

PN-ABJ-308

1988-09-01

MANUAL FOR ACTION IN THE PRIVATE SECTOR

GUIDELINES FOR USAID MISSIONS TO  
PROMOTE ECONOMIC DEVELOPMENT  
THROUGH THE PRIVATE SECTOR

THURSDAY, SEPTEMBER 1, 1988  
USAID-WASHINGTON

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## EXECUTIVE SUMMARY

The Manual for Action in the Private Sector (MAPS) has been developed by J. E. Austin Associates for the United States Agency for International Development (AID) to assist in its efforts to promote economic development through private enterprise. It is a seven step process, each containing a set of analytical tools, designed to help Mission Directors and those involved with private sector programs in AID Missions around the world to design and implement strategies that promote the private enterprise as an engine of economic development.

### OBJECTIVES OF MAPS

The objectives of the MAPS Manual are:

1. to enhance AID's understanding of the private sector in a given country;
2. to improve AID's diagnosis of host country impediments to private sector growth;
3. to engage in more effective dialogue with host country actors;
4. to develop better and more comprehensive strategies for private enterprise promotion;
5. to mobilize broader local support for private sector initiatives and to ensure such support prior to project implementation;
6. to ensure the consideration of a wider set of programmatic and project options; and,
7. to facilitate subsequent evaluation of private sector projects.

MAPS is a comprehensive and systematic approach to private sector development which provides analytical tools at every stage of AID's planning and implementation cycle from the development of the CDSS to brainstorming, project paper development, project implementation and evaluation. It is designed to be not only a theoretical approach but also a practical tool for AID Missions.

## BACKGROUND AND ORIGIN OF MAPS

USAID has articulated its goal of promoting private enterprise and free competitive markets as the most efficient means of achieving self-sustaining, broad-based economic growth and social progress and of alleviating the worst manifestations of poverty among the world's poor majority. "The two pronged objective, to reach the ultimate goal of growth, is the establishment of viable, competitive markets and the expansion of private enterprise in LDCs." As a result of these objectives, AID-Washington has encouraged mission personnel to "learn as much about the indigenous private sector in their host country as they do about the operation of the ministries and parastatals. . ." (Cited from A.I.D. Policy Paper, Private Enterprise Development, U.S. Agency for International Development, Washington D.C., March, 1985, p.10).

AID's Private Sector Development activities are not seen as an isolated portfolio of activities but rather as a set of initiatives which underpin and are incorporated in all aspects of AID country programs. These initiatives include: policy dialogue; direct program actions to eliminate legal, regulatory and other impediments to private sector development; direct assistance to LDC private sectors; encouraging private sector delivery of traditional government services; assistance in divestiture and privatization; and other activities.

AID's Private Sector Initiative has presented the Agency with new conceptual challenges. Although AID has always worked with the private sector, recent programmatic emphasis has raised the important question of how best to promote private enterprise in LDCs and how to integrate a variety of private sector initiatives into the broader Mission strategy. MAPS is designed to assist AID in conceptualizing, planning, implementing and evaluating these activities as part of a comprehensive private enterprise program.

In preparing this framework, the project team interviewed current and former Mission Directors, Deputy Mission Directors and Private Sector Officers as well as AID-Washington personnel. Reports from countries in all regions were reviewed along with AID policy documents on private sector initiatives. Special attention was paid to AID's private enterprise programs in Kenya and the Dominican Republic. The theoretical literature on private sector development was also surveyed.

The original MAPS, referred to in AID as the "Private Sector Development Framework," went through three field implementations, most recently in the Dominican Republic, where the Framework was substantially revised based on lessons learned during the field tests.

A guiding comment to users is in order. Although MAPS scope is comprehensive and its analytical procedures are specific, it is designed to be a flexible management tool rather than a rigid bureaucratic procedure. It readily accommodates local approaches dictated by situation specific circumstances. Many missions have proceeded quite far in implementing private sector actions. MAPS can assist them in refining and extending their efforts; it does not dictate starting over but rather it facilitates building upon current progress. For missions where private enterprise activities are less fully developed, MAPS can provide a structure and work plan for moving forward.

### MAPS: A SEVEN STEP PROCESS

MAPS conceptualizes and organizes the private sector development process into seven steps: Defining, Describing, Diagnosing, Dialoguing, Designing Strategy, Developing Projects and Programs, and Evaluating.

1. Defining Current Strategy--All AID Missions have an implicit or explicit strategy although it may not always be well defined. The first stage in the MAPS process is to provide a "map" of current AID Mission strategy by analyzing current strategy statements, project portfolios, and budget emphasis. This is a necessary first stage as it directs the MAPS process toward areas of high priority for the Mission. During this stage MAPS is tailored to the specific needs of the local mission and to the realities of the particular country.

2. Describing the Local Private Sector--The second step involves gathering a reliable and objective information base which will be both critical in both strategy design as well as useful to AID Officers in their write-ups of country strategy and project identification documents and project papers. A clear and objective private sector map is a necessary prerequisite to diagnosis and strategy design.

3. Diagnosing Private Sector Opportunities and Constraints--An effective diagnosis includes an analysis of both the opportunities and constraints faced by the private sector. Constraints may be faced on the demand side (e.g. small domestic markets, trade barriers) and on the supply side (e.g. lack of capital, infrastructure, skilled labor, natural resources and managerial talent). It may also include government policies which impede the thriving of free markets. This diagnosis can form the basis of the private sector diagnostic paper, which in turn can form part of the Mission's CDSS. This stage involves a survey of private sector executives. Too often judgements regarding private sector constraints and opportunities are made on the basis of intuitive judgements or on the basis of conversations with a subset of private sector actors who may have access to AID but who are not representative of the wider private sector. The representative survey provides a statistically sound basis for drawing conclusions regarding the major constraints to private sector growth.

4. Dialoguing With the Private Sector--Circulation of this diagnostic paper within AID and with private and public sector leaders in the host country can elicit critical feedback leading to an improved private sector diagnosis. It also allows AID to build consensus and transfer ownership of project ideas to the local private sector. This stage also assists AID in identifying the key implementing agencies as it puts AID in touch with a wider set of private sector actors. Dialogue includes a process of mobilizing support and commitment. The key result at this stage is the eliciting of support for AID initiatives in the process of which such initiatives may be refined and improved. The hope is that local people will take on a major leadership role in the process of consensus building and gaining of broad-based support for the objectives and activities which form part of the private sector promotion strategy. This may include both direct private sector action as well as dialogue on policy reform. Another crucial activity at this stage is to identify the most credible and desirable "channels" or implementing agents through whom AID can implement its programs and projects.

5. Designing Strategy--The formulation of strategy for private sector development is an iterative process based on a sound information base, a representative survey of private sector priorities, and an intensive and ongoing dialogue. At this stage, overall objectives are clarified, a coherent set of program and project ideas are generated, and priorities are established.

6. Developing Programs and Projects--Given effective support, implementation of specific programs and projects follows. This stage includes the development of Project Identification Documents (PIDs), Project Papers, and, on the program side, the development of Program Assistance Initial Proposals (PAIPs) and Program Assistance Approval Documents (PAAPs). The diagnosis and strategy steps outlined below can help ensure consistency between the project side and the program side of AID's host country activities. At this stage, careful attention is given to assessing every aspect of program and project feasibility.

7. Evaluation--The final step is that of evaluation which seeks to determine to what extent the strategy has been successful and to learn from AID's successes and problems the lessons which can improve future strategy formulation and implementation. This becomes an input into the ongoing cycle.

An overview of the MAPS process is provided in Exhibit 1.

## EXHIBIT 1

## MANUAL FOR ACTION IN THE PRIVATE SECTOR (MAPS)

## (OVERVIEW)

STEPS	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
1. DEFINING	WHAT IS CURRENT THE MISSION STRATEGY?	STRATEGY AUDIT PROJECT INVENTORY BUDGET ANALYSIS CONSENSUS BUILDING	MAP OF CURRENT MISSION STRATEGY
2. DESCRIBING	HOW SIGNIFICANT IS THE LOCAL PRIVATE SECTOR?	DATA GATHERING AND ANALYSIS	DATA BASE
	WHERE IN THE ECONOMY IS IT LOCATED?	PRIVATE SECTOR MAPPING	PRIVATE SECTOR MAP
	WHAT IS THE ROLE OF SOES?		
	WHAT IS THE IMPACT OF PUBLIC POLICY?		
	HOW HAS THE PRIVATE SECTOR PERFORMED OVER TIME?		
3. DIAGNOSING	WHAT IS PRIVATE SECTOR'S PERCEPTION OF ITS PROBLEMS AND OPPORTUNITIES?	PRIVATE SECTOR SURVEY	PRIVATE SECTOR DIAGNOSTIC PAPER
	WHAT IS IMPACT OF RESOURCE AVAILABILITY ON PRIVATE SECTOR?		
	WHAT ARE IMPACTS OF PUBLIC POLICY ON PRIVATE SECTOR?		
	WHAT IS IMPACT OF THE COMPETITIVE ENVIRONMENT?		

Exhibit 1

MANUAL FOR ACTION IN THE PRIVATE SECTOR  
(Continued)

STEPS	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
4. DIALOGUING	HOW DO KEY PRIVATE/PUBLIC SECTOR DECISION MAKERS VIEW THE DIAGNOSIS?	INFORMAL DIALOGUE SESSIONS	REVISED PRIVATE SECTOR DIAGNOSTIC PAPER
	WILL PRIVATE SECTOR SUPPORT AID INITIATIVES?	FOCUS GROUPS	
	WHAT INITIATIVES IS LOCAL PRIVATE SECTOR ALREADY UNDERTAKING?		
	WHO ARE THE IMPORTANT POTENTIAL IMPLEMENTING AGENTS?		
	WHAT ARE OTHER DONOR GROUPS DOING?		
5. DESIGNING STRATEGY	WHAT ARE COUNTRY PRIVATE SECTOR DEVELOPMENT STRATEGY OBJECTIVES?	STRATEGY OPTIONS ANALYSIS	PRIVATE SECTOR DVLP. STRATEGY PAPER
	HOW ARE OBJECTIVES RELATED TO AID'S OVERALL COUNTRY STRATEGY?		CDSS
	WHAT ARE THE PRIORITIES AMONG ACTION AREAS GIVEN CURRENT LEVEL OF RESOURCES?		OPTIONS MENU
	WHOSE SUPPORT IN PRIVATE AND PUBLIC SECTOR IS CRUCIAL?		FEASIBILITY ESTABLISHED
	WHAT FORMAL AGREEMENTS WILL BE REQUIRED AND HOW LIKELY WILL IT BE TO GET THEM?		
	WHO IS LIKELY TO OPPOSE INITIATIVES AND HOW CAN THIS CONCERN BE ADDRESSED?		

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Exhibit 1

MANUAL FOR ACTION IN THE PRIVATE SECTOR  
(Continued)

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STEPS	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
6. DEVELOPING PROJECTS AND PROGRAMS	WHAT SPECIFIC PROGRAMS AND PROJECTS WILL MOST EFFECTIVELY ACHIEVE GOALS?  WHO WILL IMPLEMENT THE PROJECTS? DO THEY HAVE THE NECESSARY INSTITUTIONAL CAPABILITY?	PIDS  PROJECT PAPERS	
7. EVALUATION	IS THE PRIVATE SECTOR STRONGER TODAY THAN BEFORE?  DO MARKET FORCES NOW PLAY A GREATER ROLE IN HOST COUNTRY ECONOMY?  TO WHAT EXTENT DID AGENCY PROGRAMS CONTRIBUTE TO THESE OUTCOMES?  HAVE AID PROJECTS BEEN SUCCESSFUL IN ACHIEVING THEIR STATED OBJECTIVES?  WHAT WERE THE MAJOR IMPEDIMENTS AND WHAT CAN WE LEARN FROM THEM?	PRIVATE SECTOR MAP REVISITED	EVAL. REPORTS

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## MAPS PHASE 1: DEFINING CURRENT MISSION STRATEGY

The first major deliverable provided by MAPS is a definition of current Mission strategy and the achieving of consensus within the Mission regarding the accuracy of that articulation of current objectives and strategies.

### OBJECTIVES OF THE ARTICULATION PHASE

The objectives of this first phase are as follows:

1. To identify and articulate current AID Mission Strategy;
2. To maximize the utility of MAPS implementation by informing Mission officers of project methodology and by soliciting feedback regarding how MAPS can serve their respective needs;
3. To ensure that the project team properly understands current AID private sector strategy at a Mission wide level and the role of the private enterprise office within that larger strategy;
4. To identify hypotheses and assumptions underlying current strategy which can be tested in the later phases of MAPS implementation;
5. To focus the efforts of the project team on those areas of critical importance to AID;
6. To stimulate dialogue among AID officers leading to broader consensus regarding current AID goals, objectives, and strategies;

The articulation of strategy normally begins with an overall Mission Statement, a presentation of goals and objectives, and the identification of opportunities and constraints to achievement of objectives. The process of strategy articulation also includes an analysis of current projects linked to specific strategies and an examination of current budget emphasis as related to stated strategies.

## PROCESS OF DEFINING CURRENT MISSION STRATEGY

### Articulating a Mission Statement

Tom Peters, in his important book In Search of Excellence has emphasized that those corporations and organizations which have been able to articulate a clear and concise sense of purpose seem to experience higher morale, greater unity, and better organizational results. Such a sense of purpose can often be summed up in one sentence. An example of such a Mission Statement from a recent MAPS implementation is provided below:

### Elaborating Mission Goals and Objectives

The Agency for International Development has articulated a number of central goals in its program. These are interpreted by the various regional AID Bureaus and are taken as the starting point for AID Missions in the respective regions. As such, these goals are usually found in the Mission CDSS sent to Washington. An example of Mission Goals and objectives appears in Exhibit 1-2.

### Articulating Existing Strategies

Existing strategies are identified from Mission documentation, from a review of existing projects, and from a review of current budgets which best reflect true Mission priorities. A recent MAPS implementation revealed the "generic strategies" found in Exhibit 1-3. Such strategies usually revolve around policy dialogue, credit and grant provision, technical assistance, institutional development, and infrastructure development.

The relative importance of these strategies and of the sectors and problems addressed can be seen by a project inventory and by a budget analysis, two tools utilized in the MAPS process at phase 1.

### Developing a Strategy Audit Presentation

The exercises mentioned above yield a strategy audit. At this stage no judgement is made regarding the value of the existing strategy. It is purely an exercise in accurately identifying the strategy currently in place. This then is presented to AID officials. The process normally takes only 5-6 days.

### Establishing Consensus Within the Mission

One surprising result of previous MAPS implementations is that strategies articulated from existing Mission documents such as the CDSS generated considerable discussion and differences of opinion within the AID Missions. The Project Team may need to work with AID officials individually in articulating their own versions of current AID strategy and then build consensus. This type of activity was seen as especially useful in one field implementation where the AID Mission Director fostered consensus within the Mission by using the project team. Disagreements and differences in perceptions were aired and the strategic emphasis was clarified.

The process is also useful in establishing the existence of a consensus regarding the MAPS implementation. It is necessary to ensure that the local Mission fully understands and is in agreement with the activities to be conducted during the MAPS process. In one implementation, such consensus was taken for granted at the outset but later resulted in significant disagreements.

### Tailoring Maps to Local Mission Needs

In addition to the usefulness this exercise may have as a consensus building exercise, it also has an important impact in orienting, guiding and focusing the work of the MAPS team. It helps the contractor to modify, and expand the scope of work to be done in the coming weeks. The following are some of these important modifications which resulted at the end of phase one in a recent MAPS implementation:

1. MAPS Description Phase was modified to specifically analyze impacts of policy changes on private sector after a recent change of government;
2. Focus diagnosis on key sectors already targeted by local AID Mission for priority action (e.g. agro-export, free trade zone, micro-enterprise and the financial sector);
3. Additional questions were added to Diagnosis Survey to test critical assumptions upon which current AID projects had been based;
4. The Dialogue sessions were begun almost immediately in response to the request of the Private Sector Officer who was relatively new to the country;

EXBHIT 1-1

EXAMPLE OF A MISSION STATEMENT:

"TO IMPROVE THE OVERALL WELL BEING OF PEOPLE  
BY PROMOTING ECONOMIC STABILIZATION AND GROWTH,  
IN A PRIVATE ENTERPRISE AND DEMOCRATIC ENVIRONMENT"

EXHIBIT 1-2

EXAMPLE OF GOALS ARTICULATED BY A MISSION IN LATIN AMERICA

1. Structural Reforms Leading to Short Term Economic Stabilization
2. Rapid and Sustained (Private Sector Led) Economic Growth
3. Wider Sharing of the Benefits of Growth through improvement in incomes and employment and (in the short to medium term) improvement in social services.

Exhibit 1-3

GENERIC STRATEGIES COMMONLY FOUND IN AID MISSIONS

GENERIC CONSTRAINTS	STRATEGIES
1. POLICY ENVIRONMENT	1. POLICY REFORM
2. INSTITUTIONAL WEAKNESS	2. INSTITUTIONAL DVLP.
3. FINANCIAL RESOURCES	3. CREDIT/GRANT PROGRAMS INVESTMENT PROMOTION
4. INFRASTRUCTURE	4. INFRASTRUCTURE DVLP.
5. HUMAN RESOURCES/SKILLS	5. TECHNICAL ASSISTANCE TRAINING, & EDUCATION

## MAPS PHASE 2: DESCRIBING THE LOCAL PRIVATE SECTOR

The second step in the strategic planning process is to assess the "real world" in which the private sector operates. This assessment is based on the gathering and evaluation of current and factual information which will permit AID officers to identify and verify constraints and market opportunities for private sector growth. The information base includes a 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 environment as it affects private sector growth, a review of private sector performance in recent years, an identification of key private sector actors, a presentation of existing government and donor objectives and programs and a detailed description of the local capital markets, banking system and financial institutions. Such an accurate picture, or map, of the private sector is a prerequisite for further diagnostic analysis. It provides AID officers with a data base which is of practical utility not only in preparing the CDSS but in developing Project Identification Documents and Project Papers. It can also be useful to have in later evaluations.

### OBJECTIVE

The objective of phase two is to gather and present relevant data about the private sector in a given country such that AID personnel will be able to understand clearly who and what the private sector is, how significant it is in a given economy and where it is located in the economy. The descriptive phase does not concern itself with underlying causes of problems in a given country, as this question will be dealt with in the diagnosis phase.

### THE DESCRIPTION PROCESS

#### A. 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 yet as practical and usable as a highway map. It should be versatile enough to allow the user to do a number of different things. A good private sector map is characterized by conceptual clarity, standardized measurements, comprehensiveness and careful segmentation of private sector actors.

Conceptual Clarity--Just as a good geographical map should allow the user to get a quick overview of the country in question, a private sector map should give a clear indication of both absolute and relative importance of the private sector in all major industry segments. An example of the private sector

through 2-4 for agriculture, mining, manufacturing and services.

Standardized Units of Measures--Maps, if they are to be useful, must be careful to employ standardized measures such as miles, kilometers and other easily comparable units. This allows the user to understand quickly the map no matter how different the country in question may be. Similarly, the manual presented here uses measures which can be used over time or for cross-country comparisons.

Comprehensiveness--It is necessary to make a private sector map as all-inclusive as possible so as to bring attention to a wider variety of relevant private sector interventions and action options.

Segmentation--Just as business executives segment the markets which they serve in order to shape their strategies, so too AID 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 in their attempts to thrive. They enjoy different opportunities. As a result, AID will need to employ different kinds of projects depending on the private sector segment it intends to promote. Even macro-policy reform will affect different segments in very different ways and it is important to be aware of both positive and negative impacts and primary and secondary effects.

Another important reason for segmenting the private sector is that these sectors need to be reached through different access channels and in different ways. For instance, 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 small scale entrepreneurs (micro-enterprises), small farmers or women, another access route and kind of project may be necessary. Stimulus may work for one segment but entirely miss another.

## B. Key Questions and Analytical Tools

The Private Sector Description is organized around a series of important questions. These include:

1. How Important Is The Private Sector In This Economy?
2. Where In The Economy Is It Located?
3. What Is The Role Of State-Owned Enterprises (SOEs)?
4. What Is The Impact of Public Policies?
5. How Has the Private Sector Performed Over Time?
6. Who Is the Private Sector?
7. How Strong are the Capital Markets?

These questions will be addressed in sequence.

### 1. How Important is the Private Sector?

The first question is dealt with by presenting data on private sector contribution to GDP and to employment over time compared with government and parastatal contribution. Government spending over time (not to be confused with contribution to GDP) is also measured as a percentage of GDP over time as is government taxation. Other measures are added according to the need of the local mission. In some missions there has been a desire to measure private sector contribution to foreign exchange generation. One mission sought to assess the tax burden on different industries over time.

The value of such information in the policy dialogue process must be stressed. Public sector officials are often unaware of, or have only a general sense of the critical importance which the private sector has on enabling the government to achieve its politically important goals. By having data on private sector importance, one can greatly contribute to the process of consensus building on issues which effect the policy environment for AID projects.

### 2. Where In The Economy Is The Private Sector Located?

To answer the question of private sector location in a given economy, the mapping technique begins with the four standard economic sectors: agriculture, mining, manufacturing and services. It then divides each of these into major industry groupings and shows both the absolute and relative importance of the private sector versus the state-owned sector.

The map reveals, for example, that the private sector may be crowded out of the state-owned mining sector while flourishing in small-scale manufacturing and dominant in agriculture.

The mapping process then continues with an analysis of the actors found in each industry location. The result of this analysis is a detailed map by economic sector, an example of which appears in Exhibits 2-1 through 2-4.

### 3. What Is the Role of the SOEs?

The Private Sector Mapping Exercise illustrates where in the economy the SOEs play a predominant role. It is then important to quantify this role. In one country this meant analyzing the the losses as a percentage of GDP. However, in many countries the explicit losses are disguised via hidden subsidies, protectionism, or monopolistic distortions. In such cases, data may still be available from the World Bank and the IMF or estimates can be made. Government transfers to the SOE sector as a percentage of total government outlays may also be an important indicator.

Still another analysis is that of the relative productivity

of labor in SOEs vs. the private sector where comparative data are available. In one country it was determined that the losses of the SOEs were greater than the total salaries of all SOE employees leading to pressures to divest while still providing direct income subsidies. This data, when presented in dialogue sessions, can result in consciousness raising and consensus building among the private and public sector leadership.

#### 4. What Is the Impact of Public Policy

Private Sector Description typically moves on to assess changes in government policy over time in various areas: government spending, composition of government spending, monetary growth, inflation rates, changes in the value of local currency, economic strategies of successive governments, government taxation, protectionism, free market policies, and incentives. This enables one to assess the policy environment and the trends over time in government treatment of the private sector. It allows one to assess the stability in the rules of the game which is an all important criteria for stimulating investment.

#### 5. How Has the Private Sector Performed Over Time?

A good private sector map should be dynamic, illustrating changes in the private sector topography over time. This can provide AID with insights as to where the private sector is going or how it has changed in recent years. This can alert AID to potential problem areas or to help AID target areas which appear to be especially promising at a particular moment in time.

At this stage one analyzes GDP growth at a macro, sectoral and industry level. One then goes after more detailed information in those sectors which have been targeted by AID for special attention. These are normally agreed upon during the first phase in discussions with AID officers. In a recent MAPS implementation, a special effort was made to gather data on tourism, non-traditional agro-exports, micro-enterprise, the financial sector and free trade zones. Such data will be useful in upcoming project papers.

#### 6. Who Is the Private Sector?

Another question of critical importance to AID is identifying who the private sector is. AID officers often identify with those representatives of the private sector who either speak their language or who most effectively represent their own interests and have effectively established embassy contacts. There are many other segments in the private sector including cooperatives, small and medium businesses and others. It is helpful to map out the top ten business groups, which are usually affiliated with the major banking institutions. Providing estimates with regard to the number of large, medium and small businesses is also helpful. Presenting the important business associations and a list of the state owned enterprises and their holdings are also useful.

## 7. How Strong are the Capital Markets?

Capital investment and medium-term credit are most often cited as the fundamental and most important need by most small and medium sized private sector operators in developing economies. A clear understanding of the structure, operations and capabilities of capital markets, and, more importantly, the commercial banking system and the informal credit sector is therefore essential. This survey also reviews the structure and regulatory systems of central and regional banking structures and World Bank/IMF structural adjustment programs as they affect private sector investment and credit.

The finance and banking survey provides essential background on capital markets and on public and private financial intermediaries and their capability to provide short, medium and long term credit and equity investments to the private sector.

A more exhaustive survey of the financial sector is often undertaken concurrent with or as a part of the strategy assessment. A more complete financial sector assessment would include a number of specific objectives:

- \* 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 on the importance and activities of the informal savings and lending system.
- \* 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, legal and regulatory support of the banking system including bank audits.
- \* To evaluate the capabilities and involvement of commercial and development banks, credit unions and cooperatives in private sector based on interviews with both borrowers and lenders.
- \* To review in summary fashion the importance and activities of informal financial institutions.
- \* To identify and assess effectiveness of loan guarantee and export finance programs.

- \* To identify and assess capabilities of business and financial advisory and assistance services 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 limit private sector access to bank credit and services.
- \* To review multilateral lender and donor efforts to regulate and improve the finance and banking system including interest rate and credit ceiling controls.
- \* To assess the impact of regional banking authorities, such as are found in francophone African countries, in developing private sector credit programs.

### C. Field Experience With Description Process

Field experience with this data collection process indicates that:

- \* Large amounts of information already exist within the host government, multilateral and bilateral donor organizations, and AID, which, once assembled, analyzed and summarized, can provide a general framework for private sector planning.
- \* Exploiting this abundant data base, however, is difficult since the available material is neither organized for nor focused on private sector planning requirements.
- \* Major information gaps exist, moreover, in that little is known of the range, scope, size, capabilities, location, needs and plans of the country's private sector, nor of realistic market and profitability based private sector investment opportunities. There is normally a lack of relevant data on the formal and informal financial and banking systems. Nonetheless, good estimates can usually be made despite the lack of official data.
- \* Local sub-contracting should be fostered so that institution building can take place. However, great care should be taken in the selection process. The choice of sub-contractors will be critical to success. They should possess inside channels to information (i.e. contacts in the Central Bank) as well as strong analytical capabilities.

### OUTPUT AND USES OF PRIVATE SECTOR DESCRIPTION

After completing the analysis associated with the first step, AID will have a Data Base and a Private Sector Map. This

will serve as an information base for later steps.

Such data are first and foremost of great practical utility to AID officers. Preparation of project identification documents and project papers can be greatly facilitated by good descriptive data on the importance of the private sector in the economy in general and in the most relevant subsectors.

This exercise can also be of critical importance by identifying where the private sector is languishing or flourishing. This can assist AID in developing its strategy either by taking advantage of the momentum in those areas which are strong or by targeting the weak areas for special efforts of privatization or policy reform.

Such an output can be useful to many groups such as industry associations, banks, potential investors and host country policy makers and should be made available to them. In Costa Rica, great interest was shown by the private sector in getting access to the Private Sector Map information so as to more effectively present their case for policy reform to the government. The private sector data bank and mapping give new leverage to private sector initiatives by creating opportunities for sounder analysis, more informed dialogue, and more effective strategies.

Benchmark data will also be crucial at later stages in measuring change in the private sector over time. By measuring the impact of the private sector both at the macro level and at the sectoral and industry levels, one can develop an in-depth knowledge of how the private sector is faring at any location on the economic map.

A thorough collection of data in this descriptive step can help ensure a more effective effort at later stages in diagnosis, dialogue, strategy formulation, project development and

evaluation. It is important to note that a totally comprehensive and complete map will generally not be feasible due to information gaps. What one is trying to do is construct a data bank which can be built up over time. A partial map is better than none and will facilitate moving forward with the problem diagnosis. Descriptive information can be added over time to fill in the gaps.

This private sector data bank should be viewed as an on-going depository and reference source from which private sector maps can be constructed or specific pieces of information drawn. The data bank will become an important basic asset in the overall private sector development effort; one must invest in its creation and maintenance. Missing or erroneous information characterizes developing country environments and impedes meaningful analysis, dialogue, and action.

Building Up Local Capabilities--An effort should be made to work closely with local universities, industry associations, lobbying groups or other institutions whose capability to provide ongoing descriptive tracking of this information. An effort should be made to subcontract whenever possible and to develop the local capabilities. This will enable AID to access a constantly updated set of data on the private sector and will stimulate the local private sector to represent its own interests before government on the basis of reliable information. In the Dominican Republic four subcontracts were utilized to strengthen the abilities of two universities and two private sector associations.

Limitations of Description Phase--The descriptive phase is not intended to present the authoritative definition of the term "private sector" or to delineate arbitrarily the borders between "private" and other sectors. On the other hand, the private sector map may be utilized with equal effectiveness by those whose opinions differ on terms, definitions and boundaries.

Another limitation of the descriptive phase is that it does not seek to explain cause and effect. Such analysis comes in later stages of diagnosis and dialogue.

The descriptive techniques presented are not intended to provide normative guidance. They do not, in and of themselves, suggest or present priorities. However, the information presented can be useful to those who do set such priorities.

Examples of some of the graphic output has been presented in the following Exhibits.

## MAPS PHASE 3: DIAGNOSING CONSTRAINTS TO PRIVATE SECTOR GROWTH

### OBJECTIVES

The objective of the diagnosis phase is to identify and prioritize the principal factors constraining private sector growth and to identify opportunity areas so that AID officials might assist in resolving these constraints to growth through policy dialogue, programs and projects. It can also help to identify potential implementing agents.

The first step in performing a medical diagnosis is to ask the patient, "What's wrong?" Similarly, in diagnosing the private sector, AID can go out and ask entrepreneurs, small businessmen, and business leaders what their problems are. These people are quite conscious of the symptoms that affect their ability to thrive. They make a living by getting around the constraints they face and in taking advantage of the opportunities. Therefore, it is wise to consult with them at the outset. The "symptoms" are the signs of difficulty reported by people in the private sector and they are generally very accurate in identifying both their critical resource constraints as well as those public policies which most inhibit their potential growth.

### PRIVATE SECTOR SURVEY

The first analytical tool is a proportional sampling of private sector firms with weightings reflecting their rough overall importance in the economy in terms of output and employment. Responses will be analyzed at a macro level and then crosstabulated by sector, by industry, and by size of business. The constraints to growth faced by a small agribusiness entrepreneur may be quite different from those of a multinational free zone company. This enables AID to develop a more flexible approach to specific sectors in the economy or segments in the private sector.

A strategy which does not differentiate among the needs of different industries and among different types and sizes of businesses may be less likely to succeed. A segmented approach will at least flag areas of action which might otherwise be overlooked.

The Private Sector Survey, as refined during three successive field implementations, currently has five important sections:

1. General Assessment of Investment Climate--This section deals with current and expected growth and general perceptions regarding the business climate.

2. Investment Opportunities--This section verifies leading sectors in the economy and verifies continued future interest or flags emerging problems.

3. Resource Constraints to Growth--This section enables AID to establish which of many factors are constraining private sector growth. The survey goes into depth on the nature and importance of human resource, capital, land, infrastructure, services, technology and information as constraints to growth.

4. Public Policy Constraints to Growth--The survey goes into depth on public policy and its effects on the private sector. This includes fiscal, monetary, customs, foreign exchange, trade, investment and other policies.

5. Constructive Initiatives and Implementing Agents--This section identifies the private sector's own priorities for constructive initiatives and also the business associations or other actors in which the private sector has a high level of confidence.

The survey may be targeted to specific sectors in the economy or be conducted on a random basis throughout the entire private sector. Every country has one or more important sectors in which competitive advantage offers the possibility for profitable investment. In Africa, examples include agriculture-agroindustry, forest products, fisheries, cattle raising, mining, small manufacturing and services. If AID has already determined to target specific sectors in an economy and not be involved in others, a more segmented and focused survey, which concentrates on confirming critical AID assumptions, should be implemented.

## OUTPUTS

At the end of the Diagnosis Phase, AID has as a deliverable the tabulated questionnaire which can be used for future comparison should the survey be conducted in the future and a Private Sector Diagnostic Paper which can be used as one input into the CDSS. The survey results are also useful as data which can support later project papers. It is helpful to know that, for example, lack of skilled labor is the major constraint facing growth in a particular industry, or that 73% of all agribusiness firms reported difficulty getting access to long term capital.

## MAPS PHASE 4: DIALOGUING WITH THE PRIVATE SECTOR

The dialogue phase begins immediately and concurrently with the other phases and is perhaps the most important single element in the MAPS process.

### OBJECTIVES

The purpose of the dialogue phase is to involve the leadership of the local private sector in the identification of constraints and opportunities. The specific objectives include the following:

1. To widen AID's network of contacts
2. To identify new implementing agents
3. To verify survey findings on critical constraints to private sector growth
4. To solicit feedback on the private sector diagnosis
5. To brainstorm positive interventions which the private sector itself could make
6. To catalyze action by the private sector on behalf of its own interests
7. To test AID assumptions regarding local receptivity to possible action options.

--Provide private sector leadership with information which can assist it in representing its interests before the government

--Provide private sector with results of survey to help generate consensus with regard to key constraints

--Brainstorm ways in which AID can assist the private sector at a macro or at an industry level in resolving its problems

### THE DIALOGUE PROCESS

Informal dialogue begins immediately in key sectors targeted in phase 1 and surveyed in phase two:

--Business associations representative of overall private sector interests

--Sectoral associations (micro-enterprise,

agro-export, free trade zone, banking)

--Thinktanks, research groups and universities that track private sector and/or economic progress

--Respected leaders in priority sectors

The informal dialogue sessions and focus groups normally address the following issues:

--critical constraints

--opportunities

--assumptions about the sector

--potential constructive interventions

--most effective implementing agents

In the more structured focus groups, results from the private sector description and survey are presented and feedback is solicited. A skilled facilitator then leads the group in a brainstorming session in which new options are identified and their feasibility is assessed. At this point, the discussion centers around options which the private sector itself could take, not AID.

Key AID officers normally participate during these sessions. Minutes of each of the meetings are taken and a debriefing takes place after the meetings to assess the major findings.

The written output is then summarized in report form at the end of this phase.

#### OUTPUTS

Outputs at this stage include the following:

1. Minutes from the dialogue sessions
2. Minutes from the focus groups
3. Summary dialogue report.

A more important output is the process which has been established of wide consultation with the private sector. Recent field implementations have demonstrated that these meetings can have a catalytic effect in terms of mobilizing private sector action in advance of direct support from AID.

## MAPS PHASE 5: FORMULATING A MISSION PRIVATE SECTOR STRATEGY

The completion of the information base, the testing of assumptions via surveys and conclusions from the dialogue process described above will permit the preparation of a private sector strategy document for inclusion in the CDSS.

### OBJECTIVES OF STRATEGY DEVELOPMENT

The objectives of this phase are:

- 1) to ensure that a full set of programmatic options have been identified;
- 2) to set priorities among programmatic options based on established AID criteria;
- 3) to ensure that AID's strategy is consistent and mutually reinforcing; and
- 4) to assess the feasibility of the options given the analysis that has been conducted.

### PROCESS OF STRATEGY DEVELOPMENT

Strategy development usually begins with a brief overview statement which addresses the essential question: What does the research conclude about the development goals and needs of the private sector which can be realistically addressed by the mission? This summary document must consider the following:

- The current status of and the outlook for the investment climate;
- Major regulatory and policy issues requiring resolution;
- Major short and long-term development needs of the private sector;
- Priority development sectors and specific opportunities for profitable investment in these

sectors;

- The formal and informal finance and banking systems' willingness and ability to meet private sector credit needs;
- Government, donor, and USAID policy, financial commitment and programs for private sector development; and
- USAID's funding, experience and capabilities to support private sector program planning, design and management;
- Commitment of local private sector leadership to resolving constraints on private sector growth and in participating in various initiatives.

This summary can be used as the introductory section in the mission's Private Sector Strategy Statement.

While there are any number of acceptable ways of defining and stating a mission's Private Sector Strategy, including approaches used in CDSS preparation and presentation, the general approach described below has been followed in recent field work.

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

The private sector strategy design team prepares a short statement of the host government's national development objectives, policies, priorities, programs and timetables. Specific mention is made of any component specifically addressing industrial development and/or the private sector.

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

An overview of the international donor and financial community's support of the host government's development policy is prepared. Special reference is made to 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.

### 3. AID Guidelines For the Achievement of Economic Development Objectives Are Reviewed

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 strategy planning guidelines for reassessing traditional AID development approaches are suggested as part of a mission's strategic planning process.

- \* Achieve a balance between project and non-project aid.
- \* Review the needs and strategic balance between agricultural and non agricultural initiatives.
- \* Assess the need to change strategic emphasis from agricultural and non agricultural initiatives.
- \* Explore the balance between food self-sufficiency and export crop strategies.
- \* Consider strategies utilizing decentralized and private sector or NGO delivered social services.
- \* Review development advantages of shifting aid from a rural to an urban focused strategy.
- \* Consider various forms of cooperation and co-financing with the World Bank in developing policy reform strategies and programs.

### 4. USAID's Historical, Current and Planned Development Strategies and Initiatives are Summarized

This brief strategic statement reflects the current CDSS. 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.

5. The Relevance of USAID's Current Development Strategy Is Assessed Against National Development Strategic Objectives and Donor Support For These Objectives

This assessment reviews the missions's current development objectives and priorities, and AID's strategic concern for balanced and profitable growth of the private sector as a major vehicle for national development.

The results of this analysis in two recent pilot studies showed that the mission's basic development objectives and programs already provided a solid foundation for a meaningful private sector program. Where this is the case, primary consideration and attention may be placed on design and management of existing and proposed programs and projects, with little need to restate strategy. In another case, the success of previous strategy (e.g. in promoting free trade zones) necessitated new changes in strategy to cope with the bottlenecks developing in the labor force.

Missions with little or no private sector strategic or program content should at this stage review the possible need for changes in their underlying CDSS if the objectives stated there do not reflect the changed AID policy and national development environments.

Pilot studies suggest that a private sector strategic statement "add-on" to a CDSS is usually not the answer -- and that often a "stand-alone" private sector strategic statement without backward linkage to the CDSS can be a cause for possible confusion at Washington, regional and mission levels.

6. A Statement of the Mission's Private Sector Strategy Objectives Is Prepared

The selected strategic option -- or options -- become the basis for drafting a brief private sector strategy statement. An excellent example of a specific statement of goals and objectives for private sector development is that formulated by USAID Kenya in 1985:

Example from USAID Kenya, 1985:

The primary objective of AID's private enterprise strategy in Kenya is to promote the growth of the economy through private enterprise. This growth should not be based on short-term policies but should be sustainable in the long run....

This overall goal implies several specific objectives....

- o First, AID will seek to promote a policy environment conducive to long-term, self-sustaining growth. It will continue to press for government policies that do not distort prices or stifle incentives. In short, AID will seek to promote policies that allow private markets to operate more freely.
- o Second, AID will seek to help overcome the constraints to growth that are the natural result of Kenya's current economic status, including small domestic market, inadequacies of local inputs, lack of managerial and entrepreneurial skills, incomplete adaptation of technology and shortages of investment finance. The aim is to help create the endowment base within Kenya that can support continued and accelerated growth.

In pursuing these objectives we will promote investments with the characteristics of labor-intensity, use of local resources and foreign exchange earning or saving potential.

Source: USAID/Kenya, Private Enterprise Strategy Statement, Nairobi, August, 1985.

7. Realistic Private Sector Strategy Options Within the Mission's Capability to Implement are Assessed

Strategy planning and development without an accompanying implementing "action" or "business" plan is a sterile exercise. Once the private sector strategy statement is accepted, the survey team should review the program and project options for achieving the strategic objectives which are within the budgetary, planning and management capabilities of the mission.

These options will, in many instances, be familiar to those involved in USAID private sector activities. Some suggestive samples follow.

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 utilization 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 create local currency counterpart funds to support small business lending.
- \* Expand the pool of foreign exchange available for private sector imports of essential materials and equipment.

#### 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.

The contribution to private sector objectives of each program or project currently in the mission's portfolio will become apparent when examined against the private sector strategy statement.

8. The Feasibility of Initiatives is Assessed Given the Level of Commitment and Leadership Demonstrated by Local Private Sector, Political Realities, the Technical and Economic Requirements, and AID's Administrative Capabilities

The final task in strategy formulation is to assess the feasibility of the options. Here one is considering the level of local support and the political, economic, and administrative feasibility of implementing the option. This entails, of course, considerable qualitative judgement and forecasting.

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 strategic 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.

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 appreciate how the mission's existing and in-planning portfolio can be utilized or adapted to reach private sector development goals, and the recommendation of

possible new initiatives in a "concept" format which could be proposed through normal AID channels. This process stresses a "start-from-where-you-are" approach. Another aspect of administrative feasibility suggests that special attention be paid to the capacity of key implementing organizations. This may require detailed institutional analysis.

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;
- \* Will meet the private sector development needs as reflected in survey responses;
- \* Coincide with initiatives 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 conditionalities which are achievable over the time frame 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.

#### 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.

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EXHIBIT 4-B  
OPTIONS FEASIBILITY MATRIX

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OPTIONS	F E A S I B I L I T Y      P A R A M E T E R S			
	POLITICAL	ECONOMIC	LOCAL LEADERSHIP	ADMINISTRATIVE

---

POLICY REFORM

- A.
- B.
- C.

PRIVATIZATION

- A.
- B.
- C.

CAPITAL AVAILABILITY

- A.
- B.
- C.

AGRICULTURE

- A.
- B.
- C.

INDUSTRY DVLP.

- A.
- B.
- C.

HUMAN RESOURCES

- A.
- B.
- C.

HEALTH

- A.
- B.
- C.

OTHER

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**GENERAL PURPOSE:**

**TO STRENGTHEN USAID'S PRIVATE SECTOR INITIATIVES BY ASSISTING LOCAL MISSIONS IN PRACTICAL WAYS TO DEVELOP AND IMPLEMENT MORE EFFECTIVE PROGRAMS AND PROJECTS.**

**SPECIFIC OBJECTIVES:**

1. TO GENERATE A FULLER MENU OF PROGRAMMATIC OPTIONS AT THE MISSION LEVEL.
2. TO ENHANCE PROJECT FEASIBILITY BY VERIFYING LOCAL LEADERSHIP AND PARTICIPATION.
3. TO TEST AID ASSUMPTIONS VIA PRIVATE SECTOR SURVEYS WITH RIGOROUS SAMPLING METHODOLOGY.
4. TO GENERATE A MORE COMPREHENSIVE INFORMATION BASE FOR AID OFFICIALS TO USE IN CDSS, PIDS, AND PROJECT PAPERS.
5. TO WIDEN AID'S NETWORK OF PRIVATE SECTOR CONTACTS.
6. TO IDENTIFY NEW IMPLEMENTING AGENTS.

# MAPS CONTRIBUTIONS

## PROBLEMS IN THE FIELD

## WHAT MAPS DOES

- |  |   |
|--|---|
| 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 WITHIN AID.   |
| 3. LACK OF A COMPREHENSIVE VIEW OF THE OVERALL PRIVATE SECTOR.                                   | 3. PROVIDES COMPREHENSIVE DESCRIPTIONS OF THE OVERALL PRIVATE SECTOR.                         |
| 4. SCARCITY OF GOOD DATA TO CONFIRM IMPRESSIONS OF PRIVATE SECTOR OPPORTUNITIES AND CONSTRAINTS. | 4. GENERATES SURVEY DATA WITH 95% LEVEL OF CONFIDENCE BASED ON RIGOROUS SAMPLING METHODOLOGY. |
| 5. TRADITIONAL AID CONTACTS IN LOCAL PRIVATE SECTOR MAY BIAS RESULTS.                            | 5. WIDENS AID'S NETWORK OF CONTACTS AND STRUCTURES A SYSTEMATIC DIALOGUE PROCESS.             |

## MAPS CONTRIBUTIONS

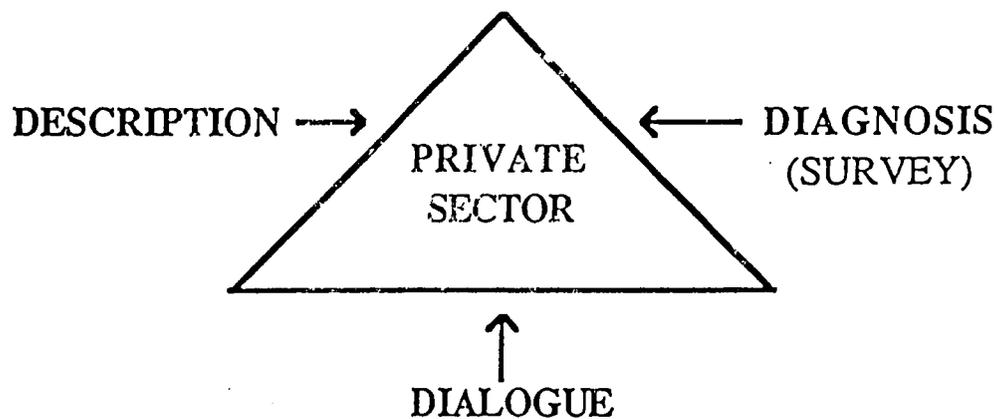
### PROBLEMS IN THE FIELD

6. LACK OF CLEAR IMPLEMENTING AGENTS, AS IN THE CASE OF PUBLIC SECTOR PROGRAMS.
7. TENDENCY TO CREATE "NEW WAVES" AND INSTITUTIONS RATHER THAN "CATCHING THE WAVE" OF LOCAL INITIATIVES.
8. LIMITED SCOPE OF PROJECTS AND PROGRAMS.
9. FAILURE OF PROJECTS DUE TO LACK OF LOCAL SUPPORT OR BECAUSE OF ERRONEOUS ASSUMPTIONS.
10. LACK OF EXPERIENCE WITH PRIVATE SECTOR PROMOTION.

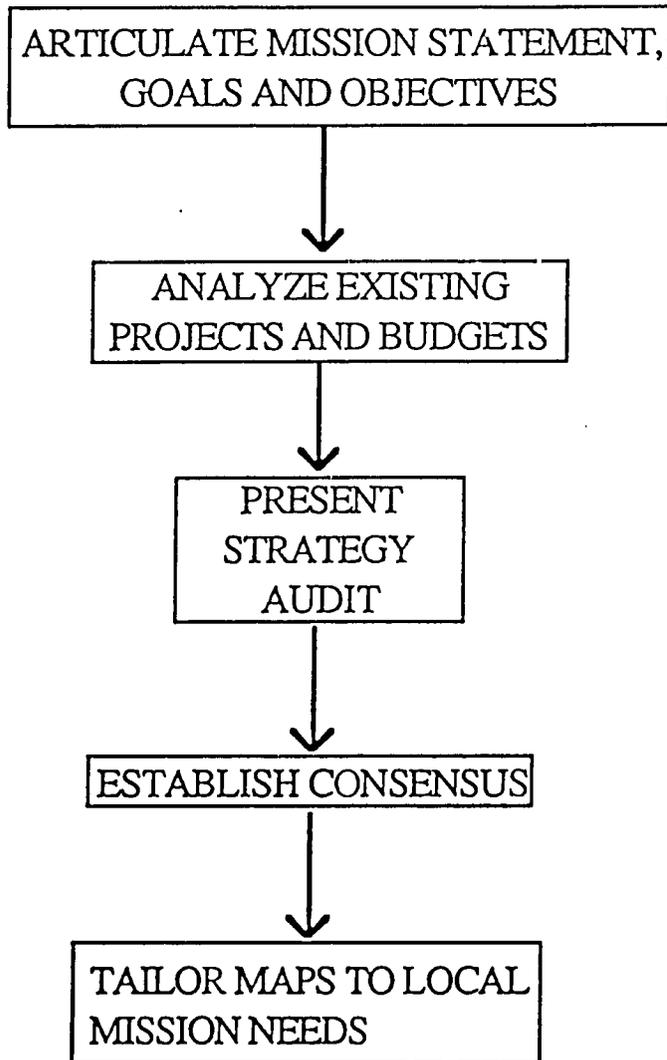
### WHAT MAPS DOES

6. IDENTIFIES NEW POTENTIAL IMPLEMENTING AGENTS.
7. DIALOGUE PROCESS AND FOCUS GROUPS ALLOW AID TO DISCOVER AND SUPPORT EXISTING INITIATIVES/ PROJECTS OF LOCAL PRIVATE SECTOR LEADERS.
8. PROVIDES AID WITH A COMPREHENSIVE OPTIONS MENU.
9. REVEALS OPTIONS WHICH DO NOT ENJOY STRONG LOCAL SUPPORT AND TESTS ASSUMPTIONS BEHIND PROJECTS.
10. PROVIDES SYSTEMATIC GUIDANCE AND CLEAR METHODOLOGY.

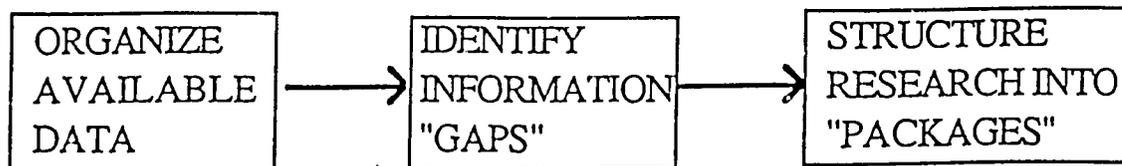
MAPS UTILIZES A TRIANGULATION  
PROCESS THAT RESULTS IN HIGH LEVELS  
OF CONFIDENCE FOR AID IN PREPARING  
ITS APPROACH TO THE PRIVATE SECTOR



## PROCESS FOR DEFINING CURRENT MISSION STRATEGY



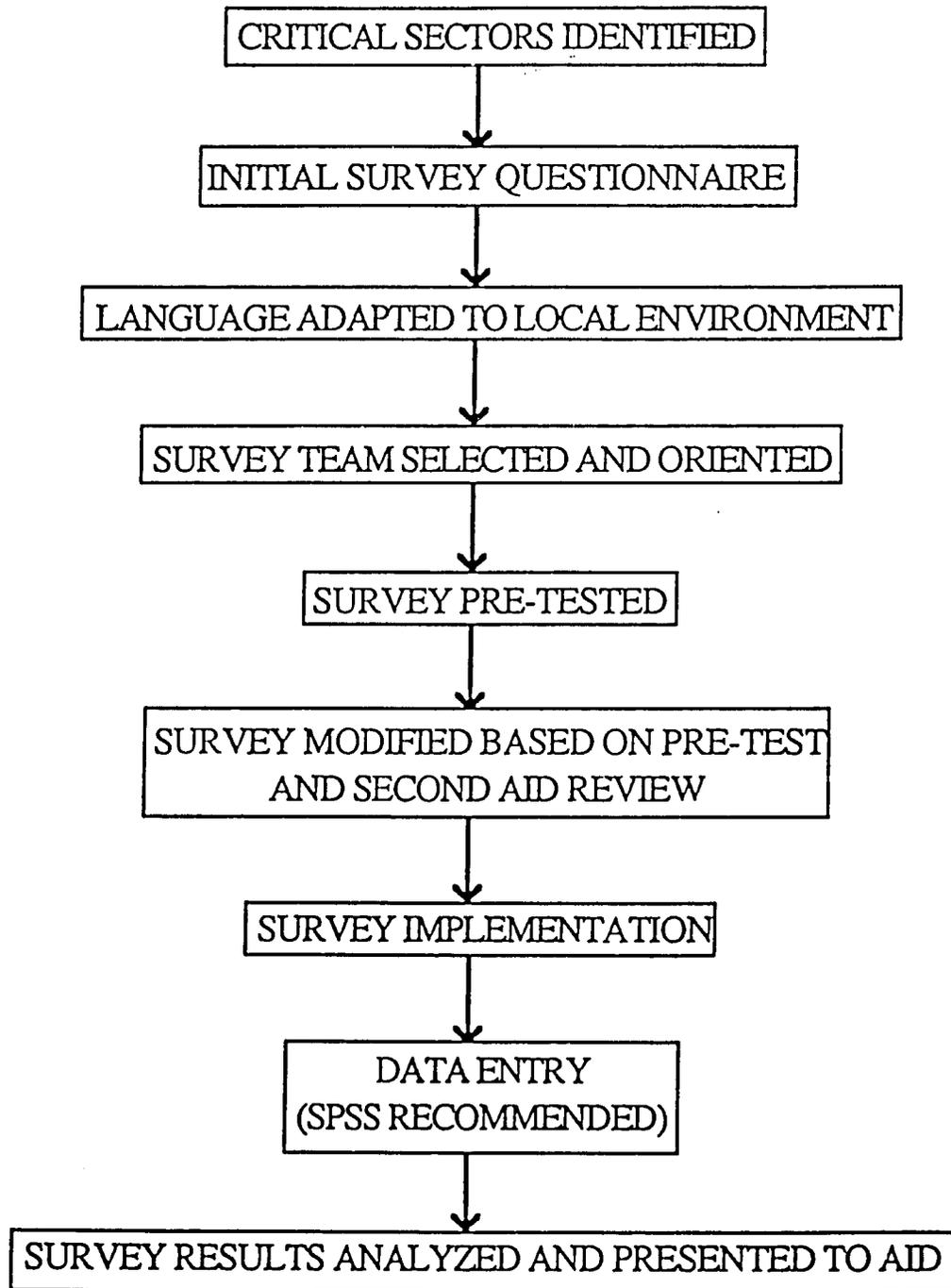
## PROCESS FOR DESCRIBING THE LOCAL PRIVATE SECTOR



### DEVELOPMENT OF DATA "PACKAGES."

1. QUANTIFY CONTRIBUTIONS OF PRIVATE SECTOR.
2. REVIEW ECONOMIC POLICY AND REGULATORY ENVIRONMENT FOR PRIVATE SECTOR.
3. ASSESS ROLE OF PUBLIC ENTERPRISES.
4. ANALYZE TRENDS IN PRIVATE SECTOR OVER TIME, INCLUDING DYNAMIC AND LAGGING SECTORS, AND SECTORS OF CRITICAL IMPORTANCE TO AID.
5. DESCRIBE KEY PRIVATE SECTOR ACTORS.
6. ANALYZE THE FORMAL AND INFORMAL FINANCIAL AND BANKING SYSTEMS.

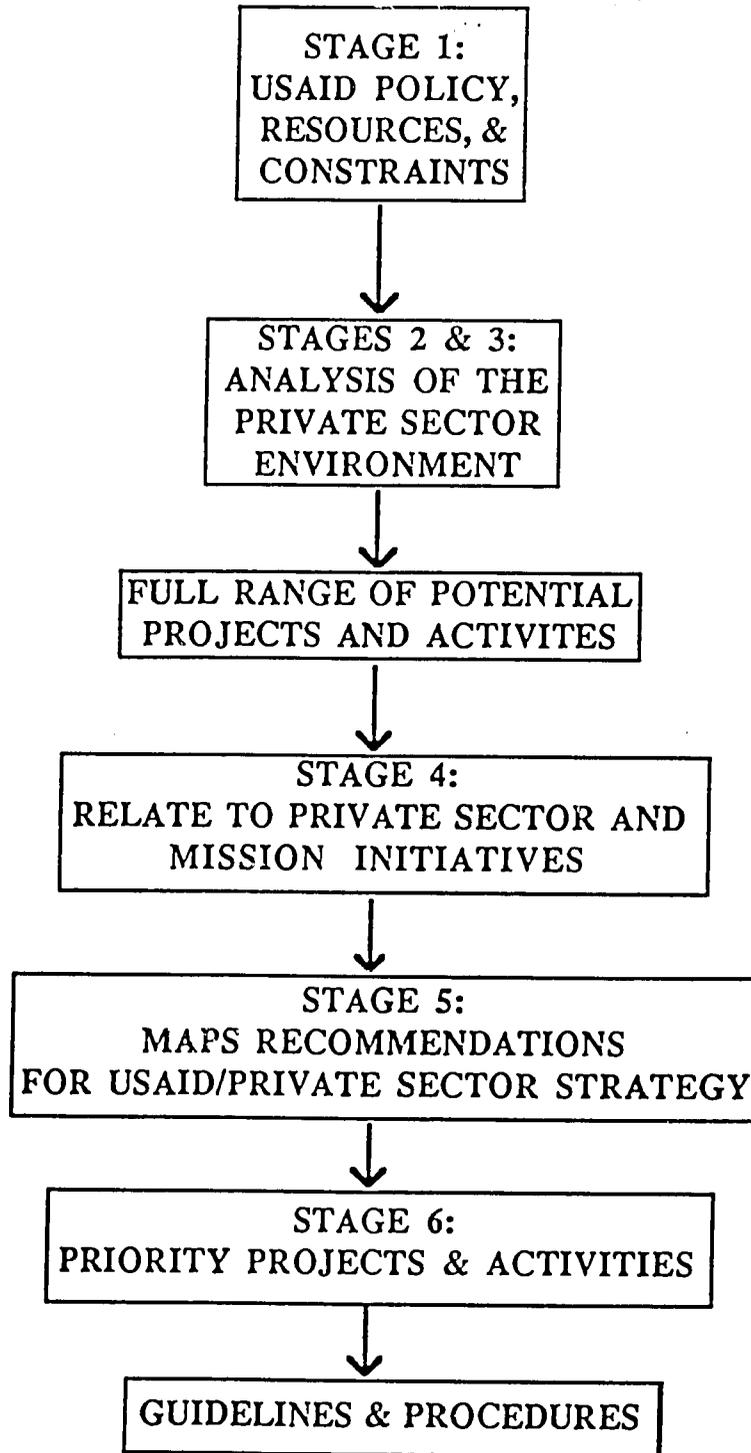
## THE SURVEY PROCESS



## THE SURVEY OUTLINE

1. GENERAL BUSINESS CLIMATE
2. INVESTMENT OPPORTUNITIES
3. CONSTRAINTS TO GROWTH: POLICY
4. CONSTRAINTS TO GROWTH: RESOURCES
  - CAPITAL
  - HUMAN RESOURCES
  - LAND
  - INFORMATION
  - INFRASTRUCTURE
  - OTHER
5. INITIATIVES PURSUED BY THE PRIVATE SECTOR
6. BUSINESS ASSOCIATIONS AND OTHER IMPLEMENTING AGENTS

# MAPS OVERALL PROCESS CHART



# PRIVATE SECTOR OPTIONS ANALYSIS WORKSHEET

## PRIVATE SECTOR STRATEGY OBJECTIVES

- \*  
\*  
\*  
\*

## PRIVATE SECTOR PROGRAM/PROJECT OPTIONS:

POLICY DIALOGUE	PRIVATIZE SOES	DEVELOP AGRI.	DEVELOP IND.	DEVELOP FINANCE SECTOR	DEVELOP INFRA-STRUCTURE	DEVELOP HUMAN RESOURCE	DELIVERY	OTHERS
CURRENT * * *								
POSSIBLE * * *							/	

## PROPOSED PRIVATE SECTOR ACTION INITIATIVES

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14.

## MAPS TIMETABLE OF ACTIVITIES

WEEK:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
* ORIENTATION AND MOBILIZATION			P	R												
* DESCRIPTION - DRAFT - FINAL							F						P	R		
* DIAGNOSIS - INITIAL SURVEY DESIGN					F											
- SURVEY TESTING AND REVISION						F										
- SURVEY IMPLEMENTATION										P						
- SURVEY DATA ENTRY/ANALYSIS													P			
- REPORT													R			
* DIALOGUE - INFORMAL - FOCUS GROUPS																
												P	R			
* STRATEGY														P		
* FINAL REPORT																R

**SYMBOLS:**

F IS AN AID REVIEW AND FEEDBACK SESSION.

O IS A MAJOR PRESENTATION TO AID.

R IS A REPORT SUBMISSION.