goals in a particular country may also be served by helping to forge linkages between the local private sector, the Mission and potential US investors. The MAPS process can help the Mission understand US investment growth patterns and trends and use this process to achieve its private sector promotion goals as well. Hence, in many countries it may be entirely appropriate for the dialogue process to include not just representatives of the local private sector or government, but also representatives of the entrepreneurial community outside the country. In these countries MAPS serve as a vehicle for helping the Mission identify and create contacts and interest among the US private sector community; it can serve as a catalyst for providing interested US companies information on the local environment and link up with local entrepreneurs.

3. What is the Role of the MAPS Moderator?

Normally, the MAPS moderator plays an active role in structuring the discussions unless USAID officers request a more active role in guiding the discussions themselves. In one mission, a senior USAID official expressed displeasure that the MAPS team let people talk too much and did not lead the direct and moderate the discussions enough. Adapting to this concern, the moderator played a more active role only to find that another key Mission officer preferred a less active role. This highlights the need to set expectations in advance.

4. Dialogue with Government As Well

MAPS began with an almost exclusive focus on the private sector. However, it soon became evident that dialogue with the host-country government was crucial. The host government must be informed of the MAPS process to avoid rumor or misunderstanding later. The results of the survey and description are normally shared in presentations to key government officials and a summary report is provided to them. Generally, these officials are very interested in this survey. The presentation also serves as a venue for initiating closer USAID-Host Government dialogue. USAID generally lets the consultants present the results and maintains a certain distance from the conclusions and the MAPS presentation serves in some ways as a low-risk trial balloon to test the reception of certain approaches with various government officials. The value of using MAPS to foster public as well as private sector dialogue should not be ignored.

5. Does Dialogue Differ According to Level of Mission Involvement?

Dialogue in a high activity country like Kenya allowed the Mission to refine its strategy and to be more focused and specific in its dialogue. In a low activity country, dialogue is much more a means

of getting to know the actors and to expand the network of contacts. In a country facing significant USAID officer turnover, it is a way of coming up to speed quickly on the personalities and issues involved in private sector activity.

In the Dominican Republic, dialogue resulted in bringing together for the first time in one room the leaders of four different micro-enterprise assistance groups. The eventual result was an umbrella organization designed to attract and channel greater levels of assistance to micro-enterprise. It also provided the first formal contact between USAID and Fundacion Economia y Desarrollo, a leading private sector thinktank.

In Swaziland and Lesotho the dialogue resulted in actual joint ventures being consummated when Africa-MDI followed up on opportunities identified and made the appropriate U.S. contacts.

In Ghana, the dialogue provided the Mission Director with an agenda and forum for ongoing interaction with Government of Ghana ministries and provided a window to assess ministry attitudes to private sector initiatives that had been identified.

In one case, the dialogue with the financial sector provided a warning light--the executives were not interested in a proposed USAID initiative that was set to be developed. This "red light" outcome was seen as equally valuable as other "green light" outcomes.

Pitfalls to Avoid

While dialogue has generally been successful, MAPS teams and USAID Missions should be aware of potential dangers. The first danger is that the exercise could be viewed as a waste of time either by USAID or by private sector leaders. This can happen if the dialogue is managed by an inexperienced facilitator or if the proper homework has not been done prior to the session (in the sense of knowing who the participants will be, their 'agenda' and the key issues of interest to all parties). It can also happen if the quality of people invited is such that they cannot or do not contribute much in the areas of strategic interest to USAID.

Another potential problem is that of raising expectations. Participants should never be enticed to participate with the explicit or implicit promise of eventual projects responding to their needs. Rather, it allows them to participate in an analysis session and perhaps to become eligible to receive the description and survey report which will be distributed publicly. Care must also be taken, as mentioned above, to inform the local government of the exercise. They must be kept informed out of courtesy and also because word inevitably gets back.

5. SKILLS REQUIRED

The skills needed for MAPS team members capable of leading a successful dialogue implementation are the following:

1. Local language capability;
2. Familiarity with local private sector;
3. Inter-personal skills and experience with dialogue and focus group moderation;
4. Conceptualization and strategic thinking ability.

It is important that the personality and background of the facilitator be sensitive and respectful, yet capable of bringing order and structure to focus group and dialogue sessions. The facilitator must ensure broad participation in cases where conversation tends to be dominated by one or more extroverted individuals. While a careful agenda must be prepared, the facilitator must also exercise judgement to enable to the discussions to pursue new paths when these are fruitful.

An example of the minutes of the focus groups in Ghana are presented in Appendix A to this chapter.

Exhibit 4.1
MAPS PHASE IV
DIALOGUE WITH THE PRIVATE SECTOR

OBJECTIVES

- 1. To solicit qualitative feedback on survey findings and private sector map.**
- 2. To test USAID assumptions which underpin new or existing projects and programs.**
- 3. To involve the local private sector in the identification of constraints and opportunities.**
- 4. To brainstorm positive interventions which the private sector itself could make with or without A.I.D. assistance and to catalyze action by the private sector.**
- 5. To widen USAID's network of contacts.**
- 6. To identify and evaluate new implementing agents.**

Exhibit 4.2
THE MAPS PROCESS
PHASE IV: DIALOGUE WITH THE PRIVATE SECTOR

Key Questions

- How do key private and public sector decision-makers view the diagnosis and description?
- Will private sector support A.I.D.'s initiatives?
- What initiatives is the local private sector already undertaking?
- Who are the potential implementing agents?
- What are other donor groups doing?

Analytical Techniques

- Informal Dialogue Sessions
- Focus Groups

Outputs

- Minutes of Meetings
- Summary Report on Results of the Dialogue
- Database of Private Sector Actors

Exhibit 4.3

THE DIALOGUE PROCESS

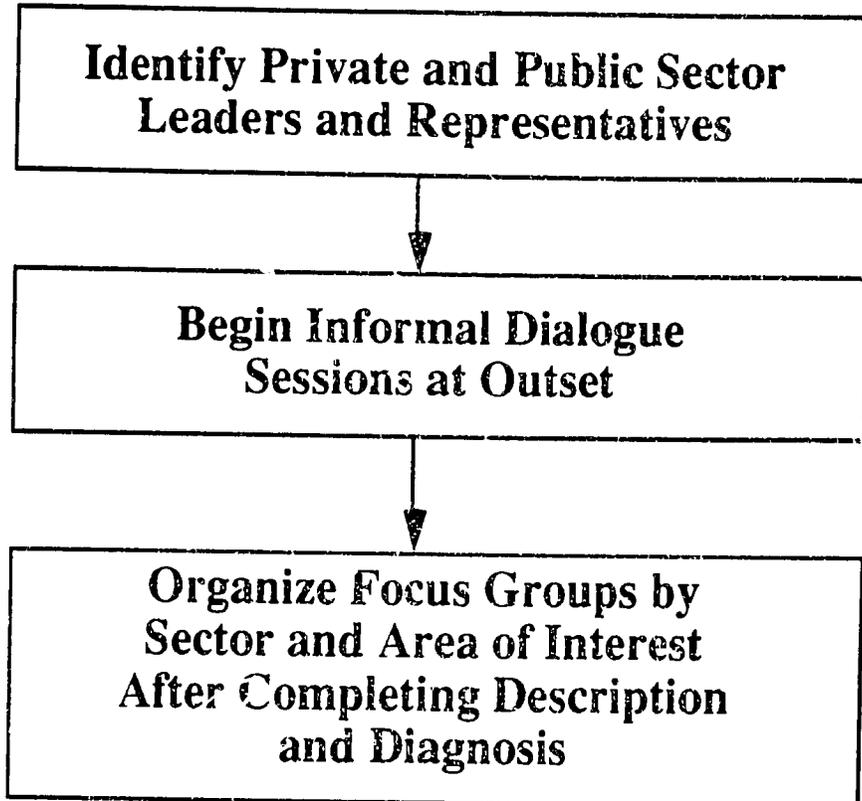


Exhibit 4.4
Participants in Focus Groups in Ghana

April 20

Dr. Akuako-Frimpong is Acting Director of MDPI, a parastatal research, consulting and training enterprise.

Mr. Omotunde Johnson is the IMF Residence Representative in Ghana.

Dr. K. Erbynn is Chairman of the Ghana Investment Center. Dr. Erbynn has a PhD from Iowa State that was made possible by USAID.

April 25

Mrs. Edusei-Herbststein is Managing Director of Akuaba Ltd., a small wood processing company that makes childrens' furniture and toys. Her wares were recently on exhibit at GIFEX in February.

Mrs. Esther Ocloo is Managing Director of Nkulenu Industries, a manufacturing firm. She is also the head of the Ghana Professional Women's Association.

Mrs. Frances Ademolah owns the Loom, a small boutique that markets upscale Ghanaian paintings and crafts. She is also active in womens' health causes.

April 27

Mrs. Lucia Quachey is Managing Director of Lucia Manufacturing. She is also a member of the Association of Ghana Industries and chairs their committee on Garments and Knitting.

Mrs. Sherri Ayittey works closely with small womens' enterprises via the 31st December Women's Movement.

Mrs. Marian Thompson is Managing Director of M&J Business Services.

May 2

Mr. Bukari Issifu is General Manager of the Ghana Cooperative Credit Union Association.

Dr. E.K. Abaka is Executive Director of the National Board for Small-Scale Industries out of the Ministry of Industries, Science and Technology.

Miss Comfort Wiredu runs a dressmaking operation and chairs the Small-Scale Industries committee of the Association of Ghana Industries.

May 4

Mrs. Engmann directs a school in Accra and is also active in Womens World Banking. She is attending a USAID conference in Nairobi in late April.

Mr. Kojo Keelson is Executive Director of the Opportunities Industrialization Center which trains people in crafts and performs industrial market studies.

Mrs. Elizabeth Sai has a microenterprise (five employees) which bottles ginger drinks in Accra.

May 9

Mrs. Gloria Nikoi is Chairman of the Bank for Housing and Construction and the Akuapem Rural Bank. She is also a former official in the Ministry of Finance, and married to a former Governor of the Bank of Ghana.

Mr. J. Nuamah is Managing Director of National Savings and Credit Bank and head of the Ghana Institute of Bankers.

Mr. J. Atta-Nyamekye is Managing Director of Densu Industries, and 2nd Vice President of the Association of Ghana Industries.

May 11

Mr. David Brooks is Managing Director of Barclays Bank in Ghana.

Mr. J. Addo is a consultant with Price Waterhouse, and a former Governor of the Bank of Ghana.

May 16

Dr. H. Phillips runs the Phillips Clinic, and is also head of the Ghana Medical Association.

Mr. C. Gyamfi is Managing Director of Bikkai Ltd, a pharmaceutical producer. He is also chair of the Ashanti/Brong Ahafo committee of the Association of Ghana Industries.

Mrs. Henritta Owusu is President of the Ghana Registered Midwives Association.

May 23

Dr. E. Martinez is Director of Global 2000 in Ghana.

Dr. Appiah is Managing Director of Cooperative Bank.

Mr. George Korankye is a senior official with Reiss & Co., a Dutch agricultural input distributor.

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May 25

Dr. Wehmah is Managing Director of Agrovets, an agricultural processing firm.

Dr. A. Owusu is Managing Director of Astek Industries (producers of Refresh), and chairs the Food, Drinks and Tobacco Committee of the Association of Ghana Industries.

Mr. Yaw Kuranchie is Managing Director of the Agricultural Development Bank, and formerly directed the Ghana Food Distribution Corporation.

Appendix 4.A
Minutes from MAPS Focus Groups in Ghana

Lunch at Towery Residence

Date: 4/20/89

Attending: G. Towery, E. Birgells, A. Sisson, S. Vordzorgbe,
A. Lessard, M. Borish

Guests: Dr. Johnson (IMF), Dr. Erbyynn (Ghana Investment
Center), Dr. Akuako-Frimpong (MDPI)

Key Points

1. The purpose of this luncheon was to provide an overview of macroeconomic conditions in Ghana, get a feel for the general investment climate, and determine initiatives that USAID might be able to support in terms of assisting private sector development.
2. The feeling was that the ERP was succeeding, that the macroeconomic climate in Ghana had vastly improved in recent years, and that the GOG had generated substantial donor goodwill due to its pursuit of the ERP. This support from the donor community was manifested in Paris in late February when the international community pledged funds in excess of the GOG's full request.
3. One of the points dealt with the perception that the informal sector was fairing well, with a substantial increase in the volume of goods and services being generated compared to just two years ago. Dr. Johnson recommended that USAID consider helping small entrepreneurs expand, although the key role should be improving the prevailing macroeconomic conditions to foster market-oriented private sector development. Defining the informal or micro-enterprise sector (the two not necessarily being the same) is a part of the larger MAPS question of who and what are the private sector. A recent World Bank study, based on a 1984 census, quantified the informal sector at 84%.
4. Ways in which USAID can assist the informal or microenterprise sectors were less clear. Whether USAID could and should assist these enterprises is also an open question as most people agreed they seemed to be performing well, at least compared to previous years' performance.
5. The cultural concept of the African enterprise received attention. As some of the discussion focused on expansion of enterprises, the point was made that the African entrepreneur typically considers his/her enterprise a family

or individual operation, with a duration not planned for much longer than the owner's individual life. Given that it is a family operation, he/she is unwilling to take in non-family partners to improve management or expand operations out of concern about losing control. In addition, even with growth, it was pointed out that after a certain revenue or profit level has been achieved, the African entrepreneur will utilize earnings for personal investment (i.e., a house) rather than building up the capital position of the enterprise. Not all of these attributes were/are considered strictly African, but the example of market women and others suggests these are strong tendencies throughout West and other parts of Africa. Such emphasis on individual and family enterprises also places constraints on capital formation as Africans often resist pooling their funds to form an economic partnership.

6. As for the financing of the Ghanaian private sector, it was mentioned that the banking system is wholly untenable as it exists now and cannot be viewed as a useful vehicle for levels of financial intermediation that are required for medium- and long-term investment. The short-term nature of the banking system's loan portfolio is a reflection of the need for turnover (increased fee income generation) and a sense of improved monitoring/management of credits. A consequence of an inefficient banking system is a high level of non-formal financial activity (family, susu, moneylenders). It was also mentioned that non-financial considerations are important in many peoples' savings and credit decisions as non-formal financiers usually offer lower interest earnings (susu) or charge higher interest rates (moneylenders) than the banks. Trust, convenience, lower transactions costs, etc., all account for utilization of non-formal financial sector services.
7. When asked areas in which assistance would be required, Dr. Akuako-Frimpong suggested training support for financial record-keeping/reporting and marketing management. Dr. Johnson added that these are tools that would be useful for economic progress and professionalization of management, although implementation of such a program would take time. These topics also relate directly to cultural conceptions of running a business, and the widely accepted notion that most people do not want to keep records because of taxation and fears of Government efforts to seize assets or force retroactive tax payments.
8. Other issues discussed were the viability of PAMSCAD and political pressures surrounding the program. It was also agreed that the divestiture/privatization campaign was initially ambitious and that this process will take far longer than originally thought.

9. Bullet points for strategy development:

- Define the microenterprise and informal sector
- Begin conceptualizing whether USAID should assist informal and microenterprises, and if so, how to do so effectively
- Likewise assess USAID's strengths and how best to channel such assistance (i.e., formal sector via training, overall infrastructure development, collaboration with other donors through apex organizations, etc.)

Luncheon on April 25

USAID: G. Towery, E. Birgells, J. Laryea, W. Nutakor,
A. Lessard, M. Borish

Guests: Mrs. Edusei-Herbstein (Akuaba), Mrs. Ademolah
(The Loom)

1. The purpose of this luncheon was to focus on the role of women in the private sector and possible ways in which USAID might find a vehicle for assistance.
2. Both women, while urban-based, represent entirely different operations. Mrs. Ademolah operates a boutique that sells Ghanaian paintings and handicrafts. She has few employees, and targets her products primarily to expatriates. Mrs. Edusei-Herbstein, on the contrary, employs 120 people in her furniture manufacturing business. While she exports, she also produces for the local children's and household market.
3. The luncheon was dominated by the topic of credit, largely reflecting Mrs. Edusei-Herbstein's manufacturing and export concerns in the current restructuring environment. While the women acknowledged that this problem affected most manufacturers and farmers, they did point out that the banks traditionally have discriminated against women and insisted that they have a male relative or spouse sign on their behalf for purposes of collateral. Given that women have high loan repayment rates, this struck the guests as ironic. Most women do not approach banks for loans, preferring to keep their money outside the banking system or with a susu man. Without deposits, banks will not lend.
4. Consumption and investment patterns were discussed. Women entrepreneurs, once they generate disposable income, tend to invest in housing and their children's education. One successful fishmonger was mentioned. She continues to live in the same modest house she's had for decades, but her fish trading activities have financed her three sons' medical degrees.
5. Given discrimination in the banking system, the women felt that Women's World Banking, the Rural Banks, and specialized development finance units of commercial banks (particularly Ghana Commercial Bank) would be useful in assisting small entrepreneurs in general, and women in particular, with startup. Hairdressers were cited as examples of women who start up with the use of family funds. It was felt that for those who lack access to family funds, small credit schemes might work. The women seemed to understand the high cost of administering these credits, yet believed enterprise

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development would benefit from small credit programs channeled through WWB, the Rural Banks, etc. They also pushed for a loan guarantee scheme, and support for trade association efforts (i.e., via the Association of Ghana Industries) to establish a credit rating system to assist the banks.

6. Points to consider for strategy development:

- Usefulness of channeling assistance through WWB
- Whether women should be specifically targeted for USAID assistance or simply major beneficiaries of larger programs (i.e., health care delivery, training, opportunities via credit unions)

Luncheon at Towery Residence

Date: 4/27/89

USAID: G. Towery, E. Birgells, J. Laryea, W. Nutakor,
A. Lessard, M. Borish

Guests: S. Ayittey, (31st December Women's Movement),
M. Thompson (M&J Business Services), L. Quachey
(Lucia Industries)

1. This was the second of two luncheons focusing on women and the private sector. All three came from different perspectives: Ayittey represented a very grass-roots, ideologically-oriented perspective towards rural development and specific problems affecting women; Thompson represents a business services company that is urban-based, somewhat capital-intensive (computers, photocopiers, FAX machine, etc.), and presupposes a certain level of training and literacy; and Quachey represented some of the traditional concerns of a small textile manufacturer. Ayittey's focus is on grouping rural women into cooperatives for a series of potential education, health and economic benefits. Thompson and Quachey run small enterprises employing roughly 20 people.
2. While credit was predictably a topic, much of the discussion dealt with the role of training. There was a general consensus that management training was required across the board, although these programs would have to be specifically tailored to target audiences. For instance, Women's World Banking-sponsored training at MPPI was poorly attended, partially because many women could not leave children/family etc, for the several days required for attendance. It is also questionable whether training "for women" can possibly be effective as their needs are as diverse as the population in general. In the end, some basic training (i.e., cash flow management) could begin in the rural areas on a decentralized basis, while more formal and sophisticated types of training for larger urban audiences could be provided for the needs of various producers of goods and services. Even here, the differences in training needs between services and manufacturing are often broad, reinforcing the need for specialized, tailored training.
3. It was agreed that while some training in bookkeeping, finance, etc. was needed, there were two general problems that businesses had to contend with:

- a. education of the workforce, including all levels of management, in the concept of the business unit, and how their individual performance (i.e., quality, productivity) impacts profits, growth, compensation, etc.; and
 - b. the need for higher compensation for workers to incentivize them to work harder.
4. Points for strategy:
- What kinds of training would be appropriate for women and private sector development?
 - Should these programs be formal or should apprenticeship-type programs be encouraged as basic business skills are better taught in practice on an ongoing basis?

Luncheon on May 4, 1989

USAID: E. Birgells, W. Nutakor, J. Laryea, M. Borish

Guests: Mrs. Comfort Engmann (Women's World Banking);
Mrs. Elizabeth Sai (Bella's Catering); and Mr. Kojo
Keelson (Opportunities Industrialization Center)

1. The focus of this luncheon was education, training and microenterprise development. Mrs. Engmann heads a lyceum as well as WWB. Mr. Keelson is directly involved in skills training (carpentry, plumbing, catering, etc.), primarily for school dropouts. Mrs. Sai is Managing Director of a microenterprise (five employees) engaged in catering and ginger drink production.
2. Predictably, the three guests talked about financial constraints posing a problem for microenterprise and private sector development. Their complaints followed the normal pattern: banks do not lend; when they do, interest rates and fees are too high; currency devaluation has ruined purchasing power and made imports prohibitively expensive; etc.
3. Unfortunately, the training side did not receive as much attention as was anticipated. Mrs. Sai said she had benefitted from the NBSSI's Entrepreneurial Development Program, a training program based on an Indian model with Indian instructors that deals with procurement, accounting, marketing, quality control, Government fiscal policy and regulation, etc. A description of the program is in the private sector library.
4. Mr. Keelson discussed OIC, which has about 400 students in Accra (200), Kumasi (100) and Takoradi (100). The school has 11 or 12 courses/programs to train people in skilled trades and crafts. The age range of the students is 17-35. OIC manages to place about 50% of its students. The program involves both classroom training and internships. OIC is currently financed about 90% by the Government, and is expected to play a role in the JSS educational reform. However, with bases in only three cities, it may be difficult for OIC to have an impact in rural areas where many of these skills are required and lacking.
5. Points for strategy development:
 - Expanding the capabilities of training institutions to reach larger numbers of people, particularly in rural areas
 - creating linkages via apprenticeships with micro-enterprises and small firms to increase on-the-job training.

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Luncheon at the Towery Residence

Date: May 9, 1989

USAID: G. Towery, E. Birgells, S. Vordzorgbe, T. San Martin,
M. Borish

Guests: Mrs. Gloria Nikoi (Bank for Housing and Construction);
Mr. J. Nuamah (National Savings and Credit Bank);
J. Atta-Nyamekye (Censu Industries)

1. The purpose of this luncheon was to get an idea of how the formal financial sector views restructuring, and to get their side of the story on the credit squeeze in Ghana. Mrs. Nikoi chairs a development bank and a successful Rural Bank, so her experience is wide ranging and her thoughts touched on development, small-scale enterprise and rural issues. Mr. Nuamah is Managing Director of NSCB and also Executive Director of the Ghana Institute of Bankers, thus his experience was considered to be particularly strong from the savings mobilization and bank training side. Mr. Atta-Nyamekye is a manufacturer and leading figure at the Association of Ghana Industries. Given manufacturers' frustrations with tight money his opinions were expected to generate some conflict and debate.
2. Nikoi's key points were that small-scale informal entrepreneurs drive the economy, and that programs to strengthen institutions to assist them need to be implemented. She cited some of the activities of BHC and the Rural Banks as examples (i.e., susu collection, organizing transport for market women trading in foodstuffs). She felt that development banks such as BHC needed to be profitable, but that they were conceptually different from commercial banks. She stated that BHC has about 60% repayment on loans, and that they can be profitable even on that basis. As a development bank, she said BHC was more inclined to reschedule debt service, particularly during the current period of currency depreciation.
3. Mr. Nuamah discussed collateral. The reason why banks generally insist on collateral in excess of the amount of the loan is twofold: for psychological purposes, and as a partial substitute for the lack of equity that characterizes many enterprises' balance sheets. He said that seizing borrowers' collateralized assets was difficult for legal, administrative and cultural reasons, and therefore the book or market value of those assets are not of the same value to the banks as they may not have resale value. An example cited was seizing a delinquent borrower's house for resale. Nobody in the community would purchase the house because it would be tantamount to throwing the person into the street and disgracing him. Nikoi pointed out that in rural areas moneylenders have seized farmers' assets only to run the farms out of production in less than a year.

4. Nuamah claimed that banks need training in cash flow analysis, credit management, etc. to professionalize the banking system. Only about 200 of a total of 15,000 bank employees system-wide are professionally certified as bankers. Nuamah also claimed bankers would be far more cautious in extending credit in the future as many people are capable of repaying loans but do not. Nuamah said it was not uncommon in the urban areas for businessmen to use loans to enrich themselves while running their businesses into the ground. This is less likely to happen in rural areas where borrowing and not being creditworthy are generally considered to be stigmas.
5. On the manufacturing side, Mr. Atta-Nyamekye was critical of public policy in general. He said the Ministry of Industry, Science and Technology had not solicited the AGI's input into devolving policy, although relations now are better than they were several years ago.
6. The key point Atta-Nyamekye made was that industry in general was shrinking because of capital constraints and increasing competition from imports. The national trend, therefore, is towards small-scale enterprises (i.e., up to 50 employees) as previously larger firms attempt to downsize labor and become more efficient.
7. As for the AGI's voice with Government policy, it is clear that they need resources (logistical and human) to develop a more responsible approach when attempting to influence policy. AGI's apparent attitude to date is that everyone knows the problems facing industry, and Government disinterest is a problem. It is likely that the professional business associations are currently unable to give the Government empirical evidence that there should be policy change, and until they can the Government will regard them as one of many vested interests that are complaining about change but not backing their positions with hard data.

**MAPS Phase V:
Strategy Formulation**

MAPS PHASE V

STRATEGY FORMULATION

Strategy formulation, while the focus of the last phase of the MAPS exercise, must be seen as the culmination of a process which began with the first Phase of MAPS. It begins with strategy articulation, including the analysis of current USAID strategic assumptions, as reflected in the Mission's portfolios, projects and budgets. It continues during the description phase with an analysis of the strategies of other donors and of the host government in light of actual economic and private sector performance. The private sector surveys also provide rich inputs to strategy formulation, testing assumptions regarding the most important constraints to growth and interventions and providing insights on the strategies of private sector firms for coping with their environment. The dialogue phase taps the collective wisdom of private and public sector leaders to generate a wide set of options, establish priorities, and to assess implementation feasibility. These inputs all come together in the strategy development phase.

1. PURPOSE AND OBJECTIVES

The overall purpose of Phase V is to develop a private sector strategy designed to take into account the Mission's distinct "comparative advantage" in the provision of private enterprise assistance, and reflecting an understanding of the role of that assistance within the wider context of the Mission's development objectives for the country. The set of programmatic and project interventions recommended by MAPS should effectively take into account the Mission's past, current and expected human and financial resources, as well the strategic directions, objectives and resources of the local private sector, the host-country government and major donor groups.

The specific objectives include:

- o To generate a wide set of options;
- o To set priorities among program and project options based on established USAID criteria;
- o To ensure that USAID strategy is consistent internally and mutually reinforcing;
- o To assess the feasibility of options given the analysis that has been conducted.

- o To identify and recommend approaches for the most promising program and project interventions.

The objectives of the strategy development phase are presented in Exhibit 5.1.

2. IMPLEMENTING THE STRATEGY DEVELOPMENT PHASE

There is not fixed outline for the MAPS strategy study. However, the following can serve as guidelines which can be adapted to the needs and conditions of the local country and USAID Mission. An overview of the process of strategy development is presented graphically in Exhibits 5.2 and 5.3.

2.1 Private Sector Strategy Analysis Begins with a Clear Statement of the Host Government's National Development Policies and Strategies

During Phases I, II and IV, the MAPS Team will have acquired data on and an in-depth understanding of the government's own development priorities, and the role of the private sector in its overall development plan. For Phase V, the private sector strategy design Team should consolidate and evaluate this information, and prepare a short statement of the host-country government's national development objectives, policies, priorities, programs and time tables. Attention is paid to analysis of components specifically addressing sectoral development and/or the private sector, specially output, investment or employment growth targets. Such targets and objectives should now be analyzed and evaluated in the context of the macro descriptive (Phase II) and firm level data (Phase III) derived during the MAPS process.

2.2 Donor Community Support of the National Development Policy and Strategy is Briefly and Clearly Summarized

During Phase I an overview of the international donor and financial community's support of the host-country government's policies would have been prepared. During Phase V, this data on donor activity must again be analyzed, particularly trends in programs designed to improve the investment climate via structural adjustment and policy reform, provide direct assistance to the private sector, restructure or privatize parastatals, improve financial and other services supporting private sector development, and utilize private sector or nongovernment entities in the delivery of social services. One can begin to gauge USAID's comparative advantage: where does USAID have the most to contribute? what special insights

have been gained through the MAPS process that indicate the need to focus on a special areas? what are other donors doing in this area? what can one learn and adapt from their experiences in private sector development? what does this imply in terms of donor coordination and communication requirements for the USAID strategy?

2.3 AID Guidelines For the Achievement of Economic Development Objectives Are Articulated

For example, recent AID Washington guidelines for priority countries in Africa stress the following short and medium term objectives:

- Short term: Remove policy impediments to private sector growth, and provide fast disbursing aid to increase foreign exchange and local currency credit to the private sector.
- Medium Term: Improve the working of competitive markets, in particular agricultural and financial markets.

A number of other strategy planning guidelines have been presented by both AID Washington and regional bureaus. These should be included as well. The MAPS analysts should ask themselves at this point: What are the implications of these guidelines for funding patterns and levels in the future? What do these guidelines imply in terms of quantifiable goals and objectives for private sector growth and development.

2.4 USAID's Historical, Current and Planned Development Strategies and Initiatives are Summarized

At this point, one returns to the Mission's strategic statement developed in Phase I of MAPS. It summarizes the mission's most current development philosophy and strategy, and outlines major program or project initiatives being employed -- or in design -- for reaching these objectives.

2.5 USAID's Current Development Strategy is Assessed vs. MAPS Findings vs. National Development Strategic Objectives and Donor Support

As noted in earlier chapters of this manual, private sector development must be seen as a means to achieving wider development objectives for the country and not as an end in itself. A "stand alone" private sector strategic statement without backward linkage to the broader goals of the CDSS will be cause for confusion at the Washington, regional bureau and Mission level. Therefore the strategy formulation exercise in Phase V needs to go back to the initial "articulation" of the

Mission's strategy undertaken in Phase I. The MAPS Team must now assess the results and implications of MAPS in the context of the Mission's current development objectives and priorities. The Team must now ask itself: how does what is "desirable" in private sector development and support, given the results of the preceding phases, fit with what is "feasible," given the Mission's own special competencies, objectives and resources (present and expected)? If there is low "congruency" between what is desirable and feasible, what specific recommendations should be given in terms of resources and staffing, and overall strategy?

2.6 A Statement of the Mission's Revised Private Sector Strategy Objectives Is Prepared

The selected strategic option -- or options -- become the basis for drafting a brief private sector strategy statement. A good example of a specific statement of goals and objectives for private sector development is that formulated by USAID Kenya in 1985. Also included is the set of criteria by which strategic options will be evaluated.

2.7 A Set of Criteria Is Presented Against Which All Options Will Be Evaluated

Feasible action options will normally be characterized by being in accordance with most of the following criteria:

- Are relevant to government, donor and USAID strategic objectives and programs with particular reference to the private sector;
- Meet the private sector development needs as reflected in survey responses;
- Coincide with initiatives which are already being promoted by the local private sector or which can count on enthusiastic support and local leadership for their implementation;
- Focus on priority development sectors and viable investment opportunities;
- Demonstrate clearly that they will be cost effective and sustainable;
- Are based on conditions that can be achieved over the timeframe of the program;
- Can be planned, designed and managed within the budgetary, staffing and experience resources available to the mission;

- Are feasible from political, economic, and administrative points of view.
- Can goals and strategic objectives be quantified and measured? Can appropriate benchmarks for the Mission be established?

2.8 A Full Menu of Private Sector Strategy Options Is Presented And Their Feasibility Is Assessed

A discussion of the full set of options considered, including pros and cons related to established criteria is usually presented. Such criteria usually includes the level of commitment and leadership demonstrated by local private sector, political realities, the technical and economic requirements, and AID's administrative capabilities.

The dialogue sessions and focus groups will have allowed AID to identify those initiatives already being championed by the local private sector and to assess the level of interest in other initiatives which AID might propose. Those interventions which already enjoy strong local leadership are most likely to succeed. Projects which AID would like to sponsor but which do not enjoy a warm reception in the dialogue sessions should be approached with great caution. Avoiding costly failures is an important contribution of the MAPS process.

Political feasibility requires an analysis of where opposition will occur and whether such opposition can be managed. It identifies areas in which actions might be formulated to improve feasibility. One of the major contributions of MAPS is that it widens understanding of the diversity within the private sector and how strategies, priorities and linkages vary across different types of firms and markets. The private sector cannot be expected to react homogeneously to differing proposals and policy actions. The MAPS data become critical for evaluating the political feasibility of various options being proposed.

Economic feasibility requires an assessment of the resources which can be mobilized by AID, the local private sector, the host government and other international sources.

In assessing administrative feasibility, it is necessary to analyze the capacity of key implementing organizations. Much of this data can be derived from the private sector survey. This may require detailed institutional analysis. Projects must also be within the USAID financial and administrative capacity to manage.

2.9 Presenting Detailed Program and Project Recommendations

Next, the MAPS team fleshes out the specifics regarding approaches to implementation of those options which have made the short list. This is aided by previous MAPS outputs:

- The dialogue process (Phase IV) will have resulted in the identification of new initiatives which USAID may not have considered.
- The survey (Phase III) and dialogue will have allowed USAID to test its assumptions regarding initiatives which have been under consideration and assess the strengths and weaknesses of various potential implementing agents.
- The dialogue process will have allowed USAID officers and the MAPS team to flesh out project or program ideas, thinking through the implementation steps with private and public sector actors.
- The description (Phase II) and survey will provide hard data on the justification for proposed initiatives.
- Throughout all earlier phases, MAPS will already have fostered a broader participation of the private and public sectors in project and program design and in thinking through a possible implementation.
- MAPS will have helped AID to identify and evaluate potential implementing agents in a setting which provides an opportunity to assess the intellectual and leadership qualities of different individuals and groups (through both the Phase III survey and the dialogue sessions).

3. **TOOLS FOR STRATEGY DEVELOPMENT**

No matrices, frameworks, or analytical tools can take the place of good strategic thinking. Each country is unique and requires a fresh approach. The following tools have been used in one or more previous implementations and should serve primarily to stimulate thought rather than to be seen as a necessary or sufficient format for strategic analysis.

1. Articulation of Goals and Objectives

Private Enterprise Strategy must be tied in with the wider country program goals, sub-goals, and objectives to fit into the CDSS format used in the Mission's planning exercises. An example of this appears in Exhibit 5.4.

2. Options Menu

There are many ways of presenting an Options Menu. One way is to simply list the options as appears in Exhibit 5.5. A different approach appears in the example from Kenya shown in Exhibit 5.6. Here, three key strategic targets and five major categories of intervention were identified. A matrix was developed categorizing all the options according to the type of intervention and according to the strategic target. The result was an analysis of nearly 40 different options. The Mission was satisfied that it had taken a comprehensive look and had considered the full spectrum of options after going through this exercise.

3. Maps Strategy Analysis Matrix

The MAPS Strategy Matrix as applied to Costa Rica presented options on one axis and the criteria on the other. The criteria were those developed by consensus among USAID officers and Costa Rican private sector leaders. The options were generated in dialogue sessions. The analysis helped to focus attention on the most attractive options (Exhibit 5.7).

4. Findings and Recommendations Matrix

In the Dominican Republic, the findings and recommendations were summarized in matrix form as presented in Exhibit 5.8. In this case, recommendations were presented not only for action options but also for the process of USAID's ongoing dialogue with the private sector. This focus on process was included at Mission request.

5. Support Mobilization Matrix

The question of local support is crucial. At times it has been useful to analyze whose support is critical to the success of a proposed project or program. The exercise presented in Exhibit 5.9 is often conducted.

4. **LESSONS FROM THE FIELD**

1. Carefully Select Lead Consultant and Team

Good strategy formulation requires exceptionally qualified and experienced consultants who understand the needs of the Agency for International Development as well as the private sector. Careful attention must be paid during team selection. Lack of language capability, lack

of familiarity with the country in question, or lack of familiarity with the practical needs of USAID Missions could easily lead to a negative result as Missions generally have high expectations of the MAPS endeavor. The lead MAPS consultant should also have exceptional conceptual skills and good interpersonal skills as well. Experience with private sector assessments for A.I.D. also helps to ensure a positive outcome.

In cases where the MAPS team leader has not had in-country experience, other team members have complemented this role. In Ghana, for example, the team leader did not have experience in-country but another team participant had substantial in-country experience. In other cases, A.I.D. regional private sector officers provided the local expertise.

2. Understand Thoroughly the Process Behind Developing Existing USAID Strategy and the Internal Reporting and Funding Cycles of the Mission

Private Enterprise Strategy is not developed in a vacuum. For this reason it is necessary to understand the existing strategy first (Phase I). This may be hard to articulate at first. Experience has shown that documents provided by the Mission to Washington in previous CDSS and other exercises do not reflect the private enterprise strategy. The consultants must be able to do a certain amount of reading between the lines and note the strategy is more closely related to the historical project portfolios and budget disbursements.

3. Develop an Expert Grasp of the Government Economic Strategy and the Macro-Economic Environment

This activity (discussed here as parts of Phases II and III) must begin prior to consultant team departure with acquisition and careful review of World Bank assessments, Economist Intelligence Unit Country Reports, and other assessments. The Mission should be advised to gather and make available all studies and documents which outline and assess the Government economic strategy, policies and economic performance for review upon arrival. Interviews with the most knowledgeable in-country macro-economists should also be arranged but only after consultants have a thorough grasp of the macro-economic environment and major policy issues which affect economic and private sector growth.

4. Create a Comprehensive Data Base on other Donor Activity

This data base begins prior to consultant departure. The World Bank, United Nations and OECD can provide data on donor commitments. Strategies, approaches and portfolios of donors must usually be assembled in-country. This provides needed perspective on A.I.D.'s relative importance and also indicates what others are doing to promote private enterprise. Experience has shown that A.I.D. is often out front and that successful interventions are being looked at closely by other donors. MAPS provides a chance for the Mission to articulate to the donor community the rationale for what it is doing.

5. Assess the Strategic Implications of the Private Sector Description

A good private sector description will not only provide solid data on key economic problems but will also provide analytical insight regarding the critical economic issues affecting private enterprise led growth. Thus, a good summary report of this phase should articulate clearly, via the data presented, the strategic implications for donors and the government.

6. Evaluate the Strategic Implications of the Private Sector Survey

The survey results will provide quantitative and qualitative feedback from a representative cross section of private companies. The "write-in" comments should be looked at as these often provide useful insights. The survey report should not be seen as a "number-crunching" exercise but rather as a rich source of strategic insight. Again, a good summary document needs to clearly articulate the strategic implications of the data collected in the survey.

7. Use the Dialogue Sessions to Full Advantage

Now matter how brilliant a consulting team might be, or how experienced the team leader, they are no match for the collective wisdom of the private sector leadership of the country in question supplemented by the insights and experience of the USAID officers. But the dialogue sessions must be managed well if they are to be milked for all they are worth. Ample time must be devoted to the exploration of different options and their feasibility. A skilled facilitator must ensure that the potential insight and analysis is brought out in each of the sessions held. The result is to make significant

progress in outlining key priorities, identifying existing initiatives, and mapping out the most productive areas of action for USAID to pursue.

8. Involve Mission Personnel at Every Phase

USAID officers must be closely involved in each of the above mentioned exercises, particularly when it comes to examining the implications of the data for private sector initiatives and strategy. Presenting conclusions without involving Mission personnel in the process is likely to lead to failure.

9. Present the Full Menu of Options

Put together an exhaustive list of all of the options recommended by USAID officers, private sector leaders, other donors, public sector officials and the MAPS team with an initial evaluation which indicates whether or not the option has made it to the short list or not. This short list of options will be the subject of further analysis. The comprehensive list of options is a good record indicating the thoroughness with which the task was undertaken by the Mission.

10. Analyze the Most Attractive Options in Light of USAID's Agreed Upon Key Criteria

The MAPS team will have developed with the Mission a set of strategic criteria by which actions will be later judged. These are based on overall Agency and Bureau guidance and on the objective realities of the economic conditions, infrastructure, policy environment, constraints to growth and competitive advantages of the host country. An example of this analysis, as performed in the first MAPS implementation in Costa Rica, is presented in the Exhibits following this chapter. Such an Exhibit is usually the focus of intense discussions involving key USAID personnel and the MAPS team. This analysis leads to a short list of recommended priority areas.

11. Elaborate on the Implementation and Next Steps for Priority Projects and Programs

Missions will be most satisfied when the MAPS process has been able to go beyond general strategic recommendations and flesh out the particulars of program and project interventions. The most useful strategy document is that which includes a detailed set of recommendations in 4-8 key areas of action. These should each include discussions of how USAID would go about implementing

these, which implementing agents seem to be strongest, whether a project or program approach would be most effective, and a timetable for follow-up should USAID wish to proceed. The strategy recommendations should also specify how it should/will "fit" within the Mission's current portfolio.

5. FINAL BRIEFING: ISSUES WHICH MAY ARISE

A number of issues have arisen during the final briefings at the strategy phase which should be given careful consideration by both the Mission and the MAPS teams as they work together in the final briefing sessions to arrive an effective strategy.

1. What If the Results Merely Confirm Current USAID Strategy?

In some cases, the extensive data, survey and dialogue efforts of MAPS do not result in a radical change in overall approach. In such cases, especially where USAID has a relatively large staff and long history in private enterprise activity, the first reaction to the strategy results may serve to confirm the coherence of USAID's strategy. When this is the case, one might be tempted to ask, "so what was the value of all this?"

First, one would hope that USAID's program is basically on track. If not, it would imply that a lot of money has been wasted in the past. MAPS may be suggesting fine tuning, changes in emphasis, greater utilization of more effective implementing agents and additions or deletions of project and program components.

When MAPS serves to confirm the validity of the basic USAID strategy, there are several benefits to the Mission.

a. MAPS output will put AID in the most knowledgeable position vs. other donors and in some cases vs. the host government. Indeed, in many countries AID has been playing the pioneering a private enterprise approach to development assistance. MAPS gives the Mission the knowledge base and objective survey results and conceptual clarity which is used to articulate to the world what it is doing and to justify its approach. It provides both written output as well as live presentations.

b. MAPS output, and the dialogue that results, often has a multiplier effect on others. It allows USAID to provide business associations, donors and the host government with information which tends to then shape the debate. It effects the conceptual and intellectual

environment in the development assistance community.

c. MAPS also raises the comfort level of the Mission regarding its current portfolio while providing a wealth of data helping to measure progress and for reporting purposes. MAPS can help strengthen the Mission's CDSS. It can save USAID officers much time when it comes to developing Project Identification Documents. It provides a wealth of data, background, and contacts for later use in project and program development.

2. How Detailed Should the Strategy Be?

In some cases, the Mission want to receive general strategic direction from the MAPS teams while in other cases the Mission seeks very detailed prescriptions including recommended budgets, approaches, institutions and timetables for proposed strategy initiatives. The team and USAID must agree early on regarding the expectations of the final output.

3. Other "Outputs" Which May be Provided to Enhance the Usefulness of the MAPS Process

MAPS seeks to go beyond being categorized as "one more study." It does so by designing useful output packages. One of these is the Country Reference Binder which compiles the latest and most comprehensive data on the host country. Developed in a three ring binder format for easy updating, the binder is tabbed so as to make it easy for Mission personnel to reference data on the economy, state owned enterprises, government policy, private sector, agriculture, industry, service sector, informal sector, health, education, data on women, and other issues of special interest. USAID officers use this reference tool as they write up project documents, conduct evaluations, prepare the CDSS, and fulfill reporting requirements.

An effort is usually made to tailor the strategy report for easy inclusion as part of the CDSS or as part of a project identification document (PID). If consultants are familiar with these documents, and their outputs are tailored accordingly, it enhances the utility of the exercise for USAID officers.

6. OUTPUTS

The output of the strategy step is the Private Sector Development Strategy Paper which is in turn a component of the CDSS. Another output is a full menu of programmatic and project options which reflect AID priorities, dovetail with host country development objectives, enjoy a high level of local support and leadership; and

which are economically, politically and administratively feasible.

The program or project options which survive this review process -- including activities retained from the mission's current and in-planning portfolio -- form the basis for the action program recommendations for implementing the country private sector strategy. Once approved, new initiatives included in the recommendations will follow the normal AID program or project design and approval cycle.

**Exhibit 5.1
MAPS PHASE V**

PRIVATE SECTOR STRATEGY

OBJECTIVES

- 1. To ensure that a full set of programmatic options have been identified.**
- 2. To set priorities among programmatic options based on established A.I.D. criteria.**
- 3. To ensure that A.I.D.'s strategy is consistent and internally, mutually reinforcing.**
- 4. To assess the feasibility of the options given the analysis that has been conducted.**
- 5. To develop programs and projects which have the greatest impact on promoting private sector led growth.**

Exhibit 5.2
THE MAPS PROCESS
PHASE V: DEVELOPING PRIVATE SECTOR STRATEGY

Key Questions

- What are the Host Government's Private Sector Development Objectives?
- How are the Government's Goals Related to A.I.D.'s overall country strategy?
- What are the Priorities Among Action Areas Given the Current Level of Resources?
- What Specific Programs and Projects Will Most Affectively Achieve Goals?
- Who will implement the projects?

Analytical Techniques

- Options Menu
- Strategy Matrix
- PIDs
- Project papers
- PAIPs
- PAADs

Outputs

- Private Sector Development Strategy Paper (for CDSS or Action Plan)
- Projects
- Programs
- Investment Climate Promotion Handout

Exhibit 5.3
STRATEGY DEVELOPMENT PROCESS

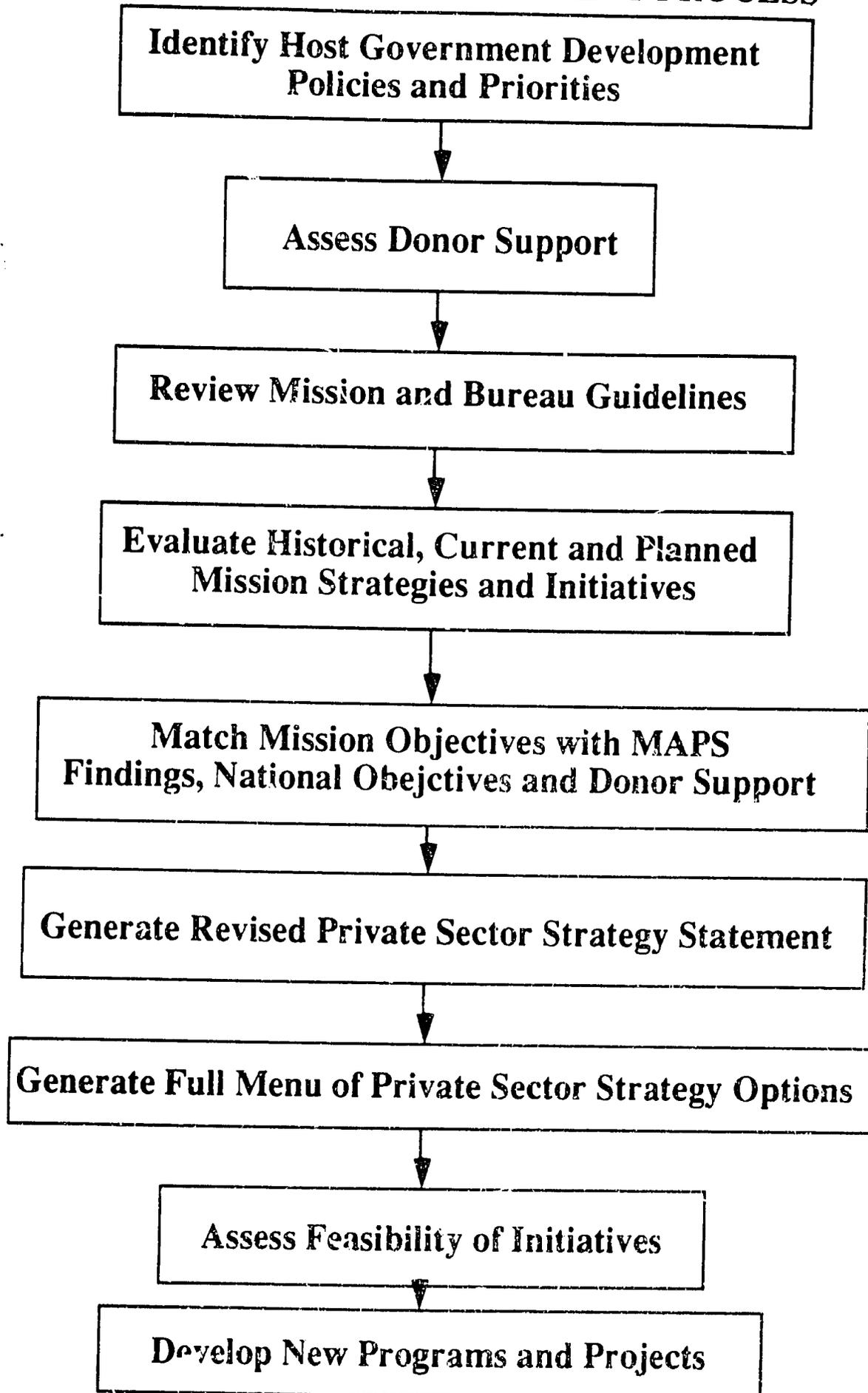


EXHIBIT 5.4
Goals and Objectives: USAID/Kenya

**Country
Program
Goal**

**SUSTAINED AND BROAD-BASED
GROWTH IN KENYANS' PER CAPITA INCOMES**

**Country
Program
Sub-Goals
(for Private
Enterprise
Development)**

**INCREASED PRIVATE SECTOR
OUTPUT AND EMPLOYMENT**

**Strategic
Objective**

**INCREASED LEVEL AND PRODUCTIVITY
OF PRIVATE INVESTMENT**

**Strategic
Targets**

**EXPAND THE BASE OF DOMESTIC
INVESTMENT AND ENTREPRENEURS**

**LIBERALIZE
& DEEPEN
FINANCIAL MARKETS**

**EXPAND AND DIVERSIFY EXPORT PRODUCTION
AND FOREIGN PRIVATE INVESTMENT**

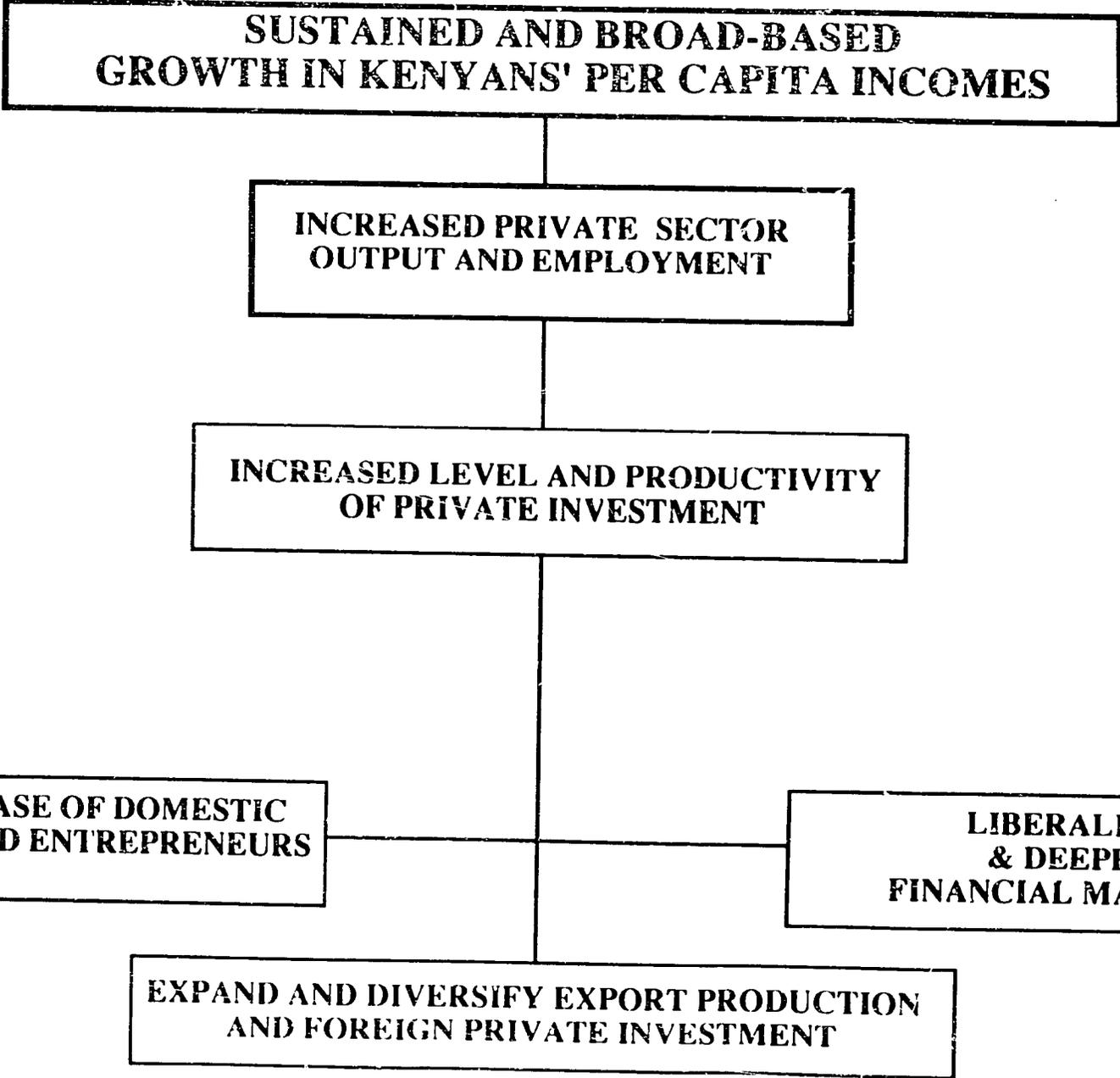


Exhibit 5.5
EXAMPLE OF OPTIONS MENU

Policy Reform and Privatization

- Secure selected policy reforms essential for improvement of the investment climate and encouragement of the private sector via loan and grant program conditionalities and supporting technical assistance programs.
- Facilitate policy and regulatory dialogue between the private sector and the government.
- Obtain planned reductions in government and parastatal employment by use of local currency funds for payment of redundancy and retirement benefits.

Availability of Capital and Foreign Exchange

- Increase the capabilities of non-governmental savings and credit institutions to mobilize savings and expand self-sustaining lending and credit programs to micro and small business borrowers.
- Develop the voluntary rural cooperative movement and create credit and guarantee mechanisms for financing viable projects of qualified cooperatives.
- Expand the availability of existing local currency funds to provide credit to qualified small and medium sized businesses.
- Develop debt-equity conversion projects to reduce debt burdens while enhancing availability of capital for private sector.
- Ease balance of payments constraints by directed grants or loans to the government, and creates local currency counterpart funds to support small business lending.

Exhibit 5.5 (continued)

Agriculture

- Develop marketing exchanges, commodity exchanges and other commercialization channels.
- Promote privatization of agricultural parastatals.
- Promote structural change which allows agrarian reform settlements to become more market and business oriented rather than collectivist.
- Assist local private business associations in investment and export promotion.
- Assist in raising availability of credit to competitive producers.

Human Resources, Training and Health

- Enhance private sector capabilities to identify, qualify, finance and manage projects for the export of locally produced products.
- Upgrade private sector technical and managerial skills.
- Build in major private sector participation in the management and/or delivery of services in existing agricultural, rural development, health, population, human resources and infrastructure development projects.

EXHIBIT 5.6 TARGET OPTIONS MENU

STRATEGIC TARGETS

ACTIONS	EXPAND THE BASE OF DOMESTIC INVESTMENT AND ENTREPRENEURSHIP	LIBERALIZE & DEEPEN FINANCIAL MARKETS	EXPAND AND DIVERSIFY EXPORT PRODUCTION AND FOREIGN PRIVATE INVESTMENT
MACRO POLICY	<ul style="list-style-type: none"> • Assist with tax reform • Assist with fiscal policy reform • Assess Kenya's competitiveness • Assist revision of Investment Code 	<ul style="list-style-type: none"> • Promote interest rate liberalization 	<ul style="list-style-type: none"> • Improve export compensation • Eliminate anti-export bias • Assist in design of EPZ regulatory framework • Encourage reduction of import restrictions • Encourage foreign exchange deregulation
REMOVE INSTITUTIONAL IMPEDIMENTS	<ul style="list-style-type: none"> • Finance study to review, simplify, standardize, communicate procedures for permits, licenses, etc. • Involve Bureaucrats in reform • Strengthen critical GOK offices 	<ul style="list-style-type: none"> • Support development of alternative monetary policy instruments (e.g. reserve requirements vs. credit ceilings) 	<ul style="list-style-type: none"> • Identification/removal of unnecessary travel, foreign exchange, export licensing restrictions • Expedite/improve customs controls
STRENGTHEN ENABLING INSTITUTIONS	<ul style="list-style-type: none"> • Promote informational network • Catalogue existing NGO, Donor credit and TA • Promote institutions/mechanisms to create linkages between large and small firms 	<ul style="list-style-type: none"> • Strengthen/encourage CMDA Independence from GOK • Strengthen NBFIs 	<ul style="list-style-type: none"> • Promote market information services by private sector associations • TA in implementing EPZ, streamlining procedures
ENTREPRENEURIAL ASSISTANCE	<ul style="list-style-type: none"> • Direct business assistance programs to improve private sectors ability to respond efficiently to improved business environment 	<ul style="list-style-type: none"> • Supplier's credit (promote backward linkages) 	<ul style="list-style-type: none"> • Direct assistance (TA/credit) for EPZ set up • Study of competitive markets for Kenya • Leverage outside resources to promote/establish linkages with foreign markets/contacts • Support "investor's services" industry in private sector • Conduct study of potential Kenyan co-investors • Promote trade conferences
DONOR COORDINATION	<ul style="list-style-type: none"> • Leadership in coordinating private enterprise promotion activities • Discourage donor parastatal assistance 	<ul style="list-style-type: none"> • Activities in support of World Bank initiatives in financial system 	<ul style="list-style-type: none"> • Coordinate efforts to strengthen/ expedite official GOK offices • Coordinate research/ dissemination of information on anti-export controls/regs • Work with ADB, MDI sponsor investor trips and linkages

Exhibit 5.7
MAPS Strategy Matrix
Costa Rica

Strategic Option Areas	Legitimacy	Impact on NTX	Short-Term Results	Winning Coalition	Priv Sect Particip	Not Requiring Excessive Resrces	Congruent w/ GOCR Pol	No Donor Duplication	Investment Made	Implmning Agent
Free Zone Development	+	+	+	+	+	+	+	+	+	+
Customs Improvements	?	*	+	X	X	+	+	+	+	X
Ports/Infrastructure	+	*	+	?	X	X	+	+	+	X
Export Mkt Info	+	+	+	+	+	+	+	?	X	X
Vocational Training	+	?	X	+	+	+	+	+	X	+
Dialogue	?	?	+	?	+	+	+	X	X	+
Final Sector	?	+	+	?	X	X	?	X	+	?
Backward Linkages	+	X	X	+	+	X	+	+	X	?
Tourism	+	*	?	+	+	?	+	+	+	X
Productivity Assistance	+	?	+	?	+	+	+	+	X	+

**DOMINICAN REPUBLIC STRATEGY ASSESSMENT:
FINDINGS AND RECOMMENDATIONS**

FINDINGS	RECOMMENDATIONS	
	ACTION OPTIONS	PROCESS TASKS
<p><u>POLICY DIALOGUE</u></p> <ul style="list-style-type: none"> * POLICY = #1 CONSTRAINT TO GROWTH ACCORDING TO SURVEY RESULTS * KEY CONCERNS ARE EXCESSIVE GOVERNMENT SPENDING, MONETARY GROWTH & INFLATION, FOR. EXCH. RATE & REGIME, CUSTOMS, AGRARIAN REFORM * INSTABILITY IN THE "RULES OF THE GAME" LIMITS INVESTMENT GROWTH * STRONG EXECUTIVE, WEAK CONGRESS, MEANS ASSOCIATIONS HAVE LITTLE LOBBYING ROLE; INFLUENCE IS PERSONAL BASED ON INDIVIDUAL ACCESS TO PRESIDENT * INDIVIDUALS RELUCTANT TO RISK ACCESS TO PUSH UNPOPULAR MESSAGE * BUDGET CUTS REDUCE AID INFLUENCE * EXTREME PESSIMISM AMONG COMMERCIAL BANKS 	<ul style="list-style-type: none"> * CONTINUE OVERALL POLICY DIALOGUE * FOCUS ON MORE MODEST SECTORAL OBJECTIVES (E.G., ENERGY SECTOR) * CONTINUE TO STRENGTHEN PRIVATE SECTOR ASSOCIATIONS 	<ul style="list-style-type: none"> * CONTINUE & AUGMENT COORDINATION WITH OTHER DONORS TO MAXIMIZE POLICY DIALOGUE RESULTS
<p><u>SOES</u></p> <ul style="list-style-type: none"> * SOE LOSSES = 3.5% OF GDP * POOR PERFORMANCE AFFECTS PROVISION OF KEY INPUTS, E.G., ELECTRICITY * USAID EFFORTS HAVE RESULTED IN PROGRESS WITH CEA (SUGAR) 	<ul style="list-style-type: none"> * FOCUS ON ENERGY SECTOR, PRIVATE SECTOR CO-GENERATION * CONTINUE CEA PROGRAMS 	<ul style="list-style-type: none"> * ASSESS AID ROLE IN RESOLVING ELECTRICITY PROBLEM * TAKE ADVANTAGE OF ANY PRIVATIZATION OPPORTUNITIES WITH CORDE COMPANIES

EXHIBIT 5.8 (continued)

**DOMINICAN REPUBLIC STRATEGY ASSESSMENT:
FINDINGS AND RECOMMENDATIONS**

FINDINGS	RECOMMENDATIONS	
	ACTION OPTIONS	PROCESS TASKS
<p><u>FINANCIAL SECTOR</u></p> <ul style="list-style-type: none"> * REGULATED FINANCIAL SECTOR BEING DECAPITALIZED: -HIGH INFLATION -RESERVE REQUIREMENTS -MONETARY POLICY -FIXED INTEREST REGIME * UNREGULATED SECTOR HAS BOOMED BUT SOME INSTITUTIONS IN PRECARIOUS FINANCIAL CONDITION * LACK OF LONG-TERM & SHORT-TERM CAPITAL SEVERELY CONSTRAINS GROWTH * 90% OF FIRMS SURVEYED REPORT DIFFICULTY IN SECURING LONG-TERM CAPITAL (70% FOR SHORT-TERM CAPITAL) * COMMERCIAL BANKS PESSIMISTIC & RELUCTANT TO PURSUE MAJOR POLICY DIALOGUE INITIATIVES & "GROUP" PROJECTS * SOME INDIVIDUAL INTEREST EXPRESSED IN PROMOTING NEW PROGRAMS * INTEREST EXPRESSED IN TRAINING PROGRAMS 	<ul style="list-style-type: none"> * CONTINUE DIALOGUE WITH BANKING SECTOR * PURSUE DEBT-EQUITY SWAPS: -LOCAL BANKS INTERESTED -INCREASES CAPITAL AVAILABLE FOR INVESTMENTS -REDUCES DEBT BURDEN * PURSUE INITIATIVES IN SPECIFIC INSTRUMENTS WITH INNOVATIVE BANKS: -LOAN GUARANTEES -DEPOSIT INSURANCE * BE RESPONSIVE TO GODR REQUESTS FOR STRENGTHENING FINANCIAL SECTOR -DEPOSIT INSURANCE 	<ul style="list-style-type: none"> * CONTINUE TO DIALOGUE WITH ASSOCIATIONS ON TRAINING PROGRAMS & OTHER INITIATIVES * DON'T WAIT FOR INDUSTRY-WIDE CONSENSUS; PROCEED WITH INDIVIDUAL INNOVATORS ON SPECIFIC PROJECTS * USE RFP APPROACH TO SELECT MOST DYNAMIC INSTITUTIONS TO WORK WITH PILOT PROJECTS

EXHIBIT 5.8 (continued)

DOMINICAN REPUBLIC STRATEGY ASSESSMENT:
FINDINGS AND RECOMMENDATIONS

FINDINGS	RECOMMENDATIONS	
	ACTION OPTIONS	PROCESS TASKS
<p><u>FTZ</u></p> <ul style="list-style-type: none"> * FTZ STRATEGY SUCCESSFUL TO DATE * DIRECT & INDIRECT EMPLOYMENT APPROACHING 10% OF ECONOMICALLY ACTIVE WORK FORCE * DEVELOPERS CITE LACK OF CAPITAL FOR EXPANSION * FIRMS CITE CRITICAL HUMAN RESOURCES BOTTLENECK * OPPORTUNITIES FOR BACKWARD LINKAGES EXIST 	<ul style="list-style-type: none"> * TRAINING: SET UP MAJOR VOC-TECH TRAINING PROGRAM WITH "ON-SITE" TRAINING UNITS AT FTZ'S * BACKWARD LINKAGES: <ul style="list-style-type: none"> -START AUDIT/SURVEY OF DEMAND & LOCAL PRODUCTION CAPABILITY -ESTABLISH CLEARINGHOUSE TO LINK BUYERS & SELLERS -PROVIDE TECHNICAL ASSISTANCE FOR PRODUCERS 	<ul style="list-style-type: none"> * WORK THROUGH NEW ASSOCIATION OF FTZ OPERATORS * CONTINUE TO WORK WITH IPC
<p><u>MICRO-ENTERPRISES</u></p> <ul style="list-style-type: none"> * AID BASIC APPROACH & PREVIOUS STRATEGY SUCCESSFUL TO DATE * DISPROPORTIONATELY HIT BY UNRELIABLE ELECTRIC POWER * GREAT DEMAND EXISTS FOR EXPANSION OF LENDING 	<ul style="list-style-type: none"> * PROMOTE GREATER MOBILIZATION OF DOMESTIC CAPITAL * ASSIST COOPERATIVE EFFORT ("ADOMICRO") WITH CENTRALIZED GUARANTEE FUND LENDING AT MARKET RATES * CONTINUE CREDIT PROGRAMS 	<ul style="list-style-type: none"> * SUPPORT & CONTINUE DIALOGUE WITH NEW NATIONAL ASSOCIATION * CONTINUE DIALOGUE WITH ADO-MICRO

EXHIBIT 5.8 (continued)

**DOMINICAN REPUBLIC STRATEGY ASSESSMENT:
FINDINGS AND RECOMMENDATIONS**

FINDINGS	RECOMMENDATIONS	
	ACTION OPTIONS	PROCESS TASKS
<p><u>AGRIBUSINESS</u></p> <ul style="list-style-type: none"> * HIGH LEVEL OF INTEREST EXISTS IN PRIVATE SECTOR FOR EXPANDING INVESTMENT IN AGRICULTURE * INVESTORS CONCERNED ABOUT GOVERNMENT POLICIES ON CUSTOMS, FOREIGN EXCHANGE, AGRARIAN REFORM & PRICE CONTROLS * REDUCED ROLE OF INSPRE MEANS OPPORTUNITY TO STRENGTHEN PRIVATE SECTOR AGRICOMMERCIALIZATION * STAGNANT/DECLINING ROLE OF TRADITIONAL EXPORTS * DISAPPOINTING PERFORMANCE OF NON-TRADITIONAL EXPORTS * SHORTAGE OF QUALIFIED MANAGERS DETECTED 	<ul style="list-style-type: none"> * CONTINUE TARGETTED CREDIT * PURSUE PRIVATE SECTOR COMMERCIALIZATION PROJECT: <ul style="list-style-type: none"> -COMMODITY EXCHANGE -BONDED WAREHOUSES -GRADINGS & STANDARDS -LETTERS OF GUARANTEE * CONTINUE POLICY DIALOGUE * CONTINUE SUPPORT FOR OTHER PRIVATE SECTOR AGRICULTURAL ASSOCIATIONS <ul style="list-style-type: none"> -JACC -AGRI. DEV. FOUNDATION * CONTINUE PRIVATE SECTOR AGRICULTURAL TRAINING * CONTINUE TO WORK IN SUGAR DIVERSIFICATION 	<ul style="list-style-type: none"> * INITIATE DIALOGUE WITH PRIVATE SECTOR BANKS & ENTRPRENEURS PROMOTING COMMERCIALIZATION PROJECT (SUPPORT INITIAL FEASIBILITY STUDY) * CONTINUE DIALOGUE WITH DIFFERENT REPRESENTATIVE GROUPS IN AGRICULTURE
<p><u>HUMAN RESOURCES</u></p> <ul style="list-style-type: none"> * HUMAN RESOURCE AVAILABILITY LAGS BEHIND RAPIDLY DIVERSIFYING ECONOMY (FTZS & FINANCE SECTOR) * EXODUS OF TRAINED PERSONNEL FROM FINANCE SECTOR TO UNREGULATED SECTOR * KEY SHORTAGES IN FTZ TECHNICAL AREAS, MANAGERIAL & TECHNICAL PERSONNEL FOR AGRICULTURAL DIVERSIFICATION PROJECTS, & BASIC PRIMARY EDUCATION 	<ul style="list-style-type: none"> * SET UP ON-SITE VOC-TECH TRAINING PROGRAMS AT FTZ * SUPPORT FINANCE SECTOR TRAINING PROGRAMS * SUPPORT TECHNICAL & MANAGERIAL AGRIBUSINESS TRAINING * CONTINUE TECHNICAL ASSISTANCE TO MICRO-SECTOR 	<ul style="list-style-type: none"> * WORK THROUGH PRIVATE SECTOR GROUPS: <ul style="list-style-type: none"> -FTZ ASSOCIATION -JACC -MICRO ASSOCIATIONS -CNHE * LEVERAGE EXISTING RESOURCES <ul style="list-style-type: none"> -VOC-TECH SCHOOLS -ISA-CADER -PUCMM -OTHERS

EXHIBIT 5.8 (continued)

**DOMINICAN REPUBLIC STRATEGY ASSESSMENT:
FINDINGS AND RECOMMENDATIONS**

FINDINGS	RECOMMENDATIONS	
	ACTION OPTIONS	PROCESS TASKS
<p><u>GENERAL FINDINGS</u></p> <ul style="list-style-type: none"> * PRIVATE SECTOR SURPRISINGLY STRONG, DIVERSIFIED & ADAPTABLE * DESPITE GENERAL ECONOMIC SITUATION SOME SECTORS ARE DYNAMIC, CONFIRMING PRIVATE SECTOR STRATEGY ASSUMPTIONS * CONFIRMED VALIDITY OF CURRENT MISSION STRATEGY: <ul style="list-style-type: none"> -PRIVATE SECTOR LED GROWTH IS WORKING -PROGRAM CONCENTRATION IS JUSTIFIED * AID NETWORK OF CONTACTS HAS BEEN BROADENED * NEW IMPLEMENTING AGENTS FOUND: <ul style="list-style-type: none"> -ADOMICRO -ASSOCIATION OF FREE TRADE ZONES -ASSOCIATION OF COMMERCIAL BANKS -PROMOTERS OF AGRICULTURAL COMMERCIALIZATION PROJECTS 	<ul style="list-style-type: none"> * AID SHOULD SUPPORT PRIVATE SECTOR EFFORTS TO INFORM & EDUCATE GENERAL POPULATION ABOUT PRIVATE SECTOR * AID MAY NEED TO FOCUS PROGRAM MORE BECAUSE OF REDUCED RESOURCES * UPDATE PRIVATE SECTOR DESCRIPTION EVERY 1-2 YEARS THROUGH LOCAL SUBCONTRACTORS 	<ul style="list-style-type: none"> * PRIVATE SECTOR'S INTEREST & WILLINGNESS TO LEAD SHOULD BE THE LITMUS TEST FOR NEW INITIATIVES * CONTINUE DIALOGUE WITH IMPORTANT PRIVATE SECTOR GROUPS: <ul style="list-style-type: none"> -ASOCIACION DE BANCOS COMERCIALES -ADOMICRO -FDD -ASESORES MACRO-ECONOMICOS -SMALL ENTERPRISE RESEARCH GROUP -ASSOCIATION OF FREE TRADE OPERATORS -JACC -IPC -ASOCIACION PARA EL DESARROLLO * DON'T MAKE CONSENSUS A PREREQUISITE; BE PREPARED TO DEAL WITH INNOVATORS

EXHIBIT 5.9
SUPPORT MOBILIZATION MATRIX

WHO IS CRUCIAL?	WHO SHOULD CONTACT THEM?	HOW TO CONTACT?	WHO WILL OPPOSE?	HOW TO ADDRESS OPPOSITION?
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OVERALL
AID STRATEGY

GENERAL
PROGRAM

SPECIFIC
PROJECTS:

-PRIVATE
SECTOR

-AGRICULTURE

-EDUCATION

-HEALTH

CONCLUSIONS: STRATEGY COMPONENTS CAN BE RATED AS TO
FEASIBILITY IN TERMS OF MOBILIZING THE NECESSARY SUPPORTS
AND APPROVALS AND IN COUNTERING WHATEVER OPPOSITION MAY
EMERGE. PROJECT FEASIBILITY RATINGS CAN BE ASSIGNED.

Jo