



A.I.D. Evaluation News

A Newsletter on Recent Evaluation Findings and Methods

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Development Experience Reviews

Development Finance Institutions: A Discussion of Donor Experience

by *Cressida S. McKean, Center for Development Information and Evaluation*

A.I.D.'s Center for Development Information and Evaluation (CDIE) recently prepared a report on development finance institutions for the Development Assistance Committee of the Organization for Economic Cooperation and Development (DAC/OECD) in Paris. The paper was presented at the meeting of DAC's Expert Group on Evaluation and to the DAC's Group on Private Sector Development. This article is a summary of that report.

Development finance institutions (DFIs) have for several decades been important intermediaries for donors aiming to channel financial resources to priority groups and to fill the long-term credit gap. However, donors are increasingly uncertain about the effectiveness and contribution of DFIs to the development of financial markets, as well as the sustainability of these institutions. Still, the 1989 DAC agenda report recommends continued support for DFIs, contending that they are indispensable for reaching small- and medium-sized enterprises.

The report, based on a CDIE review of donor evaluation reports of DFI projects, focuses on three questions: (1) How effective have DFIs been as intermediaries for targeting credit to priority groups?

(2) Are DFIs sustainable? and (3) Have DFIs contributed to the development of financial markets in developing countries?

Two different objectives leading to two different orientations have characterized donor support of DFIs during the 1970s and 1980s. Some donors looked to DFIs as instruments of financial market development, expecting DFIs to fill the long-term credit gap in the private sector, to mobilize domestic savings, and, ultimately, to be financially viable institutions. Other donors conceived of DFIs primarily as vehicles for targeting long-term credit to predominantly disadvantaged groups, intending loans to improve income distribution and increase production and employment. Thus, these institutions were expected to fulfill roles both as promoters of development objectives and as self-sustaining financial intermediaries. The findings from the review of the evaluation reports suggest that DFIs have had and may continue to have considerable difficulty achieving both of these objectives.

Recent evaluations and studies of DFI programs have found that in some developing countries, DFI programs have helped expand the supply of long- and short-term credit to the private sector, thus stimulating growth in that sector. However, donor evaluations have become increasingly pessimistic about the capacity of DFIs to reach target beneficiaries. The high collateral requirement for credit, significant transaction costs of loans, and subsidized interest rates charged to subborrowers have typically resulted in tremendous concentration of resources in a few large subborrowers located in particular areas. Furthermore, donors have

often operated at cross purposes. They have supported a multiplicity of DFIs targeting a range of economic sectors, creating confusion and sometimes excess of funds. Adding to the complexity, donors have set different terms for their assistance. They established different interest rates and loan criteria for sub-borrowers in each of the DFIs assisted, often leading to further confusion among sub-borrowers, under-utilization of donor loan funds, and instability of the lending institution.

In addition, recent research on the informal sector has pointed to this sector's continued lack of access to formal sources of credit, including loans from DFIs. In fact, donors are increasingly acknowledging the inability of DFIs to reach the informal sector and marginal farmers and are instead giving priority to developing alternative programs for reaching these target beneficiaries.

Many donors have operated under the assumption that DFIs will become sustainable financial intermediaries; however, a review of a wide spectrum of donor evaluation reports reveals that poor financial performance is typical of most donor-supported DFIs. Many DFIs suffer from high levels of arrears on their loan portfolios, and some even have difficulty covering their operating expenses and are dependent on government and donor resources for their sustainability.

A serious constraint to achieving sustainability has been the inability of DFIs to mobilize domestic savings and to operate as full-fledged financial institutions. As a result, DFIs have not been able to diversify risk or compete effectively with commercial banks and other sources of long-term credit operating in developing countries. Furthermore, the cost associated with providing a wide range of services aimed at reaching development objectives has added to the financial burden of these institutions. This leads to the question, When does financial self-sufficiency become the overriding objective to the exclusion of development aims? Another major constraint to sustainability of DFIs is the limited management capacity of the institutions, which has hindered their ability to compete in the increasingly complex economic environment.

Finally, DFIs have not been able to contribute effectively to strengthening financial markets in developing countries. First, the assumption of donors that DFIs would have a virtual monopoly over long-term finance has proven false in face of increasing competition from commercial banks, leasing companies, and other sources of long-term credit. Second, financial policy in many developing countries controls interest rates and credit allocations, limits short-term lending and commercial paper operations, restricts competition among financial intermediaries, and constrains financial diversification. Such policy measures have placed severe limits on the ability of DFIs to offer

new financial services, raise substantial local resources, and help develop local capital markets. Given the increased competition, diversification of financial services is an important option for DFIs in many countries. However, with regard to developing financial markets, financial policy reform may be more critical than reliance on DFIs.

In summary several lessons emerged from the review of donor evaluation reports of DFI programs:

Donors have operated at cross purposes in supporting DFIs. The result has been confusion among sub-borrowers and inefficient use of loan funds. To increase the efficiency of existing and future sources of long-term credit, donors may need to adopt more coordinated responses to promoting DFIs.

DFIs have had limited success in reaching target beneficiaries. To expand the supply of long-term credit to these beneficiaries, donors need to assist DFIs in lowering the administrative cost of the loans, encourage DFIs to charge real positive interest rates, rely more on established financial institutions with extensive branch networks, and direct DFIs toward credit and financial market development to ensure more efficient use of available credit.



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Few DFIs have achieved sustainability. The most successful tend to be financial institutions capable of mobilizing domestic savings and offering a variety of services and a strong management capacity. Donors may need to reassess their goals for DFIs: Should DFIs be self-sustaining institutions to the exclusion of some of their development goals? or Should they pursue development objectives, even if this requires continuing subsidy to DFIs?

DFIs have not been particularly effective in contributing to financial market development. Instead, policy reform appears to be the critical factor in the development of such markets. In this context, increased competition among DFIs and diversification of financial services are important for promoting capital markets in developing countries.

For further information on Development Finance Institutions: A Discussion of Donor Experience, A.I.D. Program Evaluation Discussion Paper No. 31 (PN-AAX-240), contact Cressida McKean, PPC/CDIE/PPE (703) 875-4980. To obtain a copy of the document, contact the A.I.D. Development Information Services Clearinghouse, 1500 Wilson Boulevard, Suite 1010, Arlington, VA 22209-2404, USA. Telephone: (703) 351-4014.

How Debt Swaps Work for Development

by Siew Tuan Chew

This article is based on "Recycling Debt for New Ventures: Debt-for-Nature and Debt-for-Development Swaps," by the author, Innovative Development Approaches No. 4, forthcoming.

In its latest publication on innovative development approaches, CDIE turns the spotlight on debt swaps. A debt swap essentially is a tripartite transaction. It involves a third party acquiring a hard currency debt owed by a developing country government from its creditor bank and subsequently redeeming it with the debtor country government for local currency (in cash or bonds) issued by the debtor government (see figure). In debt swaps completed to date, the debtor country governments have converted the debt notes at rates equivalent or close to the face value of the debt note (i.e., loan amount). What makes the transaction attractive to the third party is the existence of a secondary market where the debt of highly indebted developing countries can be purchased at substantial discounts, often at less than 30 cents to the dollar. Thus, the debt redeemer can make a tidy sum (in local currency) if it

can purchase a debt note from the secondary market at fire-sale prices and redeem it at a rate close to the face value of the debt.

The other parties to a debt swap also benefit. Through debt swaps, a host country government can reduce the amount of foreign currency it has to pay for both principal and interest on the country's total external debt. By donating or selling the debt notes used in debt swaps, U.S. banks have been able to claim some tax benefits and reduce their exposure to potentially uncollectible debt.

In debt-for-nature and debt-for-development swaps, the proceeds from the exchange are used respectively to finance environmental conservation and other types of development projects. In many cases, the redeemer is a nongovernment organization (NGO) that wishes to raise local currency to finance development activities in the debtor country. The NGO acquires the debt note from the country's creditor bank through a donation or a purchase in the secondary financial market. Since 1987, when Conservation International played the third party in negotiating and completing the first debt-for-nature swap, more than \$200 million of commercial debt has been retired through debt swaps involving NGOs.

A.I.D. has sponsored debt swaps through financial assistance to host countries and NGOs engaged in debt swaps. A.I.D. funded the first debt-for-nature swap in Bolivia by providing a \$150,000 grant in local currency to supplement an endowment fund of \$100,000 for the Beni Biosphere Reserve set up by the Government of Bolivia. This fund was established in exchange for the retirement of \$650,000 Bolivian hard currency debt turned in by Conservation International. Since then, A.I.D. has provided more than \$1 million in dollar grants to help NGOs purchase debt instruments used in debt swaps in the Philippines, Madagascar, and Ecuador. Over the next months, as other debt swaps currently being negotiated with the governments of Ecuador, Ghana, Niger, Malawi, and the Dominican Republic are completed, A.I.D.'s funding for debt swaps will increase by \$4.6 million. A.I.D.'s future funding of debt swaps will increase dramatically if a \$25 million debt-for-nature swap program being considered by USAID/Philippines is approved.

Experience so far has identified two implementation issues relevant to USAID Missions considering funding debt swaps. One issue revolves around the capability of NGOs in addressing fairly complex financial and legal questions related to debt purchasing and to establishing an appropriate mechanism for disbursing the local currency funds for project activities. Professional expertise would be required to resolve such issues. The second issue points to the considerable time and resources required to conduct debt swaps in countries where the government lacks an existing debt conversion program or owes little commercial debt

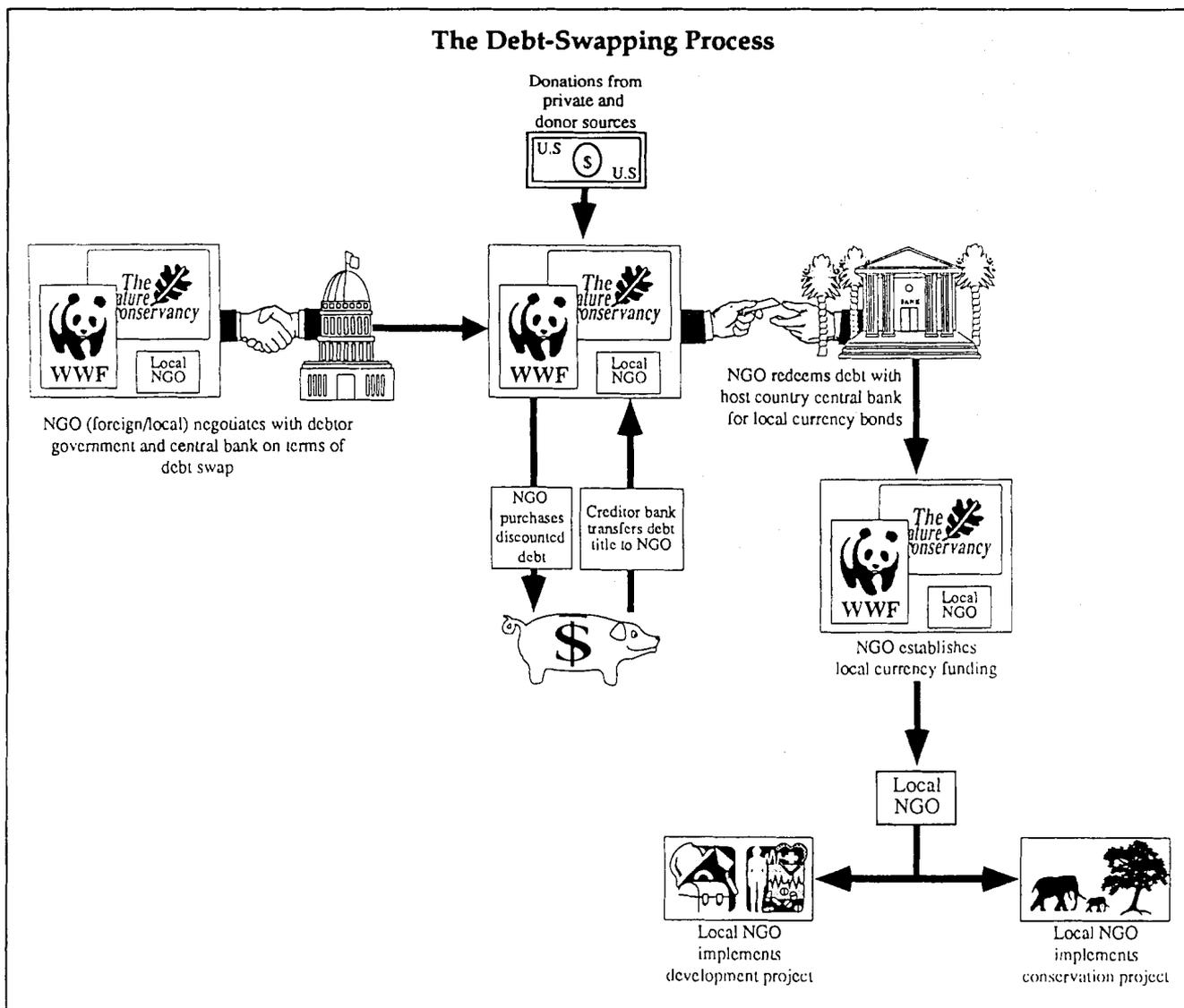
and therefore has scant interest in setting up a formal debt conversion program. In such situations, A.I.D. should be prepared to devote much time and resources to help the host country and NGO complete the debt-swap process.

Also of concern to A.I.D. are the potential macroeconomic effects of large-scale debt conversion programs—concerns, for example, about whether subsidies implicit in each debt-swap transaction are justified, how to control likely inflationary pressures on the host country economy, and how to ensure that debt swaps will not impose a fiscal burden on the host country government. However, these issues do not pose insurmountable problems: there are measures that host countries, with A.I.D. assistance, can take to mitigate them. For example, A.I.D. can sponsor workshops for senior government officials on how debt conversion programs can help resolve their countries' external debt servicing problems. Furthermore, A.I.D. can broaden its support for debt swaps by

including funding for contracting technical assistance teams to advise host countries on how to establish debt conversion programs.

There are, however, constraints to widespread use of debt swaps among developing countries. One deterrent is simply the unwillingness of debtor countries to set up debt conversion programs. Another is that the debt problems of many highly indebted countries are related to official debt (debt owed to other governments and to multilateral banks), not commercial debt. Official debt is not traded in the secondary market and thus cannot be retired through debt swaps. Finally, to many NGOs and private investors, the time and resources required to undertake debt purchasing and negotiations with debtor governments might outweigh the financial benefits they can derive from the debt conversions themselves.

For further information on debt swaps for development, contact Siew Tuan Chew, PPC/CDIE/PPE (703) 875-4829.



Supplementary Feeding Through the PL 480 Title II Program

by Tom Marchione, Bureau for Food for Peace and Voluntary Assistance

This article is based on a report, "The Effectiveness of Maternal and Child Health Supplementary Feeding Programs: An Analysis of Performance in the 1980s and Potential Role in the 1990s," prepared by the Bureau for Food for Peace and Voluntary Assistance, with assistance from Charles Telles, Jose Mora, and Joyce King of the LTS Corporation.

From 1976 to 1989, the PL 480 nonemergency maternal and child health (MCH) supplementary feeding program reached an average of 11.3 million beneficiaries in 39 countries. Country programs wholly supported by U.S. food aid were implemented by nine U.S. private voluntary organizations, principally Catholic Relief Services and CARE; also U.S. food aid contributed to the larger MCH feeding program administered by the World Food Program (WFP). Although the effort was large and labor-intensive, food aid commodities undoubtedly reached only a fraction of the mothers and children suffering from persistent nutritional problems during the 1976-1989 period.

The A.I.D. Bureau for Food for Peace and Voluntary Assistance has recently completed a review with assistance from the LTS Corporation, of the performance of MCH feeding programs in general and PL 480 programs in particular. The report was commissioned because of rising concerns about the effectiveness of MCH programs and the phaseout by private voluntary organizations of several long-standing programs, especially in Africa. The report was assembled from a review of program evaluations, research reports, and other documents, along with personal interviews and meetings with more than 80 key individuals and organizations.

MCH supplementary feeding is a small but significant component of project food aid worldwide. In 1989, 81 metric tons, or 16 percent, of PL 480 Title II food aid was devoted to MCH feeding programs—smaller than that of WFP (127 metric tons) but larger than that of the European Economic Community (EEC) (49 metric tons) programs. While total beneficiaries of PL 480 Title II programs have declined over the past 15 years, beneficiaries of MCH feeding programs have remained relatively constant. Consequently, the proportion of MCH beneficiaries to total PL 480 Title II beneficiaries has increased from 33 percent in 1976 to more than 45 percent in 1989. However, regional changes in the

concentration of beneficiaries has been great. In 1989, 77 percent of all MCH beneficiaries were in Asia, reflecting the global trends, whereas from mid-1980s to 1989 the number of African beneficiaries decreased dramatically. After peaking at more than 1.5 million in the mid-1980s, the number of MCH beneficiaries in Sub-Saharan Africa declined to around 600,000 in 1989, or less than half of the 1983 level. This decrease occurred despite the fact that during the 1980s maternal and child population grew rapidly in Africa and the region was the only area in the world to experience a decrease in food availability and an increase in estimated prevalence of preschool malnutrition.

The declines in the Africa MCH programming were a result of a confluence of the major constraints to the PL 480 Title II MCH feeding programs during the 1980s. The report points to the following as some of the primary constraints: (1) perceived program ineffectiveness due to poor implementation, inadequate evaluation methods, inconclusive results, or lack of impact evaluation; (2) increasing focus by governments and private voluntary organizations on development priorities, with negative implications for both supplementary feeding programs and food aid; (3) inadequate problem assessment and lack of systematic critical thinking about food versus alternative solutions to the problem of malnutrition and undernutrition; (4) insufficient technical and managerial resources to implement the programs; (5) high program costs and funding gaps from financially stressed donors and recipient governments; and (6) cumbersome program administration requirements. Nevertheless, the report concluded that MCH feeding is a needed and appropriate intervention in many situations and is effective if certain critical conditions are met.

During the 1980s, PL 480 Title II food aid played an important role in supporting MCH programs in the developing world. If this role is to continue to improve into the 1990s, major changes will be needed in program orientation, design, funding, and implementation. Among the changes recommended by the report was incorporation of critical elements of success in future programming, specifically:

- Adequate initial assessment of the magnitude and cause of food and nutrition problems of the target population
- Locally appropriate project designs with objectives, targets, and performance indicators based on the assessment
- Full involvement of the recipient community in program design and implementation, particularly women and women's organizations

- A sustained supply of culturally appropriate food to meet a significant proportion of the nutrient gap
 - Strong managerial capabilities, operational capacity, and technical support of the implementing organization
 - Complementary interventions, particularly in education and primary health care
 - Feasible, cost-effective targeting criteria for reaching those most in need and most susceptible to food insecurity
 - Functional administrative systems for transportation, storage, and delivery, as well as support mechanisms to fund and monitor them
 - Built-in monitoring, evaluation, and management information systems for generating data needed for timely control and correction of programs
- Other recommendations for improving MCH interventions were as follows:
- Planning for sustaining health and nutritional benefits of the MCH program based on knowledge of the economic and institutional infrastructure of the host country. In other words, preparing plans that include phaseout or phaseover of the program wherever feasible
 - Shifting emphasis from overall coverage to quality and effectiveness (i.e., delivering a better package of program components to the core of targeted beneficiaries)
 - Targeting programs and self-targeting commodities on pregnant and lactating mothers and children under 24-36 months of age
 - Encouraging the use of alternative institutions for reaching vulnerable populations not reached by the existing recipient government health system
 - Integrating MCH feeding with other development programs, such as income-generating activities and community development projects

Design and Evaluation Methods

Participatory Evaluation

by John K. Hatch, President, The Foundation for International Community Assistance

"Participatory evaluation" is a methodology for turning over the control of project evaluation to the rural and urban poor. Field tested in many countries, participatory evaluation allows project beneficiaries to design their own evaluation instruments, conduct interviews, and tabulate and analyze the resulting data. It also ensures information of the highest quality, usually at a fraction of the cost and the time required by conventional research executed by external professionals. In the process, project participants gain valuable skills that can be mobilized to produce project performance updates cost-effectively.

Overview of the Methodology

Participatory evaluation can be organized in three stages and requires one or two professional advisers or staff members to monitor the process. It starts with a design workshop of 2 to 3 days to which selected

beneficiaries are invited to create their own evaluation questionnaire. Next, the participants return to their own or neighboring communities for 1 to 2 weeks to interview respondents. Finally, the participants return for a 2- to 4-day analysis workshop to tabulate and analyze the data they have collected. Evaluation findings are summarized in a brief report that is shared with the communities in which the evaluation was conducted. Subsequently, a more sophisticated analysis of the data can be conducted by one or more of the cooperating professionals, if necessary, and a detailed report prepared for the funding agency sponsoring the evaluation. From beginning to end, the process—for a nationwide survey covering 250-300 respondent families—can be completed within a month with a budget of less than \$25,000.

Selection and Logistics

The number of project beneficiaries selected to participate in the evaluation depends on a variety of factors, including available budget, project coverage, and the geographical scope of the evaluation. However, 12 to 18 participants can be considered reasonable

in most cases. For a very large project, the three-stage evaluation process can be repeated by region; however, this approach requires compatibility between instrument designs that have been created for different areas of the country.

Ideally, participants should be selected in pairs from among people who already know each other to improve retention and sharing of information and to provide mutual support. Whenever possible participants should have basic reading, writing, and arithmetic skills, although a participant without such skills can also be used, provided he or she is accompanied by someone (a son or daughter) who can serve as a scribe.

It is of course desirable to select participants who are friendly and outgoing and who are respected members of their community with a prior history of community service. It is also preferable to have both men and women participate in the group because a mixed-gender group enriches both the instrument design and the subsequent data analysis.

The Design Seminar

First Day. Facilitated by a professional, the seminar should begin with a brief overview of the evaluation: Why the evaluation is necessary, the difference between objective and subjective questions and between closed and open-ended questions, and examples of indicators. At the conclusion of the first morning participants should be given an opportunity to practice, as a group, identifying and designing indicators. For example, in the plenary session participants can create the first page of a questionnaire requesting personal information about the respondent.

The first afternoon activity can be a brainstorming session in which participants are asked to suggest all kinds of questions they believe useful for determining the success or failure of the project being evaluated. For example, participants can be given pieces of paper to write down their questions, after which participants, in turn, stand and read their questions aloud to the group and then (using masking tape) tape them to the blackboard. After each participant has taken a turn, the group sorts the questions into categories—for example, health, education, production, commerce and industry, and community improvements.

The participants are then divided into work groups of three to four members each—one group for each of the categories. Each group is asked to collect the questions for its area, edit and improve them, remove duplicates, and summarize the questions into a single-page questionnaire.

Second Day. During the morning of the second day, the work groups conclude their assignment, producing their one-page question sheet. In the afternoon all participants meet in plenary session, where each group

presents its work and the participants debate, amend, and eventually approve by consensus the suggestions. These question-by-question discussions not only strengthen the design of the questionnaires but also serve to familiarize each participant with the why of every question.

The attending professional facilitator (or monitor) is free to also suggest questions and indicators, but not until after the others have made their suggestions. Ideally, the facilitator can make a list of his or her questions in advance, then check them off as participants suggest them. Only when an important question has not been mentioned should the facilitator suggest its inclusion.

By the end of the second day there will be enough consensus to create a provisional evaluation instrument. With the assistance of a good secretary, the draft can be typed during the evening and either photocopied or mimeographed for use the following day (about 20-30 copies).

Third Day. During the final day, participants will practice interviewing each other, using their draft questionnaire. Initially one pair of participants will interview each other while the others observe and offer constructive criticisms. A variety of situations can be role played, followed by group discussion, to help participants gain confidence in their interviewing skills. By the end of the day, participants will be given their marching orders—how many interviews to be conducted, in which communities, and by what date, with prearranged dates for field visits by an evaluation facilitator to observe their progress.

Field Interviews

Participants can complete about three interviews per day. Thus, if a total of 10 days has been allocated for interviews, each participant can complete no more than about 30 interviews (or 360 questionnaires if there are 12 participants, 540 questionnaires if there are 18 participants, and so on). The monitor can provide appropriate sampling guidelines in advance (e.g., interviews with nonproject participants, age and gender of respondents). To ensure quality control, the monitor should visit each participant at least once during the field-interview stage, preferably during the first 2 or 3 days, to correct any errors or omissions that may be occurring. Staff from the sponsoring agency operating the project can help facilitate these visits.

Analysis Workshop

On a previously agreed date the participants will again convene in a central location to conduct a 2- to 4-day analysis workshop. As in the design seminar the

participants will be divided into work groups, this time by region, in order to process the questionnaires they have completed. The length of the workshop will vary depending on the size of the questionnaire, the number of questionnaires completed, mix of quantitative (closed) versus qualitative (open-ended) questions, literacy and math skills of the participants, and other factors. Each work group should be equipped with a simple hand calculator to facilitate data summation. The monitors will assist in designing tabulation sheets, first individual data sheets for use by each work group, then a composite tabulation sheet containing data summaries from all groups.

When all groups have completed their tabulations, the workshop participants will meet in plenary session to report on their partial data totals on each question. It is preferable to finish tabulating responses to each question and analyzing the results before passing on to the next question. This plenary session should be conducted by a professional facilitator, who will record the data reported from each group onto an aggregate format prepared on paper or on a blackboard large enough for all participants to see. Simpler (closed) questions should be processed first, then open-ended qualitative responses sorted and analyzed. As mentioned previously, qualitative material is usually exceedingly rich. Thus rather than to attempt to oversynthesize the qualitative responses, they should be screened for the most insightful quotes from each section of the questionnaire to compliment and highlight the numerical results.

As the plenary session proceeds, a secretary or professional observer should prepare a draft summary of the principal findings. At the end of each day a committee of 2 to 3 participants, elected by their peers, will review and edit the content of the emerging document, which is intended for use by project participants. Normally the document will not exceed five

pages. Subsequently, a copy of this evaluation summary will be sent to each of the communities where evaluation activities were carried out. Such a procedure provides feedback to project participants, thus guaranteeing that they will be the first users of evaluation findings. Then, and only then, should questionnaires and data summaries be released for more sophisticated analysis by outsiders.

Budget Considerations

Project participants should be remunerated for their services, travel expenses, and, if necessary, room and board costs. Assuming a total commitment of 3 days per workshop, 10 days for interviewing, and 2 days for travel, the typical participant would receive remuneration for 18 days. A payment of \$10-\$15 per day (including transportation costs) should be adequate in most cases, or about \$180 to \$270 per participant. Considering a quota of 30 questionnaires per participant, the unit cost will range between \$6 and \$9 per interview.

At least one and preferably two professionals will be needed to facilitate the workshops and monitor the evaluation efforts of project participants. Including time for set-up, wrap-up, and final report writing, some 28-30 days of service per professional will be necessary. About 6 days of secretarial services should also be planned. Finally, room and board costs, materials (e.g., printing, calculators), and travel/per diem expenses of the outsiders must also be considered.

Information about how to conduct participatory evaluation, as well as evaluation reports based on this method, can be obtained from John Hatch, President, The Foundation for International Community Assistance, 901 King Street, Alexandria, VA 22314 (703) 836-5516.

Evaluation System News

Administrator Strengthens Role of Evaluation in A.I.D.

by Annette Binnendijk, Center for Development Information and Evaluation

On October 31, 1990, the A.I.D. Administrator, Ronald W. Roskens, announced that, as part of his emphasis on management excellence in A.I.D., he would strengthen the role of evaluation in the Agency. The

Administrator stressed the importance of a strong and independent evaluation function and assigned the Center for Development Information and Evaluation (CDIE) within PPC the lead role in expanding the Agency's evaluation capacity. The Administrator's General Notice on "Strengthening the Role of Evaluation in A.I.D." appears in the Box on page 9. In response to the Administrator's initiative, CDIE has begun a major reorganization and expansion of responsibilities and is currently recruiting from among the Agency's "best and brightest." (Turn to page 10.)

Administrator Roskens' Announcement on Strengthening the Role of Evaluation in A.I.D.

We have agreed that management excellence is a central theme at A.I.D. We are working together to establish priorities; to do somewhat fewer things, but do them very well. Our commitment to this theme has deepened as we see how intimately it is tied to getting results from our development programs. If all of us take responsibility for this connection between management and results, we can transform our Agency and the way we do business.

A first step in that transformation is to reaffirm our mutual commitment to managing for results. Each of us came into the Agency with the intention of making a difference. We have a common stake in improving our ability to measure the results of our programs. Let me share with you the reasons for our focus on a strong and independent evaluation function:

- Evaluation tells us what results we are achieving, and the kinds of program strategies and activities that are most effective in differing country circumstances.
- The evaluation process itself can be a powerful tool for management improvement for ourselves and for our counterparts in the countries in which we work.
- Evaluation will strengthen our ability to account for the results of assistance programs. This is central for our efforts to gain the greater flexibility we seek from Congress in programming assistance.

Accordingly, the Bureau for Program and Policy Coordination has been asked to undertake a major expansion of the staffing, responsibilities, and authority of the Center for Development Information and Evaluation (PPC/CDIE). The main elements of this expansion are as follows:

1. A new mandate for PPC/CDIE to target its work on strategic issues of performance, to help senior management begin making tough decisions about what A.I.D. should and should not be doing in the face of scarce budget resources. This will mean conducting more on-the-ground assessments of our programs and presenting the findings with greater candor.
2. A broader mandate for PPC/CDIE to include assessing not only *what* we do but *how* we do it: our tools of assistance; our procedures for applying them; and the organizational models we're using. We all know that effective assistance is not a technical fix; it is a process. We need to give more attention to the systematic review of how that process is working in the field and what we need to do to improve it.
3. A change in PPC/CDIE's mandate to function as the center of excellence for the Agency's overall evaluation system. PPC/CDIE will be charged with monitoring the quality of evaluation work carried out by missions and bureaus. While we know that a number of missions already take monitoring and evaluation seriously, we want to assure that *all* do so. PPC/CDIE will also expand its support role in providing technical assistance and training to missions in designing information and evaluation systems that support the needs of each mission for effective project and program management. PPC/CDIE will continue in its role as the Agency's central information resource in support of mission and bureau programs.
4. For PPC/CDIE to effectively handle these increased responsibilities, an additional 25 FTEs will be allocated from the four regional bureaus and FVA, PPC and S&T over the next two years. The Office of Personnel Management has been asked to recruit officers from the ranks of the Agency's best and brightest to fill these positions. We want to build our central evaluation office into a highly credible team of economists, social scientists, and experienced development managers reporting to me and my senior managers on A.I.D.'s performance. These positions will offer visibility, intellectual challenge, and an unusual opportunity to get a broad exposure to Agency programs worldwide. We will be looking for our best officers—FS and GS alike—to bid for these positions as they become available.

Through these steps, my management team and I expect PPC/CDIE to take the lead in putting evaluation to work for the Agency and for our host country counterparts. We also expect PPC/CDIE to keep us regularly and directly informed about the results of our program. We will be actively involved in seeing that the evaluation findings are brought into our internal policy and programming discussions and into our dialogue with Congress. Making evaluation central to how we do business and to how I carry out my own responsibilities is a large part of our ability to manage for results.

While I have assigned PPC/CDIE the lead role in this effort, they cannot do it alone. The missions will continue to have full responsibility for carrying out mid-project evaluations as an integral component of their operational decision-making. Likewise, those central bureaus with project management responsibilities will have that function for the projects which they manage directly. Should the central and regional bureaus also wish to undertake broader program evaluation work related to their own bureau-specific concerns, it will be their prerogative to do so within given resource constraints.

In addition, I will be looking to managers throughout the Agency to take responsibility for improving the quality of the evaluation work they do and effectively utilizing these findings in their project and program management decisions. Putting evaluation to work to improve development results is everyone's job, not just PPC/CDIE's. We are all partners with PPC/CDIE in this undertaking. My management team and I will need your full participation and active support if we as an Agency are to succeed in this important effort.

Broadened Evaluation Mandate

The main elements of CDIE's strengthened and broadened evaluation mandate include the following:

- To target assessments on strategic issues of performance and impact that will help senior management make critical programming and policy decisions and report more convincingly to Congress, OMB, and the public.
- To assess A.I.D.'s operational processes and management systems—that is, to examine how our tools of assistance, procedures, and organizational models for operation influence achievement of results.
- To undertake regular and comprehensive reviews of A.I.D.'s program performance as a basis for performance-based decision-making; to establish an Agencywide system for measuring and comparing performance of our core programs.
- To function as a center of excellence for the Agency's overall evaluation system, including reviewing the quality of evaluation work carried out by Missions and Bureaus.
- To expand CDIE's technical assistance, guidance, and training support to Missions in designing and implementing evaluation systems for effective project and program management.

To achieve these mandates, an expanded evaluation office within CDIE will be responsible for the following functions, products, and services:

1. **Program and policy assessments:** CDIE evaluation staff will conduct a series of independent and objective field-based assessments focused on program and policy performance and impacts, based on agenda priorities developed in consultation with the A.I.D. Administrator and senior management, the Missions, relevant Congressional Committee staff and OMB, and other key stakeholders. About five topics per year will be initiated, drawn from programmatic areas such as policy reform and public sector management; private sector development; agriculture, natural resources and rural development; social services and human resource development; other programs, such as democratic institution-building, counter-narcotics programs, food aid, disaster relief and rehabilitation, and urbanization.
2. **Operations and management assessments:** Several assessments per year will focus on key Agencywide

operational procedures, regulations, incentive systems, and management and organizational structures to examine the effectiveness of our modes of operation for achieving development results.

3. **Ongoing reviews of A.I.D.'s portfolio performance:** In addition to the special assessments identified in the Administrator's Evaluation Agenda, CDIE staff will regularly and comprehensively monitor program performance in major areas of the portfolio on an ongoing basis and will review findings in an Annual Program Performance Report to the Administrator. This ongoing monitoring will include desk reviews and syntheses of existing Mission project monitoring, evaluation, and audit reports; special studies and impact evaluations; analyses of data based on program expenditures and performance/impact measures; discussions with knowledgeable technical staff from the operational Bureaus; and other donor experience and research generated by the broader development community.
4. **Dissemination of findings:** CDIE will be responsible for preparing written reports and oral presentations of key evaluation findings for A.I.D. senior management, for operating Bureaus and Missions, and for external audiences such as Congressional committees and OMB. For example, Quarterly Evaluation Briefings will be held for the Administrator and senior staff highlighting updates on new evaluation study findings. Emphasis will be placed upon developing and implementing a comprehensive communications and dissemination strategy for CDIE products, including use of state-of-the-art communications techniques. CDIE will also develop a system for tracking and reporting on the utilization of evaluation findings by Agency management.
5. **Strengthened Mission and Bureau evaluation systems:** CDIE evaluation staff will provide expanded technical assistance and updated guidance in designing and implementing project and program performance evaluation systems and periodically will review and report on the progress achieved by Missions and A.I.D./Washington offices. Quality control and oversight of Mission and Bureau evaluation systems will be achieved by systematic sampling and review of evaluation plans, evaluation scopes of work and final reports, data collection and analysis systems, and the like to help ensure compliance with evaluation standards and procedures, assess the quality of evaluation efforts, and to address the issue of management utilization or follow-up on evaluation recommendations.

- 6. Improved evaluation and data-collection methodologies:** CDIE will be responsible for improving evaluation research and data-collection methodologies, setting higher standards for more systematic, rigorous, and empirically based approaches, both quantitative and qualitative.
- 7. Evaluation Training Courses:** In collaboration with A.I.D.'s Training Office, CDIE will develop curricula for training courses and workshops for A.I.D. staff and host country counterparts, covering innovative evaluation methods and approaches, focused on project, nonproject, and program-level evaluation systems and indicators. These efforts will be carried out in the field through regional and Mission workshops.
- 8. Development of an A.I.D.-wide reporting system on program performance:** In collaboration with other A.I.D. Bureaus, offices, and Missions, CDIE will take the lead in planning and implementing a program performance information system that will track and measure performance and effectiveness of A.I.D. interventions in major or core program areas.

Recruitment Plans

As the Administrator has indicated in the General Notice on his evaluation initiative, a team of the Agency's "best and brightest" is to be drawn together in order "to build our central evaluation office into a highly credible team reporting to [the Administrator] and to A.I.D. senior managers on A.I.D.'s performance." To effectively serve the Administrator along the lines he has sketched out in his initiative, CDIE is beginning to recruit a carefully selected team of exceptional officers, drawn from both the A.I.D. foreign service and civil service. CDIE's foremost objective is to assemble a staff of individuals who are creative, energetic, fair-minded, and committed to improving the development results of A.I.D. projects and programs. The Administrator's evaluation initiative represents an intellectual and organizational challenge of considerable proportions, and CDIE wants people on its staff who are prepared to turn that challenge into an opportunity for making substantial improvements in the way A.I.D. delivers its assistance.

CDIE is looking for officers with skills falling in either or both of the following two broad categories. One category of skills would be those needed to evaluate and report findings on the results of our programs. A strong field background in program management and/or in-depth expertise in economic analysis or a relevant technical sector (e.g., private sector, agriculture, health)

would be essential, in combination with strong analysis, writing and/or oral presentation skills. Prior experience in evaluation work, research design, and primary data collection and handling, as well as foreign language skills, would be advantageous, but not essential. These officers would typically come with backgrounds as economists, technical specialists, program officers, and possibly project officers.

A second category of skills would be those specific to evaluation: expertise in social science research methods, information and evaluation systems design, evaluation utilization, and so on. Prior experience in carrying out and/or managing project or program evaluation work would be essential, and academic training in social science research methods would be advantageous. An ability to work well with other parts of the Agency, and strong writing and oral presentation skills will be necessary. These officers would typically come with backgrounds as social science analysts, economic/financial analysts, program officers, program analysts, or possibly statisticians.

In both categories, CDIE will need people who can demonstrate a broad knowledge of A.I.D., an interest in policy and management issues, and an ability to effectively work on or lead teams. Supervisory experience will be needed for a few of the positions.

CDIE plans to begin recruiting this month for an additional 13 positions to be filled during FY 1991, and the remaining 12 positions during FY 1992. Prospective candidates who are interested in a position in the new evaluation office are encouraged to notify John Eriksson, Director of CDIE (703-875-4902) or your respective career development counsellor in PM/FSP.

Peer-Review Guidance in the Bureau for Science and Technology

*by Frank Z. Alejandro, Bureau for
Science and Technology*

The Bureau for Science and Technology (S&T) recently instituted a peer-review process in order to ensure that its research and development activities are thoroughly and objectively reviewed and managed. Peer review is the assessment of research activities, proposals, programs, and products by those who, because of their professional competencies are qualified to judge them. Peer review is a standard approach used by universities and research organizations to ensure that research conducted under their auspices meets the highest standards of scientific excellence.

Because of the perception that research was not being systematically reviewed within S&T, the Bureau's Program Office conducted an initial survey and then commissioned the National Research Council to conduct an intensive external evaluation of the S&T's research review processes. The Council's findings emphasized a need for a more rigorous review of the Bureau's science and technology projects. Similarly, the survey identified a need to fully document peer-review procedures for ongoing and new research activities; to make clear, sound decisions regarding peer-review requirements and proposed approaches; and to develop and implement Bureauwide guiding principles with respect to peer-review practices and related methodologies.

An earlier article (*A.I.D. Evaluation News*, February-March 1990) indicated that S&T would be making inroads in the design and utilization of innovative research review and evaluation methods. The Bureau's new peer-review guidance, which involves the collaboration of many colleagues in the research community, is one example of S&T's collective effort to develop applicable systems to enhance the quality and integrity of A.I.D.'s research program. Through implementation of the new peer-review system and guidelines, S&T hopes to

- Improve the quality of research supported by the Bureau
- Ensure the integrity of S&T-funded research by subjecting the research to objective and technically sound scrutiny
- Provide a basis for decision-making on initiating, terminating, and directing S&T-funded research
- Provide a vehicle for technical monitoring and oversight where S&T is unable to carry out such oversight directly

In order to fully meet these objectives, S&T's new policy and guidelines emphasize open and objective external review of the Bureau's research efforts. The more important features of the policy are presented below.

The Bureau's recent policy requires all research costing more than \$100,000 to be subject to peer review. Review of research proposals with a budget below this amount will be determined by the respective Office Director. In either case, the Office Director will document whether or not a particular research activity will undergo peer review. The determination that a research activity is not to undergo peer review must be documented at the Project Paper stage and approved by the Director of the Bureau's Program Office prior to project authorization.

Office Directors may, on a case-by-case basis, waive the requirements for peer review, but they must describe the basis for such a determination in each case. Similarly, Office Directors may authorize exceptions to the guideline procedures. However, they must specify how the proposed alternative procedures meet the Bureau's overall objectives with respect to peer review.

Bureau policy usually requires peer review to be performed by individuals who are not A.I.D. direct-hire employees, but in some cases, the policy provides some flexibility, allowing A.I.D. staff not directly involved with the project or the research to serve as peer reviewers.

The S&T guidelines state that all unsolicited research proposals must also be subject to peer review; existing Agency guidelines should be used for this purpose. In S&T this function is coordinated by the Bureau's Office of Research and University Relations.

Office Directors, in consultation with project officers, determine the intensity of peer review for each ongoing and planned project having a research component. The following criteria should be considered when deciding on the intensity of peer review for a particular activity.

- *Risk:* An intense peer review is necessary if the planned research poses a potential danger to life or has another high risk associated with it. The determination of risk and the process for peer review should be included in the Project Paper prior to project authorization.
- *Nature of Research:* S&T conducts both basic and applied research. Basic research, with less certain and well-defined outcomes, requires more intensive peer review. A significant amount of S&T's research efforts is basic research, especially in projects requiring clinical laboratory work involving biomedical research and experimentation. A greater proportion of S&T's research efforts, however, fall in the applied research category. In both cases, the research should be thoroughly reviewed and fully documented.
- *Internal Capacity:* When A.I.D. staff technically monitor the quality of research, they are able to reduce the need for intense peer review. This is particularly true when the appropriate scientific expertise is readily available within the Agency or Bureau.
- *Objectivity:* An outside perspective is often necessary to provide clear, objective assessments, particularly in cases of controversy or outside scrutiny. In such cases peer review should be intensive.

As stated earlier, the Bureau's new peer-review policy applies to existing and proposed activities. Once the Office Director has determined that peer review is necessary for a particular research activity, a Peer Review Plan is developed to explain the process and to ensure that the research meets external standards of objectivity, integrity, and excellence. For new projects the Peer Review Plan is part of the Project Paper.

The Plan should also explain the process for awarding research funds under the project. The Plan should indicate the intensity of the review required; the criteria for selecting the best available research scientists and methodologists for participating in the peer-review group, panel, or committee; and the method of compensation for each peer-review member. In addition, the plan should touch on any small grant component or other arrangements for supporting research.

The project officer is responsible for carrying out the peer review, as specified in the Plan. The Office Director is responsible for ensuring adherence to the Bureau's peer-review policy.

In summary, S&T must ensure adequate quality control and oversight of its research activities. Peer review is a mechanism for this purpose. The Bureau's policy establishes useful and applicable research review methodologies, review applications, and preferred peer-review practices and defines peer-review procedures and monitoring responsibility. Documents on peer review are available from the S&T Program Office.

Advisory Committee on Voluntary Foreign Aid Reports to the A.I.D. Administrator

Responding to Change: Private Voluntarism and International Development was released by the Advisory Committee on Voluntary Foreign Aid on May 24, 1990. Based on an 18-month assessment of global economic, political, social, and environmental trends and the impact of these trends on the U.S. foreign assistance program, the report offers recommendations to A.I.D. and the diverse community of private voluntary organizations engaged in international relief and development.

The Advisory Committee on Voluntary Foreign Aid has long served as a link between the U.S. Government and U.S. private voluntary organizations active in relief, rehabilitation, and development overseas. First made operational as the President's Commission on War Relief Agencies in 1941 and renewed the following year as the War Relief Control Board, the Advisory Committee was established by Presidential

Directive on May 14, 1946. While the Committee's focus and responsibilities have changed over the years, its basic mandate has not: It is a citizen's committee providing the underpinning for cooperation between the public and private sectors in the U.S. foreign assistance program.

The Committee's 24 members are private U.S. citizens with a wealth of experience and deep personal interest in international development. They are appointed by and provide advice to the Administrator of A.I.D., whom they serve without compensation. Committee members have significant experience in cooperative and business development, health, education, finance, law, relief and refugee assistance, and community development. They bring with them differing perspectives and expertise that serve to broaden the context in which they raise questions and proffer recommendations to the Administrator.

The Committee launched the extensive 18-month analysis in January 1989. Over a series of five public meetings, the committee heard expert testimony from senior officials at A.I.D., the World Bank, private foundations, independent research institutes, and private voluntary organizations. These meetings focused on the manner in which emerging international trends will influence the future content and direction of U.S. voluntary foreign assistance programs. The committee paid particular attention to the role that A.I.D. plays in supporting those efforts.

The first meeting, held in March 1989, examined the long-range implications of critical international economic issues. The second, held in June of that year, explored the changing relations between the United States and the developing countries and the future shape of that relationship. The third, held in September 1989, addressed the shifting base of public and private support for development. The fourth, held in December, focused on changing relations between U.S. and overseas-based nongovernmental organizations. The final session, held in March 1990, examined global environmental issues and the growing worldwide interest in environmental problems.

The Committee concluded that the series of meetings produced a better understanding of fundamental long-term trends that influence the strategic decisions of private voluntary organizations and the shape and direction of governmental programs supporting the efforts of these organizations. A central conclusion of the report is that the fundamental conditions that have shaped and supported the U.S. foreign assistance program have changed so dramatically that the program itself must be recast to reflect these new conditions. In a reformed program, the committee believes that private voluntary agencies can and should play a much more central role than is currently the case.

In distilling 18 months of discussion, five integrating themes stand out: the emergence of a global

marketplace, the development of new concepts of national security, increasingly complex U.S. relationships with developing countries, a worldwide surge of voluntarism, and a shifting resource base for voluntarism. The report offers the following conclusions and recommendations:

- A central role for U.S. nonprofit development agencies in the U.S. international development program will highlight an important reliance on the private sector—the sector that strengthens open, pluralistic social structures that Americans believe in. The private sector, whether the motive is commercial or humanitarian, provides social, political, and economic choice.
- Rich opportunities exist to forge constructive relationships between nonprofit and profit-making organizations.
- The increasing competence of indigenous private voluntary agencies provides an infusion of talent and resources and an opportunity to forge powerful networks.
- A.I.D. provides the single largest source of funds for U.S. nonprofit agencies. Its policies and practices

have a significant effect on the direction of international voluntarism.

- Nonprofit development agencies have an important function in promoting sustainable development by linking environmental policy concerns with community-level activities and implementing environmental development projects.
- Nonprofit agencies—and many donors that support them—will benefit significantly from an investment in strategic planning.
- Education of the American public on development issues is key to the sustained flow of public and private resources to international relief and development programs. Thus, development education in the United States needs to be accorded high priority.

For copies of Responding to Change: Private Voluntarism and International Development or the Committee's 1988 report entitled The Effectiveness of Private Voluntary Organizations, write to: Advisory Committee Staff, Bureau for Food for Peace and Voluntary Assistance, Room 5314A NS, Washington, D.C. 20523-0059.

Field Perspectives

Evaluation of A.I.D. Assistance to Guatemala

by Krishna Kumar, Center for Development Information and Evaluation

In 1989, USAID/Guatemala carried out a comprehensive evaluation of its development assistance to the highland Indian areas—the Altiplano region, which received the greatest share of total U.S. assistance to Guatemala. The evaluation is of wide interest to A.I.D. for several reasons. First it is an excellent example of what may be called an “internal evaluation,” although the evaluation team was composed largely of independent experts. The evaluation was initiated, planned, and implemented by the Mission to assess USAID/Guatemala's past performance and to determine new priorities and strategies. It was not undertaken to fulfill an administrative requirement. Second, it covers a vast array of programs in agriculture, health, education, and institution building—programs that were supported by the USAID Mission and its predecessors

for over four decades. Third, it is one of the few attempts in A.I.D. in which virtually a Mission's entire portfolio has been systematically examined and evaluated. In contrast, almost all A.I.D. evaluations in the past have focused on individual projects or programs in a sector.

Finally, the evaluation was carried out in close collaboration with the Guatemalan Government. At the planning stage, Mission staff contacted the concerned government departments and discussed the nature and plans for the proposed evaluation. Only after their full cooperation was assured was the evaluation launched. Fieldwork was jointly done by U.S. and local firms. Moreover, out of 16 specialists involved in the evaluation, 5 were from Guatemala. The local experts were encouraged to provide an insider's perspective to enhance the validity and reliability of the data and information gathered. Finally, evaluation findings and conclusions were shared with relevant government departments and institutions. This article briefly describes the objectives, issues, methodology, and findings of the evaluation.

Evaluation Issues and Methodology

The evaluation focused on the following issues:

- Where has the USAID/Mission focused its activities through the years?
- Was the focus appropriate to the region's needs over time?
- Have the institutions and conditions of the target groups changed?
- What has the USAID Mission learned from its past efforts?
- What changes in current strategies, activities, and methods are desired?

At the outset, the Mission recognized that because of the paucity of data, limited time, and absence of project documents prior to the early 1970s, a rigorous statistical analysis was not possible. Instead it sought a qualitative evaluation based on a wide variety of information sources—project and program records, interviews with concerned officials, discussions with outside experts, and site visits. The Mission expected the evaluation team to present a credible, cogent analysis of the issues and not a statistical reconstruction of past achievements or failures. In this context, the evaluation appears to have largely succeeded in fulfilling the Mission's expectation.

The evaluation was conducted in three phases. During the first phase records, documents, and pertinent literature about the Mission's current and past activities were collected and classified. Library research in Guatemala and Washington, D.C. produced vast amounts of information. An effort was also made at this stage to identify the key people who could be interviewed for the evaluation.

The second stage began with the activities of a joint U.S.-Guatemalan evaluation team, a team comprising 16 specialists representing the different sectors to be examined. After reviewing the literature, the specialists conducted in-depth interviews with government officials, Mission staff, and outside experts. They then carried out extensive field visits to meet with the intended and real beneficiaries of past and current projects. The evaluation team members met once a week to share their experiences and information. At the completion of their assignments, they submitted their individual reports.

The final stage of the evaluation was the preparation of sector-specific reports. Some of the major findings of the evaluation are given below.

Major Findings and Conclusions

Activities in agriculture, health, education, and infrastructure accounted for the bulk of U.S. assistance in Guatemala, especially in Altiplano, since the late 1960s. Although, at various times, U.S. project assistance has also been available to strengthen Guatemala's fiscal system, rural and urban unions, and land-use/tenure system, such assistance has been on a smaller scale, primarily for pilot projects.

The evaluation identified several results visible in the agricultural sector. First, U.S. assistance contributed to creating an extensive agricultural delivery system and a growing body of trained professionals and paraprofessionals who are playing a significant role in agricultural and rural development. Second, several agricultural projects have directly or indirectly strengthened village- and community-level collective decision-making. Third, and most important, U.S. assistance has resulted in sustainable gains in income and employment among targeted indigenous farmers. The irrigation and agricultural diversification efforts led to a widespread diffusion of gravity-flow irrigation systems, hillside terracing, and other forms of soil conservation. These innovations are very popular, and in conjunction with nontraditional crops, very profitable. "Terraces covered with grains, vegetables, and fruit trees, often watered with simple hose-and-sprinkler systems can be seen in many places. . . . Increases in net cash incomes from 30 percent to 500 percent have been reported." Introduction of irrigation systems has generated fresh employment opportunities. Although no precise estimates are available, the extent of the impact can be gauged from the fact that 1 *cuerda* (1/5 hectare) of irrigated land now requires the services of an additional worker.

In the health sector, the USAID Mission was the first to address the problem of the lack of health services in the Altiplano. "Guatemala's present extensive network of rural health care auxiliaries owe their existence and continuing support to the U.S. assistance over the past 25 years." In addition to providing financial and technical resources, U.S. assistance has been instrumental in training health technicians, nurses, and community health volunteers, many of whom are still working in the highlands under trying conditions. However, the evaluation found that the quality of health care varied in different areas. Often clinics lacked adequate medicines and supplies and the morale of the health professionals was low. For example, in Solola, all government clinics "were adversely affected by limited supplies, logistics, personnel; central health authorities appeared to be somewhat disinterested in strong rural initiatives."

Another significant contribution of U.S. assistance has been the growing availability of potable water.

"With the USAID help, the proportion of Guatemalans with potable water has risen from approximately 14 percent in 1973 to an estimated 52 percent today . . . although the reliable figures for the rural highlands are unavailable." The availability of potable water, along with improved sanitation, has contributed to a decline in the area's mortality and morbidity rates. In recent years, potable water programs have been administered by private organizations.

With regard to population, the USAID Mission has been the driving force behind family planning efforts in the region. A.I.D.'s earlier projects were based on the premises that poor farm families will accept family planning because of their dire economic needs and that the Ministry of Health will readily assume an active role in promoting family planning. Both these assumptions proved unrealistic. As a result the Mission shifted its focus toward a community-oriented approach that packages family planning within a broader range of health education activities. The evaluation recommended a more concerted effort in this direction and suggested that family planning be promoted in culturally and linguistically acceptable ways.

In the field of education, U.S. assistance has provided support for school construction, rural primary education, nonformal and bilingual education, and educational administration. As a result of this support, many primary schools have been constructed and rural primary teachers trained. Moreover, the bilingual and nonformal education programs have produced dramatic results by providing leadership and employment opportunities for the indigenous population. However, the full potential of these interventions has not been realized because of overcentralization, lack of appropriate educational material relevant to community needs and aspirations, and severely restricted logistical support for rural schools.

U.S. assistance has helped Guatemala construct and maintain rural primary and secondary roads; initiate rural electrification, soil conservation, and watershed management; and undertake small-scale irrigation. Such activities have been a factor in the overall improvement of the living and working conditions in the Altiplano.

The USAID Mission has given priority to institution building and has worked closely with the Government to establish and strengthen community-level institutions. The community focus of development programs seems to have been a wise strategy, because programs oriented toward community groups have been the most readily accepted and the most enduring. Rural indigenous communities in Guatemala traditionally create formal and informal groups and committees for decision-making at local levels. The Mission has provided support to the Municipal Development Institute, which is directly responsible for helping localities.

The evaluation found that in the past the relationships between the Mission staff and contractors and their Guatemalan counterparts has not been fully satisfactory. "Many Guatemalans . . . expressed frustration and sometimes resentment over what they regarded as insufficient Guatemalan input to all aspects of the USAID project design and oversight. There was also criticism expressed over what some took to be excessive interference by the USAID project managers into substantive and technical supervision of daily project operations. Still others were critical of the qualifications of both expatriate and locally hired technical specialists and their working relationships with their counterparts."

The evaluation noted three problems with the generation and management of development information. First, although considerable data are regularly collected by various ministries and research institution, the analysis of the data, particularly analysis that can be readily used by decision-makers, is missing. According to the evaluation "such institutions as USPADA (agriculture) and USIPE (education) collect data, but they lack a data user's perspective." The data are not analyzed to answer such questions as Why things are the way they are? or What is the feasible course of action to take to change conditions? Second, there is considerable overlap and duplication in the data gathered by various institutions such as the National Statistical Institute, the Bank of Guatemala, and the National Economic Planning Council. Third, obtaining data from other agency or institutions is difficult. Even the Ministry of Agriculture, which collects considerable data, does not have an effective mechanism for sharing its data with other ministry units.

The lack of efficient and effective information systems hampers the monitoring and evaluation of policy and program formulation. It also contributes to general inefficiency and impedes communication within and across sectors. The evaluation recommends that the USAID Mission efforts help alleviate this constraint, particularly in agriculture.

According to the evaluation, in spite of these problems, the "U.S. assistance portfolio has been logical, consistent, and, in view of Guatemalan social, political, and economic swings over the past forty years, surprisingly well sustained." A.I.D.'s core programs have been in place for several decades and have provided a general foundation for the current Mission strategy, which aims to promote U.S. interests by keeping Guatemala's economy stable; promoting sustainable long-term economic growth in the country; achieving participation of more Guatemalans—primarily the historically disadvantaged—in the generation and benefits of that growth; and strengthening democratic institutions.