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Development Experience Reviews

Export and Investment Promotion: Findings and Management Implications From a Recent Assessment

by Cressida S. McKean,
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Most observers consider trade liberalizing policy reforms to be fundamental in stimulating export-led growth in developing countries, but much less consensus exists on the value of promotional assistance. Given that A.I.D. currently spends about $250 million a year on export and investment promotion assistance, two key questions beg answers: Is such promotion assistance worthwhile? And does it merit continued Agency support?

Background to the CDIE Assessment

To answer these questions, CDIE recently conducted a worldwide assessment of A.I.D.'s experience with export and investment promotion services. The study concentrated on four issues: (1) the rationale for donor intervention in the support services market, (2) the economic impact of A.I.D.'s investment, (3) export and investment promotion service strategies, and (4) effective service providers.

Initially CDIE focused on A.I.D. experience in the Latin America and Caribbean (LAC) region, where nearly two-thirds of the promotion projects were executed. Managers in the LAC region wanted to determine whether their subsidies to A.I.D.-created export and investment promotion entities, such as CINDE (Investment Promotion Division of the Coalition for Development Initiatives) in Costa Rica,

Inside this issue

	Page
Export and Investment Promotion: Findings and Management Implications From a Recent Assessment	1
Why Official Export Promotion Fails, A Survey of Experience and Interviews With Experts	5
Designing and Evaluating Democracy Programs, State of the Art	9
Participatory Rural Appraisal	11
Introducing CDIE's Division of Program and Operations Assessments	13
What Goes Into Conducting a POA Evaluation	17
Lessons Learned in the Design of Sector Grants in Niger, A Summary	18
Book Review *The Evaluation Synthesis, 1992*	22
Recent CDIE Publications	24

had an impact and were worth continuing. Following a desk review of 15 projects, CDIE undertook fieldwork in Costa Rica, the Dominican Republic, Guatemala, and Chile, where successful programs in relatively favorable policy environments were examined. The fieldwork culminated in a recently published study, *Export and Investment Promotion: Sustainability and Effective Service Delivery* (Vol. 1, Synthesis of Findings From Latin America and the Caribbean, A.I.D. Program and Operation Assessment No. 2). This effort was followed by fieldwork in four Asian countries: India, Indonesia, Korea, and Thailand, where programs in a variety of policy environments were examined. To complement this fieldwork, CDIE also performed a desk review of completed programs in the Near East region. However, similar programs in Africa were not examined given the incipient nature of most such A.I.D. interventions in that region. A CDIE assessment report synthesizing the findings from the full research will soon be published.

A key element of CDIE's approach was a cross-country survey of nearly 300 exporters, including firms receiving services from A.I.D.-assisted intermediaries and those not receiving subsidized services. The survey focused on a wide range of services provided directly to exporters, which were broken down into five categories: (1) information (e.g., standardized information on foreign markets), (2) contact making (e.g., buyer contacts, trade fairs), (3) preinvestment support (e.g., feasibility studies), (4) technical assistance (e.g., engineering, production support), and (5) government facilitation (e.g., customs assistance, regulatory guidance). The intent of the survey was to determine what types of services exporters actually used, which ones had the greatest impact on their export growth, and who provided these services. CDIE assessment teams also drew extensively on interviews with a wide range of service providers, including for-profit consulting firms; trade associations; government trade promotion departments and investment promotion boards; private nonprofit promotion institutions, often financed largely with donor support; trading companies; buyers; and foreign investors.

Some Initial Findings

The Rationale for Donor Intervention

If policy reform is critical to export-led growth, why should donors intervene with support services to exporters and investors? CDIE's assessment and other research provides convincing evidence that several justifications have merit. First, policy measures do not automatically lead to a supply response. When reforms are first implemented, firms new to exporting often need to "learn" the process of exporting. They frequently have little knowledge of foreign markets, lack contacts with buyers abroad, and need guidance to adapt production. Second, providing such services can speed up the private sector response to policy improvements and can accelerate export growth. With more knowledge and contacts, firms will achieve a higher level of export sales and more firms will enter the market. In short, donor-sponsored provision of support services is justified based on "infant industry" and "learning by doing" considerations.

However valid these justifications may be for intervening in the export services market, donors still need to ask: Are there private service providers already extending such information and contacts to firms new to exporting? Is there market failure in the export services industry? Market failure is not a compelling rationale for donor intervention with support services in such countries as Thailand or Korea, where a dynamic private sector and relatively efficient markets already exist. But if policies are favorable to exporting and the service provider market is still weak and inefficient, there may be a rationale for donor assistance for support services.

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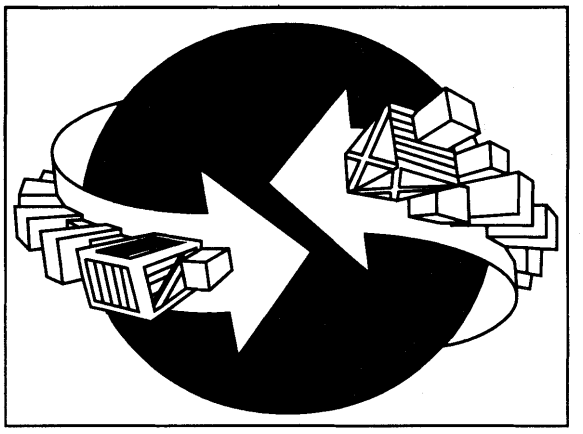
Economic Impact

CDIE survey evidence suggests that export and investment services have had a positive impact on export growth and employment in developing countries. Service use seems to correlate with strong export performance of firms in outward-oriented economies. In the Caribbean Basin region, for example, assisted firms (i.e., those receiving services from A.I.D.-supported intermediaries) had a significantly higher rate of export and employment growth than unassisted firms. However, in Asia, assisted and unassisted firms surveyed had essentially the same export and employment performance. The difference in performance between the two regions can be attributed to several factors. First, the projects in the Caribbean Basin were big in relatively small economies, whereas in Asia, projects were small in relatively large economies. Second, providers in the Caribbean Basin region targeted services that were highly valued by exporters surveyed and that had a strong results orientation, whereas A.I.D.-assisted providers in several Asian countries focused on services less valued by exporting firms. One exception was the PACT program in India, which successfully demonstrated to Indian firms the rewards of linkages with foreign firms: improved technology and products competitive in world markets.



Export and investment promotion programs also have the potential to offer attractive rates of return on A.I.D. investment. Economic rates of return for four promotional institutions examined ranged from 12 to 26 percent. These rates were based on direct, short-term benefits from increased exports and employment. However, this level of return cannot be assumed for other A.I.D. export and investment promotion programs. Many A.I.D. programs have such inadequate information for tracking project impact that calculating rates of return ex post becomes difficult, if not impossible.

Service Strategies

Successful service strategies have paid careful attention to the stages of the investment and exporting process. Exporters require different types of information and services at different stages. In the early stages, firms need information primarily as a means to secure a buyer, and firms surveyed considered foreign market information and buyer contacts to be critical to their entry into exporting. Once a buyer is identified, exporters often need supply-based services to respond to the requirements of buyers or foreign partners.

For example, the PROEXAG (Support Project for Exporting Nontraditional Agricultural Exports in Central America) paid careful attention to firms' needs at different stages in their learning process and sought to link local firms with buyers and other commercial suppliers of services. The key for firms in developing countries is to establish long-term linkages with buyers, investors, and others in developed country markets. It is often costly and high risk for A.I.D. to provide technical assistance to exporters directly. Buyers, investors, or other business partners are often more effective providers of such assistance.

Service Providers

Exporters gave the most credit for their success to their business partners—their buyers, foreign investors, and suppliers. Firms rated most of the services provided by buyers and foreign partners as having a significant impact on their entry into the export market or the expansion of their exports. Exporters gave little credit, however, to government service providers and had a low opinion of government assistance programs. In the Caribbean Basin region, firms gave significant credit to A.I.D.-assisted private nonprofit institutions. The fact that firms credited a variety of private suppliers of services suggests that no single provider can meet the diverse needs of exporters and investors. Nonetheless, donors have often focused their assistance on a single service provider, in many cases a government promotion institution. The CDIE assessment and World Bank studies confirm that public sector export promotion institutions have typically been dismal failures. An International Finance Corporation (IFC) study found that quasi-government agencies have been more successful in promoting investment in developing countries

than have government agencies. The CDIE study indicates that relatively autonomous private institutions, such as CINDE (Investment Promotion Division of the Coalition for Development Initiatives) in Costa Rica, were effective since they were able to focus on providing investment promotion services, provide suitable incentives to qualified staff, and were able to followup on leads. Government agencies, such as the Board of Investment in Thailand and the BKPM in Indonesia, were more concerned with providing investment incentives or licensing and were less focused on providing effective promotion services to investors.

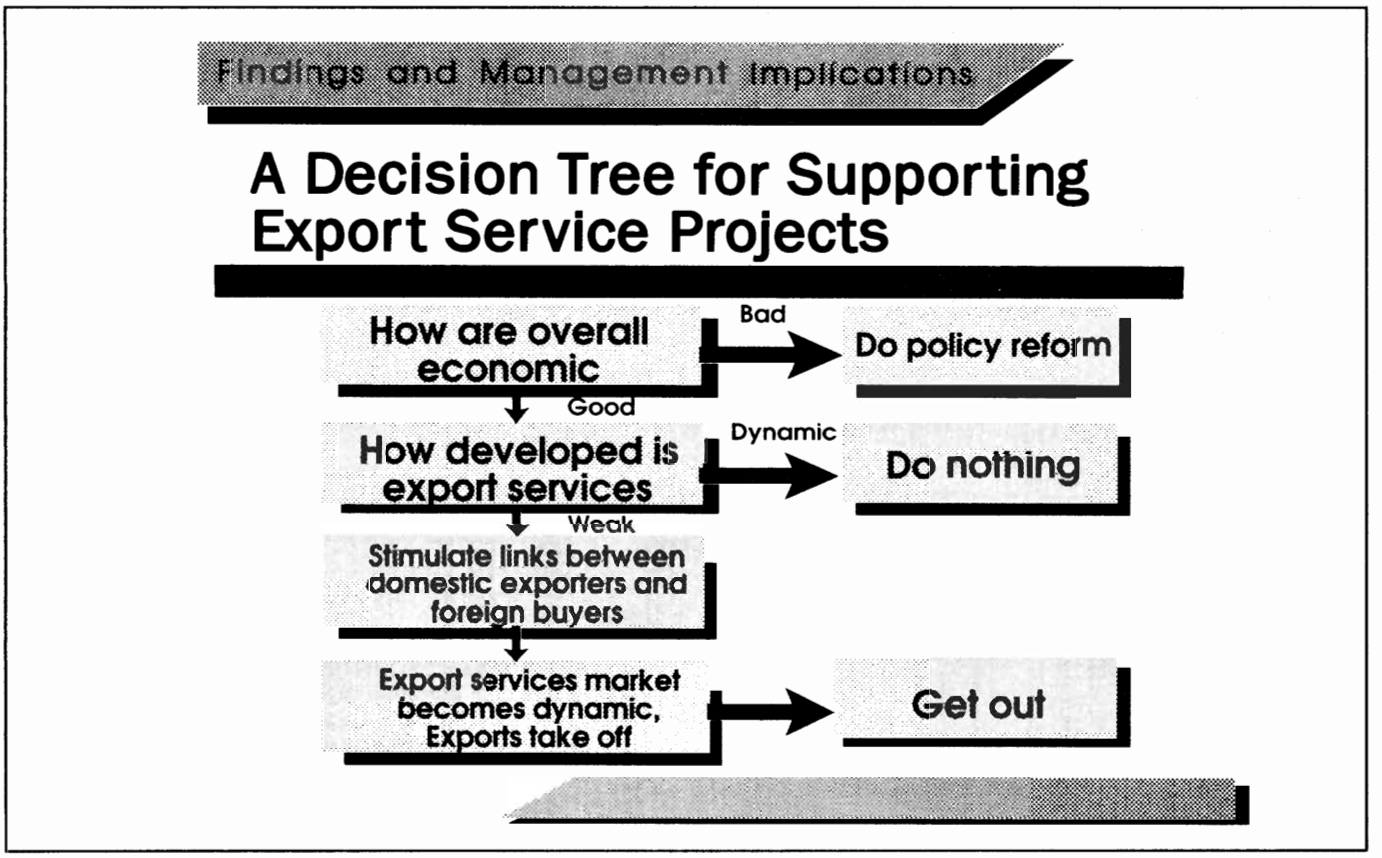
Another finding of the study is that the institutional structure of the promotional organization must fit the type of service provided. Some institutions have been relatively good providers of standardized services. For example, membership-based trade groups, such as exporters associations, have been effective in providing basic information on buyers and foreign markets to exporters. Other structures have been more effective in providing customized services. Examples include private organizations or free-standing project units, typically funded largely by donors, since they often have the autonomy, expertise, and flexibility to link firms with appropriate commercial suppliers of services, such as buyers.

Management Implications

The CDIE study discussed some of the important management implications suggested by the findings. These are reflected in the recommendations given below and the decision tree.

Rationale for Intervention

- Focus first on the policy environment: has trade been liberalized enough? If not, there is little justification for donor intervention with firm-level services.
- If policies toward exporting are favorable, focus on the export support services market: are buyers, foreign partners, and private associations able and willing to respond to the demand for services?
- If the private support service market is too underdeveloped to respond, focus on identifying the "gap" and the justification for a subsidy to temporarily fill the gap.



- Once exports have taken off and a well-functioning service provider market has developed, there is no longer a rationale for intervention.

Economic Impact of Export and Investment Promotion Services

- Focus on bottom-line impact: achievement of nontraditional export growth and improvement in the private provision of services.
- Give service providers flexibility to target resources to fill service "gaps."
- Link impact indicators directly to project activities and support baseline data tracking systems.

Export and Investment Promotion: Service Strategies

- Emphasize services, such as foreign market information and buyer contacts, that lead to long-term linkages between firms new to exporting and commercial service providers from abroad, for example, buyers.
- Help intermediaries "broker" the linkage between domestic exporting firms and commercial providers from abroad who are the most valued source of services. Avoid providing technical assistance for production directly.

Effective Service Providers

- Do not limit assistance to a single service provider. Consider either assisting more than one private for-profit or not-for-profit service provider, or supporting cost-sharing mechanisms allowing firms to select their own service provider.
- Avoid government service providers.
- Ensure that assistance to service providers are time bound, results focused, and based on a defensible economic rationale.

Further information on CDIE's assessment of export and investment promotion can be obtained from Cressida McKean, A.I.D./POL/CDIE/E, SA-18, Room 220A. Telephone (703) 875-4980.

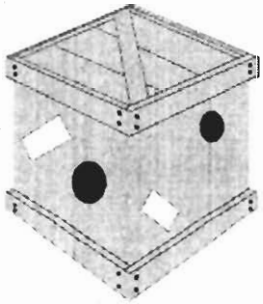
Why Official Export Promotion Fails
A Survey of Experience and Interviews With Experts

by Donald B. Keesing and Andrew Singer
Trade Policy Division, The World Bank

Introduction

In 1991, the World Bank's Economic Development Institute published The Role of Support Services in Expanding Manufactured Exports in Developing Countries, *a compendium of three studies assessing the effect of trade promotion organizations on the expansion of exports in developing countries. The studies were completed at about the same time as CDIE's assessment of A.I.D. export and investment promotion projects (see article by Cressida McKean). This article, reprinted from Finance and Development, March 1992, summarizes the findings from the World Bank volume, particularly drawing from Donald B. Keesing and Andrew Singer's paper,* Development Assistance Gone Wrong: Failures in Services to Promote and Support Manufactured Exports.

Most officials in developing countries seem to believe that export promotion—not only the task of persuading firms to export, but also the provision of services to support export marketing—is inherently a task for government. The predominant pattern has been to set up a public sector trade promotion organization (TPO) as the sole or main supplier of most or all services in support of export marketing and to offer these services free of charge. A few countries, such as India and the Philippines, have set up more than one major public sector supplier of such services. As a result, public sector TPOs are now the rule in developing countries.



Our recently published study in the World Bank's Trade Policy Division (published by the Economic Development Institute), however, finds that in these countries most TPOs fail to meet their objectives. Moreover, many are set up for the wrong reasons. Many countries appear to have been strongly influenced by donor agencies and their consultants in setting up TPOs. Almost all the current TPOs in developing countries are financed by the government, with supplementary financing in some cases from foreign aid or from charges for regulatory documents. One is predominantly funded directly by taxpayers through levies on imports (Sri Lanka). Two receive some obligatory fees from the private sector (India and Thailand). Zimbabwe is now introducing a surcharge on exports and imports to help support a new TPO.

Countries most inclined to rely on markets and private businesses in their development policies have generally allowed the simultaneous development of private services related to exports and encouraged the emergence of private associations and chambers of commerce and industry offering some services of their own.

Problems With the Basic Concept

Our search for successful examples of official export promoting and marketing organizations and our interview findings on what went wrong show that the experience has nearly always been negative. Despite this, most experts interviewed believe that developing country TPOs can be, and sometimes are, effective both in providing marketing assistance and in pressing for needed policy improvements, particularly when (or if) they can achieve four crucial conditions:

- They enjoy the support of the business community,
- They are adequately funded,
- They are staffed with qualified people who are paid commercially competitive salaries, and
- They are somewhat independent of government.

Advocates of TPOs are almost always striving to achieve these conditions. However, TPOs meeting these conditions are virtually nonexistent in practice except in countries that have already achieved excellent policies and a strong policy commitment to expand manufactured exports.

In most developing countries, the function of supplying support services to exporters has been confused with another function important in the development of exports—that of ensuring a continuing dialogue between policy formulators and the business community. In richer, successful exporting nations, feedback is channeled through a well-developed structure of representative associations or chambers that continuously and aggressively promote the business community's viewpoint to the government. Many developing countries, however, have used this need for feedback from business as an argument for a specialized public sector agency to promote both the cause of exports and the needs of exporters.

Our research suggests that a public service organization is not well suited to serve as a mechanism for providing feedback from exporters on policy formulation. Unlike business people, public servants are rarely willing to speak out against bad policies or to criticize policymakers in the ministry they are affiliated with. Moreover, in the early stages of a policy transition, when feedback is vital, issues related to advice on policy tend to dominate the TPO's concerns, to the detriment of its ability to supply useful services. A further consequence of taking a position midway between government and exporters is that neither party to the dialogue is likely to trust the TPO, making it ineffective.

While TPOs in many developed countries have begun to charge for services, public service TPOs in developing countries are expected to provide information services free of charge on a single-supplier basis, as if information for exporters were merely an extension of the public library's function. However, the free, centralized provision of information services has not served the interests of export expansion. This approach has starved these services of money, hindered private service providers from entering the market, and retarded the exploitation of new information technologies by discouraging commercial information services. New information technologies, such as on-line data bases, mean that much of the information required by exporters can now be obtained on a pay-as-you-go basis, without the need for large, fixed investments in hard copy library materials. Setting up special libraries may be thus no longer the most cost-effective route to providing information for exporters.

Another argument for the state's continuing role in information services is that its diplomatic posts provide privileged access to commercially useful information from foreign governments. However, this does not justify having a public sector TPO operating as the sole supplier of this information. Even this privileged information can readily be disseminated through commercial suppliers for a fee.

Profile of an Ineffective Trade Promotion Organization

Origins

- Set up initially on donor agency advice and with donor funding, not as a result of demand from exporters.

Planning and objectives

- No corporate planning, individual targets, or measurable departmental objectives.
- "Planning" starts with the amount of funds the government will allocate, from which the trade promotion organization then derives its program.
- Its role is viewed as carrying out the "national export strategy," policy advice, administrative tasks, and so on, rather than being responsible for export expansion.
- No consistency in focus: this year it is handicrafts, last year it was spices.
- Has never conducted, using its own resources, competent, formal, subsector studies of industries with export potential.

Relationship to government

- Government has no faith in trade promotion organization, but refuses to abolish it.
- Organization is seriously underfunded, so little or no funds are available for direct assistance to exporters.

Relationship with business community

- Strong cultural division exists between public servants and the business community, sometimes based on ethnic or caste differences, sometimes merely on lifestyle and attitudes.
- Business community needs coaxing to take part in any trade promotion organization activities and is solicited using financial inducements, such as free travel.
- Instead of immediately distributing useful information widely to exporters, the trade promotion organization retains it as a bargaining chip.
- More services are provided to government than to exporters.

Missions and trade fairs

- Missions and trade fairs represent the only significant impact of the trade promotion organization on the business community.
- At least one-third of Missions consist of trade promotion organization staff or other public servants.
- Other participants are selected partly on the basis of noncommercial considerations, such as maintaining regional balance, favoring indigenous entrepreneurs, or giving everyone a turn, or by drawing lots.
- Missions spend at least one-third of their time overseas meeting government officials and other functionaries.
- Missions are mostly "exploratory," and rarely generate orders.
- There is no effective followup to assess impact.

Relationship to donor agencies

- Organization has been the subject of at least two expert reports proposing major reforms.
- Organization has been effective at resisting major reform proposals.
- Organization is effective at playing donor agencies off against each other to obtain funding for its favored projects, such as overseas training for its staff, computers for trade information systems, and trade missions and trade fairs to attractive destinations.

Management

- Chief executive officer is appointed by a ministry and not by an independent board and while some managers may be effective, others are political appointees and useless.
- Most top managers have no commercial experience.
- Organization has no effective managerial control over overseas commercial posts (for example, those in the diplomatic service may be controlled by the foreign ministry).

Staff

- Public servants are paid so badly that many have second jobs.
- Many staff spend 80 percent of their time at their desks and rarely do "cold" calls on firms to promote exporting or their services.
- Organization is overloaded with unmotivated clerical staff who spend most of their time reading papers, chatting, or dozing at their desks.
- Senior staff are actively looking for a way out, preferably a highly paid position with a donor agency in an attractive location.

Why TPOs Fail

Policies impeding and neglecting the development of commercial services are a significant cause of the difficulties experienced by developing countries that are trying to expand exports. Reliance on a public sector TPO for services that are better carried out by private commercial enterprises has contributed to this neglect.

The box presents a sample of the typical negative characteristics of the worst TPOs, culled from the literature and from interviews. Although these characteristics are typical of the worst TPOs, they are extremely common in others as well. In our estimation, over half these characteristics are found in the great majority of developing country trade promotion organizations.

Six factors, in particular, have contributed to the ineffectiveness of the public service TPO model: the unsuitability of government employees to the task, the inflexibility of government procedures on expenditures and staffing, the confusion of purpose resulting from the assumption of regulatory and administrative roles, the perpetuation of wrong attitudes and strategies, the misguided even-handedness among potential export firms and producers that prevents a focused approach and limits the information given to potential importers, and the neglect of the development of commercial services.

What developing countries need most to support exports .... is for firms to have access to services—generally from private firms and consultants from more advanced countries ....

Why Some TPOs Succeed

So what does work? The successful newly industrializing East Asian economies appear to have effective and financially efficient TPOs. All but one of these TPOs, however, were started more than a decade after the economy achieved fully satisfactory policies toward exports. Indeed, successful organizations were set up only after long experience by private service suppliers, private associations, and small units of government officials concerned with trade.

Most of the Organization for Economic Cooperation and Development (OECD) countries have generally satisfactory policies toward manufactured exports and also have TPOs, most of which are official. Typically, the central function of their TPOs is to provide trade-related information. But the impact of such TPOs on exports generally seems to be modest.

Both the successful East Asian economies and the OECD countries encourage private sources of information and specialized assistance whose services overlap those provided by official TPOs. Membership associations and chambers of commerce provide advice, training, and information to exporters, as do a wide variety of private service and financial firms. In OECD countries, in practice, the private services appear to be typically more important than TPO services.

Conclusion

As policy environments have improved and governments have become committed to somewhat more outward-looking policies, the organizations created earlier to promote exports have proved unsuitable for the needs that have emerged and have become an obstacle to the creation of new and better support services.

In presenting the results of our study, we have put forward recommendations on what works well in assisting exports through services. What developing countries need most to support exports at the firm level is for firms to have access to services—generally from private firms and consultants from more advanced countries—to compensate for their own limited expertise. This is critical not only for selling exports, but also for adapting production so that firms supply what foreign buyers want.

Design and Evaluation Methods

Designing and Evaluating Democracy Programs *State of the Art*

by Gary Hansen,
Center for Development Information and Evaluation

Over the past several years, support for democracy programs has emerged as a major A.I.D. policy initiative. The Policy Directorate issued a democracy policy paper in 1991, and each of the regional bureaus is developing programming approaches in implementing the policy directive. In addition, many country Missions are now in the process of formulating country democracy strategies.

The question arises as to what kinds of insights, based on past Agency and other donor experience, can CDIE provide Missions in the design and evaluation of country democracy programs? A CDIE review suggests that past donor experience is of limited value in providing much guidance, largely because the focus has been on projects rather than country strategies and programs. Thus, A.I.D. has a considerable range of experience in supporting projects in election assistance, legislative development, judicial reform, and support for labor unions and human rights organizations. In general, however, these activities have been initiated as discrete areas of endeavor without reference to some overarching strategic design.

A.I.D. Missions are just beginning to formulate integrated country programs for democracy/governance in lieu of a project-by-project approach based on "targets of opportunity" and have much to learn. Ideally, country strategy formulation would be preceded by an initial sector assessment in order to identify priority problems and issues and suggest directions for program interventions.

At the moment, there is considerable diversity in the range of analytical approaches evolving in the Agency for use in undertaking democracy sector assessments. At one end of the spectrum are those who view democracy as a stand-alone sector. They start their analysis from a position of defining the formal and informal characteristics of a democracy and then formulate a strategy for strengthening those characteristics within a particular country situation. This approach tends to focus on achieving a greater countervailing balance of power between the various branches of government—to the empowerment of intermediary and local organizations and, in general, to a deepening and broadening of a more participatory and representational political system.

At the other end of the spectrum are those who seek to wed the support of democracy with the goal of economic development. Here the question is one of devising political development strategies to strengthen the hand of those reformist forces in society that, if given greater power, will contribute to increased economic investment and productivity. This analytical approach features the conduct of sector assessments that focus on analyzing class and institutional (e.g., the bureaucracy, military) interests and their respective roles in impeding or advancing economic change and liberalization. The objective then becomes one of crafting a program that assists reformist groups in organizing and building political coalitions, and thereby enhancing their access to and influence within the larger political and economic arena.

These differences in approach to democracy programming are also revealed in the scholarly literature. On the one side, traditional political science frameworks frequently feature an emphasis on expanding public participation in a more open political process and enhancing the effectiveness of institutional mechanisms such as elections, the legislature, and the judiciary as an independent branch of government. Pluralism, civil society, and civic culture are elements of the political landscape that this approach seeks to enhance.

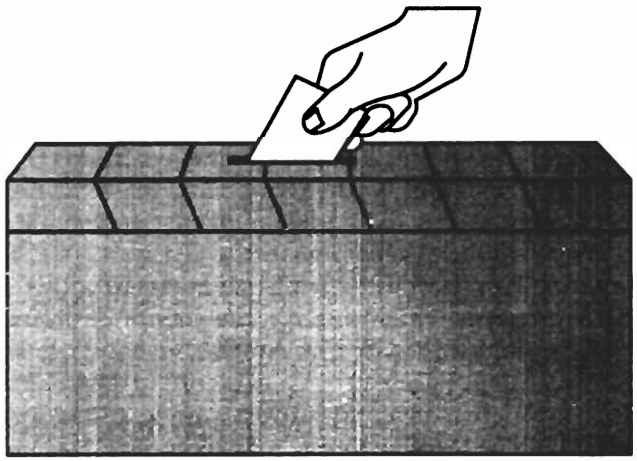
The criticism of this approach, both within the political science discipline and more vigorously from political economists, is that an emphasis on strengthening the formal institutions of democracy may serve to strengthen those ruling coalitions that can easily manipulate the democratic order to protect the status quo and deflect reformist movements.

For the political economist, the central task is to enhance the power of reformist elements in addressing constraints which stand in the way of economic growth and equity. In this context, enhancing democracy may hinder the achievement of this objective, as increased competition among elites and mobilized interest groups may compromise and weaken the capacity of the state to persevere in im-

plementing a reformist agenda. Indeed, the central political development task in these circumstances may be one of strengthening the state, that is, making the bureaucracy more accountable to the directives of the reformist coalition, and insulating policymaking and the administrative apparatus from demands that run counter to the reform agenda.

The logic of the political economy approach can lead to programmatic prescriptions that, in order to protect the coherence of reform policies, may favor strengthening the power of the executive branch of government at the cost of reducing the power of other branches of government and limiting as well the influence of political parties and other forms of political organization. In this context, the question arises as to how to build a strong state without so constricting popular participation that the concept and practice of democracy ceases to have any real meaning. The empirical evidence, for example, from the East Asian tigers, (Korea, Singapore, and Taiwan) suggests that there may be some difficult trade-offs between the democratic and economic development objectives.

In some measure, the differences in the two approaches reflect divergent positions on matters of emphasis and sequencing. For the political economist, political liberalization may have to take a backseat to the development of an effective state that is able to manage the process of economic liberalization and growth. Once these economic instruments are well institutionalized, the process of political liberalization can proceed without the risk of weakening essential state capacities. In contrast, from the more classical political science perspective, political liberalization and the construction of a representative democracy would take precedence, on the assumption that through the consent of the governed, the state can acquire sufficient legitimacy to become an effective instrument of social and economic change.



In brief, there are fundamental differences in how to approach sector assessments and in what these approaches imply in the design of democracy projects. The more conventional political science/democracy emphasis tends to highlight the need for projects that decentralize authority and power; enhance freedom of the press; increase voter turnout; expand the autonomy and modernize the procedures and technical capacities of the legislature and judicial institutions; and strengthen political parties and civic, community, and professional organizations.

The political economist, on the other hand, tends to focus on projects that would enhance the policymaking and implementing capacities of the technocratic and bureaucratic state apparatus, strengthen administrative accountability and combat corruption, and enhance "development democracy," in the sense of encouraging beneficiary participation in the design and implementation of economic and social development. Democracy projects of the more conventional kind mentioned above, such as with legislative bodies or civic education efforts, might be relegated to a low priority, and perhaps not even undertaken at all, if they served to weaken the power of the government to carry through with its reform agenda, or if the opportunity costs were such that the availability of donor funds for higher priority concerns would be diffused or limited.

In a word, there is still a lot to be learned at this early stage in the praxis of democracy programming and evaluation. We do know, however, that the process of program design and evaluation must address some fundamental questions about the nature of the enterprise. Some of these questions are discussed in several CDIE papers, which are available on request. They include the following titles:

"Goals and Concepts in A.I.D.'s Democratic Initiatives," by Jerome Segal.

"Defining, Promoting, and Sustaining Democracy: Formulating an A.I.D. Strategy for Development Assistance and Evaluation," by Harry Blair

"A.I.D. Support for Democracy: A Review of Experience," by Gary Hansen.

"A.I.D. and Democratic Development: A Synthesis of Literature and Experience," by Michele Wozniak Schimpp.

Readers interested in more information on A.I.D.'s Democracy Programs can contact Gary Hansen, Center for Development Information and Evaluation, Program and Operations Assessment. Telephone: (703) 875-4853, Fax: (703) 875-4962.

Participatory Rural Appraisal

by Randal Thompson-Dorman,
Center for Development Information and Evaluation

Participatory rural appraisal (PRA) relies on a variety of methods for gathering information on rural populations. But each method depends on the participation of the people about and for whom information is being gathered. PRA has been espoused primarily by the International Institute for Environment and Development (IIED) in England, but has also been used extensively by the International Development Program of Clark University in Worcester, Massachusetts and the World Resources Institute in Washington, D.C. This article discusses several of the more than 30 methods that commonly comprise PRA.

PRA is rooted in the belief that rural populations must participate in any measurement and appraisal processes concerning their communities, that they, in fact, are the experts who can guide outsiders to understand the lives of community members. In this way, the outsiders learn by direct observation, rather than solely through secondary sources, and by becoming actively involved in, and learning the requisite skills for, the rural life they want to describe.

Measurement and appraisal are carried out almost entirely by the villagers themselves. Among the more notable PRA methods, taken primarily from field experience in Asia, are participatory mapping and modelling; transect walks and participatory transects; seasonal calendars; semistructured interviewing; types, sequencing, and chains of interviews; participatory diagramming; wealth rankings; traditional management systems and local resources inventory; and shared presentations.

Several points must be noted. First, PRA may be particularly useful in regions where communities are not organized into sedentary villages, such as dispersed households and transhuman pastoralists. Second, all PRA methods are not appropriate for every rural setting; consequently outside investigators must learn the basics about the local society before selecting an appraisal instrument. For example, in some cultural milieus, certain information, such as household and income information, is considered very private. It may thus not be socially correct for observers to comment on or ask questions about production or income. In addition, conspicuous consumption may not be socially acceptable, hence some observational techniques to determine income may not be suitable in such cases. Finally, some PRA methods may not be viable in communities with extremely low adult literacy rates, or in cases where economic activities are strongly gender specific. In the latter case, it may be useful to conduct separate interviews for men and women.

PRA is rooted in the belief that rural populations must participate in any measurement and appraisal processes concerning their communities, that they .... are the experts who can guide outsiders to understand the lives of community members.

Participatory Mapping and Modelling

Participatory mapping and modelling allows villagers to display the various aspects of rural life with a minimum of interference and instruction by outsiders. Villagers can use any material available to them on any surface to create these maps. The method is typically employed to create (1) resource maps of catchments, villages, forests, fields, farms, and home gardens; (2) social maps of residential areas of a village; (3) social maps of wealth rankings based on household assets surveys; (4) health mapping, where the health and welfare status of each family member is marked with color stickers or other types of markers on the social map; (5) topical maps, such as aquifer maps drawn by the local water diviner, soils maps by soils experts, irrigated field maps by the village water supervisor, and so on; (6) impact and action monitoring maps, where community members record or map pest incidence, input usage, weed distribution, soil quality and erosion rates, often also providing historical data and noting changes. Depending on the purpose, the approach to creating these exhibits can vary. Sometimes all villages collaborate to make the maps; other times, different groups, such as village women, village farmers, village businessmen, make the maps or models separately and then compare them.

Transect Walks and Participatory Transects

Transect walks and participatory transects are systematic walks taken with key informants through the area of interest to observe and listen, ask questions, view different zones, and identify problems and seek possible solutions. The findings are then mapped onto a transect diagram illustrating the contours (e.g., vertical, loop, combing, nullah (ravine), tank, and sweeping outlines) of the direction of the walk. In India, transect walks were used to find 20 grass and 6 shrub species in the Rajasthan desert, each of which was useful for fodder for different animals at different times of the year. In West Bengal, transect walks led to the discovery of the seepage tank technology. In a village in Bihar 28 different varieties of paddy rice were identified, together with a variety of plows designed for different types of soil.

Seasonal Calendars

Seasonal calendars are constructed to show seasonal opportunities or constraints for carrying out various activities. Such calendars can be constructed in many ways, for example, by breaking lengths of stick; by drawing histograms in the dust or on pavements; or by piling up stones, seeds, or powders to represent relative quantities or to show patterns of rainfall, soil moisture, crops, livestock activities, agricultural and nonagricultural labor, diet and food consumption, illnesses, and so on. Seasonal calendars can be drawn in linear fashion with 12 months to show a typical year or 18 months to illustrate changes between years. Or they can be drawn in a circle or in another way if villagers do not employ the standard monthly calendar to mark critical events in their lives.

Semistructured Interviewing

Semistructured interviewing is the typical interviewing technique used in PRAs. An interdisciplinary team poses questions and probes topics that arise during conversations with villagers. The interviewers use a guide or checklist that only loosely frames the interview. Although the interview appears informal and conversational, it is actually carefully controlled, resulting in information that in general takes the form of hypotheses and propositions but that can occasionally also be in quantitative form.

Types, Sequencing, and Chains of Interviews

Interviewing techniques are often combined in sequences and chains to provide a total picture of all activity. For example, key informant interviews of people involved in different stages of a process (e.g., men on plowing, women on transplanting and weeding, shopkeeper for credit and inputs) are carried out in a series to provide a total picture of village life. Group interviews are also used to obtain a broad, rich picture of an activity from a variety of perspectives.

Participatory Diagramming

Community members produce pie diagrams, bar charts, flow diagrams, and so on to display information about a village activity. Villagers draw these diagrams using pen and paper or draw them on the ground, using whatever is available, for example, seeds, fruits, stones, sticks, or chalk. Topics for pie diagrams might include conflict sources, contribution to the livelihood of common property resources, and crop mixes. As in the case of other types of diagrams, the outsiders must repeat the diagramming process with other informants representing different interests, such as men and women, old and young, and wealthy and poor. Care must be taken to ensure that the literacy rate of the rural community is sufficient for understanding the diagramming technique employed.

Wealth Rankings

PRA uses a variety of methods to identify groups or clusters of households according to their relative wealth or well-being. One method asks informants to sort into a pile cards or slips of paper, each with one household name recorded on it. The wealthiest names are put at one end of the pile, the poorest at the other. The process is repeated with at least three informants. A quicker method is to mark the ranking directly onto a social map. Individual assets are depicted for each household, showing, for example, land ownership, animals, and tools. According to IIED, at least in the Asian context, confidentiality posed few problems in this approach.

Wealth rankings have proven useful for leading participants into other discussions on livelihoods and vulnerability, for producing a baseline against which future intervention impact can be measured, and for providing a sample frame to cross-check the relative wealth of informants who have been or will

be interviewed. Biases against the poor and vulnerable can thus be offset, producing key local indicators of a community's welfare and well-being.

Traditional Management Systems and Local Resources Inventory

PRA is based on the assumption that local people know their area best and through the years have developed their own system of management. PRA therefore focuses on how these people manage their water, trees, credit, and so on, using local classifications where possible to understand and describe community activities. Using local classifications increases the effectiveness of the other participatory methods as well, because it facilitates communication between villagers and outsiders; solutions therefore become more specific to the situation at hand.

Shared Presentations

The PRA approach attempts to have the villagers present the findings of the appraisal to the outsiders and other villagers. This approach not only encourages a sense of ownership and confidence among the village participants, but also provides a forum for cross-checking and feedback on the data obtained. Moreover, having the villagers handle the presentation convinces outsiders that the villagers are capable. For example, in a village in Gujarat, India, villagers made a presentation to Government officials using maps and diagrams. The presentation convinced the officials that the villagers were analytical, capable of producing a plan, and able to assign priorities to the various options introduced.

A number of other methods exist in the panoply of participatory rural appraisal, all of them sharing the same objective—that of helping villagers take charge of a process that will help them understand their world and make effective changes to improve that world. Each of the methods provides a forum for community members to discuss and find solutions to village problems.

This article draws on Participatory Rural Appraisal: Proceeding of the February 1991 Bangalore PRA Trainers Workshop, *PRA Notes, International Institute for Environment and Development, London. A practical book,* Participatory Rural Appraisal Handbook: Conducting PRAs in Kenya, *Natural Resources Management Support Series No. 1, February 1990, is available from A.I.D.'s DISC, under Document No. PN-ABF-516. To order, write to DISC, 1500 Wilson Blvd., Suite 1010, Arlington, VA 22209, or call (703) 451-4006, Fax (703) 451-4039.*

Evaluation News

Introducing CDIE's Division of Program and Operations Assessments

by Jock Conly,
Center for Development Information and Evaluation

In October 1990, Administrator Roskens announced his Evaluation Initiative as a major element in his effort to improve A.I.D.'s management of its development programs. His theme was focusing on results. Consequently, improved monitoring of programs and assessment of impact became key instruments in increasing A.I.D.'s capacity to choose wisely what programs to fund and how to design and implement them. To lead this Agencywide effort, A.I.D. announced last September the creation of a new Office of Evaluation within the Policy Directorate's Center for Development Information and Evaluation (CDIE). The Office comprises two divisions: the Division of Program and Operations Assessments (POA) and the Division of Systems Design and Support (SDS). *A.I.D. Evaluation News,* Vol. 4, No. 1, described the functions of the SDS Division. This article focuses on the POA Division.

The POA Division conducts Agency-level evaluations of programs and operating systems to inform strategic decision-making. POA does not evaluate individual projects or country programs; those evaluations are the responsibility of the USAID Missions or the regional or central bureaus that fund and implement them. Neither does POA assist Missions or bureaus in carrying out their evaluation

functions; that is one of the responsibilities of the SDS Division. POA conducts its own set of evaluations.

That is not to say that POA works in splendid isolation. The relevance and impact of the Division's work depend on POA's close collaboration with many parts of the Agency in choosing what to evaluate, in designing and implementing evaluations, and in disseminating results. The first crucial step in this process is wide consultation within and outside the Agency to determine what evaluations are most needed by A.I.D.'s senior decision-makers and by program managers in both Washington and the field.

Each year POA produces for the Administrator his agenda of evaluation studies to be undertaken over the upcoming 3 years. (See table on p. 16 for a list of POA evaluation studies scheduled for 1992-1994.) Before the Administrator issues it, drafts of the Agenda are shared with all directorates and bureaus in A.I.D./Washington and with all field Missions, as well as with the Office of Management and Budget. CDIE seeks the views of these "stakeholders" on what evaluations they would find most useful. The criteria for including an evaluation in the 3-year agenda include the following:

- The relevance of the topic to strategic decision-making and the likelihood that the results will be well utilized
- The operational importance of the topic in terms of current or planned resource allocations
- The feasibility of conducting a meaningful evaluation (Are data available and experience adequate?)
- The adequacy of CDIE resources (staff and budget) to perform the study well
- Balance/coverage of the Agenda across the important program areas of A.I.D.'s portfolio

Once a topic has been selected for inclusion in the Agenda, POA assigns it to one of the six sector working groups in the division for development of the concept and later for design and implementation. The sector working groups are responsible for evaluating substantive portions of A.I.D.'s portfolio. Each POA analyst is assigned to a sector working group for an extended period of time, which allows the individual to develop sectoral expertise and POA an institutional memory of A.I.D. experience in a given program area. The assignment also allows each analyst to develop good working contacts with technical and policy specialists throughout the Agency. POA's sector working groups cover the following areas:

- Economic policy reform and public sector management
- Private sector development
- Agriculture, natural resources, and the environment
- Human services
- Other programs
- Operations and management assessments

The first five of these groups are meant to cover the full range of A.I.D.'s program and project portfolio. The sixth covers a new area of endeavor for CDIE. When Administrator Roskens announced his Evaluation Initiative, he asked CDIE to examine the way A.I.D. does its business, as well as what A.I.D. does, and how well it does it. The resulting portfolio of operations and management assessments will, therefore, examine the Agency's operating systems, cutting across all areas of program activity. The first such study—an examination of A.I.D.'s in-country presence (how we might most effectively staff our field Missions) has just been published, and a review of the Agency's experience with performance-based budgeting will soon be published.

There are five steps in conducting a CDIE evaluation: (1) development of the concept,

POA Staff: Back row: Joseph Lieberson, Fred Sowers, Pamela McDade, Jock Conly, Andrea Williams, Robert Schmeding, Randal Thompson, Ronald Levine, Donald McClelland, Jim Fox, Farah Ebrahimi; Front row: Gary Hansen, Harry Blair, Abbe Fessenden, Pat Jordon, Richard Martin. Not shown: Brenda Fisher, Clarence Baskerville, Krishna Kumar, Phillip Church, Cressida McKean.

(2) evaluation design, (3) data collection and analysis, (4) report preparation, and (5) dissemination of results.

The first step is the preparation of a brief concept paper, which identifies the key issues to be addressed and makes the case for committing scarce personnel and budget resources to an effort that will likely take from 5 to 18 months. Because this step is a crucial decision point, the concept paper, unlike evaluation designs and many evaluation reports, must be formally approved by CDIE's Director.

Once a concept paper has been approved, the assessment manager, in consultation with the relevant sector working group, begins preparing the evaluation design. Proper attention to this important step can pay handsome dividends in enhanced relevancy and accuracy of results, as well as in time and money saved over the course of an evaluation. The assessment manager and his or her design team conduct a thorough review of existing literature, consult with knowledgeable "stakeholders" in the subject matter, and review the range of evaluation methodologies available. When completed, the evaluation design proposal will include a recommendation for the general methodology for data collection and analysis; a presentation of the issues to be addressed, in the form of testable hypotheses; and suggestions for specific instruments for data collection.

Data collection and analysis is the most time-consuming phase of a CDIE evaluation. And how data are collected depends on the type of evaluation being conducted—that is, desk study, desk study with limited fieldwork, or full field assessment.

A desk study relies on published information available in the United States and can usually be accomplished in 4-5 months. An example is a recently completed CDIE desk study of social safety net programs, nearly ready for publication. A desk study with limited fieldwork employs a few brief trips to the selected countries to fill information gaps in the desk study. POA's examination of how A.I.D. works with nongovernmental organizations, planned to begin late this year, is an example. Full field assessments are carried out when a substantial portion of the needed data can only be collected in the field. In such cases, POA will typically send interdisciplinary teams of three or four analysts for a month to each of five or six A.I.D.-recipient countries to conduct country case studies. The data from these case studies are then combined with the results of the prior data collection in Washington, D.C., and the results aggregated and synthesized. An example is the current evaluation of A.I.D.'s experience with child survival programs. Six country case studies of child survival programs have been completed, and a synthesis of their results will soon be published. Since full field assessments are expensive, they are undertaken only when cheaper methods cannot produce rich results.

Report writing is undergoing a change of emphasis in the POA Division. POA has recently replaced the Impact Evaluation Series with two series: Technical Reports and Program and Operations Assessment Reports. The first series presents data collected in the course of an evaluation for technical audiences. Technical Reports have a limited distribution, because they are intermediate products contributing to a broader evaluation. Country case studies, for example, are now published as Technical Reports. POA is giving greater priority now to publishing Assessment Reports, which synthesize the findings from the country case studies and present recommendations for Agency program managers and senior management.

The test of the effectiveness of the initiative will be in the use of evaluation results. Only if findings are routinely used .... will the Evaluation Initiative be a success.

To guarantee utilization of evaluation results, POA produces a variety of shorter publications to reach specific audiences. For example, *Evaluation Highlights and Bulletin for Senior Managers* target key A.I.D. audiences, focusing on lessons learned and recommendations for future programming. POA has also begun a series of oral briefings to inform senior A.I.D. managers on the results of CDIE's recently completed evaluations and is pursuing the possibility of producing videos of briefings for distribution to field Missions.

The test of the effectiveness of all of this work, however, will be in the use of evaluation results. Only if findings are routinely used by senior management, bureaus, and field managers will the Evaluation Initiative be a success. Ensuring that this happens will require the commitment of all parts of A.I.D.

Schedule of Evaluation Studies: *FY 1992-1994*

	1992				1993				1994			
Economic Policy Reform and Public Sector Management												
1. Social Safety Nets	▪	▪	▪	▪								
2. Methodological Approaches to Policy Reform			▪	▪	▪							
3. Managing the Policy Reform Process			▪	▪	▪	□	▪	▪				
4. Financial Sector Reform					▪	▪	■	■	■	▪		
5. Policy Reform at Macro, Sector and Project Levels									▪	■	■	■
Private Sector Development												
1. Export and Investment Promotion Services	■	▪	▪	▪	▪							
2. Export and Promotion, Growth, and Poverty					▪	▪	▪					
3. Privatization and the Public Interest						▪	▪	■	■	▪		
4. Export Processing Zones										▪	▪	□
Agriculture, Natural Resources, and the Environment												
1. Environment and Natural Resources		▪	▪	■	■	■	■	■	■	■	▪	
2. Agribusiness				▪	▪	■	■	■	▪	▪		
3. Food Aid for Development					▪	▪	■	■	■	▪		
4. Environment Reviews										▪	▪	▪
Human Services												
1. Child Survival	■	■	▪	▪								
2. Population	■	■	■	■	▪	■						
3. Basic Education				▪	▪	▪	■	■	■			
4. Participant Training							▪	▪	■	■	■	
5. Health Care Financing									▪	▪	■	■
Other Programs												
1. Capital Projects		▪	▪	■	■	■	▪					
2. Legal Systems Development		▪	■	■	■	■	■	■	▪			
3. Civil Society				▪	▪	▪	■	■	■	▪		
4. Decentralization								▪	▪	■	■	▪
Operations and Management Assessments												
1. In-Country Presence	■	▪	▪									
2. Performance-based Budgeting	▪	▪	▪	▪								
3. Development through NGOs				▪	□	▪						
4. Impediments to Working in the Private Sector					▪	▪	▪					
5. A.I.D.'s Use of Technical Assistance						▪	▪	■	■			
6. Shifting to Results-Oriented Management										▪	▪	▪
Shelf												
1. Legislature Development												
2. Labor Unions												

Key: ▪ = Work in U.S. ■ = field team work □ = Limited field work

What Goes Into Conducting a POA Evaluation

by Krishna Kumar,
Center for Development Information and Evaluation

To improve the quality and rigor of its evaluations and to make them more relevant to the policy and strategic needs of the Agency's senior management and stakeholders, CDIE conducted an intensive review of its evaluation procedures. It appointed four task groups, each focusing on a major set of procedural issues; held a retreat in which past experience was analyzed; and sought advice from outside experts. These efforts culminated in the preparation of a *Procedures Guidebook for Conducting CDIE Evaluations*. This article describes several of the more important steps involved in the design and conduct of CDIE evaluations. (See also the article by Jock Conly, page 13.)

Step 1. The Evaluation Agenda

The Administrator's Evaluation Agenda identifies and briefly describes the Agency-level programs and operations to be evaluated over the upcoming 3 years. Each POA sector group identifies topics, keeping in view such factors as the magnitude of A.I.D.'s investment in the subject area, the needs of key policy and decision-makers, evaluability of the topic, staff capacity, and resources and timeliness of the effort. CDIE management reviews the suggested topics and makes suggestions, which are incorporated into the draft and reviewed by the Policy Directorate. The Agenda is then sent to the Administrator, who circulates it among bureaus, USAID Missions, interested Congressional Committees, Office of Management and Budget, and other stakeholder groups. The final Agenda reflects comments made by these parties and the Administrator's approval.

Step 2. The Predesign Concept Paper

The evaluation concept paper defines the focus and scope of the proposed evaluation. More specifically, it lists major questions to be answered by the evaluation, describes the significance and relevance of the findings to intended audiences, and outlines a preliminary workplan including schedule and resource requirements. The concept paper is formally reviewed by a peer group and CDIE management and approved by CDIE's Associate Assistant Administrator.

Step 3. The Evaluation Design

The first step in the preparation of the evaluation design is the literature review, which addresses the following:

- The purpose, scope, and audiences of the evaluation
- The type of evaluation, desk study, desk study with limited fieldwork, and program assessments requiring fieldwork in selected countries
- Specific issues to be addressed and hypotheses to be tested
- Identification of the variables and indicators for measuring performance, impact, cost-effectiveness, and sustainability
- Plans for data collection, specifying the criteria for selecting the countries for field studies, the data collection methods to be used, and major research instruments
- Expected products and a marketing/utilization plan
- Detailed workplans, schedules, and resource requirements

Step 4. External Review Panels

POA relies on external review panels, as well as peer review, for critique of its evaluation design proposals. An external review panel comprises two or three outside experts with both theoretical knowledge and field experience. Only those experts are considered who have not worked on the program to be evaluated.

External reviewers examine the conceptual clarity, methodological feasibility, and substantive significance of the proposed evaluation. Thus they try to answer such questions as: Are the study questions stated clearly and explicitly? Is the conceptual framework spelled out, and is it grounded in past empirical research and theorizing? Does the proposal take into consideration the implications of the past evaluations performed by A.I.D. and other donor agencies? Are the methods of data collection appropriate for gathering the needed data and information, and are they practical given the constraints of time and resources?

Step 5. Evaluation Teams

POA evaluation teams are led by a CDIE staff member and comprise both CDIE and outside experts. Candidates are carefully screened to ensure that team members have not participated directly in the design or implementation of the activities to be evaluated and thus are free of potential bias.

Step 6. Team Planning Workshop for Fieldwork

POA conducts team planning workshops in Washington D.C. to prepare evaluation teams scheduled to visit developing countries for fieldwork. The workshop helps team members arrive at a common understanding of the issues, scope, and approach of the evaluation, thus minimizing conflict and facilitating subsequent comparative analysis and synthesis across country studies.

Step 7. Fieldwork

In a typical field assessment, fieldwork is done in four to six countries by interdisciplinary evaluation teams that spend 4 - 6 weeks in each country. The evaluation teams use rapid appraisal techniques, such as key informant interviews, focus group discussions, and community interviews, and structure site observation and minisurveys to collect the needed data. In cases where more rigorous approaches are desired, local firms and experts are contracted to undertake additional data collection.

Step 8. Evaluation Reports and Dissemination of Findings

POA publishes three kinds of reports—Technical Reports, Program and Operations Assessment Reports, and Special Studies—and a number of shorter documents for targeted audiences. All reports undergo several reviews before publication to ensure technical, substantive, and methodological rigor, including

- Peer review by CDIE colleagues and contractors
- External review by a panel of independent outside experts
- Stakeholder review by concerned bureaus, technical offices, and USAID Missions
- CDIE management review

In addition to publications, POA relies on oral presentations to disseminate the major findings, conclusions, and lessons of its evaluations to A.I.D. managers and selected audiences in the Congress and other U.S. Government Agencies.

Field Perspectives on Evaluation

Lessons Learned in the Design of Sector Grants in Niger *A Summary*

by Abbe Fessenden,
Center for Development Information and Evaluation

This article summarizes a study by Erna Kerst and examines the lessons learned from 6 years of field experience in designing and evaluating nonproject assistance programs in Niger. Ms. Kerst started work in USAID/Niger's Program Development Office in January 1985, soon after the Agriculture Sector Development I Grant was signed.

Introduction

By the early 1980s, USAID/Niger found that two constraints were limiting the effectiveness of its technical assistance program. First, the Government of Niger faced an acute financial crisis, which was exacerbated by the worldwide oil shock, the fluctuation of the French franc, and the plunge in the market price of Niger's major revenue earner, uranium. The Government could not pay the local operating costs of development projects as it had promised during the uranium boom. Second, both Niger officials and A.I.D. staff recognized that existing sectoral economic and institutional policies prevented technical assistance projects from fulfilling their purpose and output objectives. USAID/Niger, therefore, started searching for effective alternative

assistance instruments that would facilitate Niger's stabilization and adjustment needs while simultaneously contributing to development objectives.

Agriculture Sector Development Grant I (ASDG I) was controversial when it was approved in August 1984; it was the Africa Bureau's first sectoral program that integrated policy performance-conditioned cash disbursements with technical assistance. This type of assistance is common now; it accounts for a quarter of Africa Bureau's obligations in recent years. By January 1991, USAID/Niger had designed four major programs: the ASDG I, the Niger Health Sector Support Program (NHSS), the Niger Economic Policy Reform Program (NEPRP), and the Agricultural Sector Development Grant II (ASDG II). Together, the programs represented an investment of more than $110 million.

- The ASDG I (1984-1992) initially contained policy interventions in five subsectors: agriculture inputs, grain marketing and pricing, agricultural credit, cross-border trade, and private and cooperative sector participation in agricultural marketing, export, and storage. Later amendments added seed production and distribution and natural resource management reforms. Project assistance activities accounted for about 15 percent of total funding used for long-term technical advisers to Niger ministries for policy analysis, reform implementation, and monitoring; an experimental credit union program; and various technical services in financial management. ASDG I required authorization at A.I.D.'s highest levels because, at the time, a program that combined sectoral assistance with a cash disbursement mechanism for policy-based development assistance was unusual. Consequently, the already prolonged authorization process stretched out even longer.

- The Niger Health Sector Support Program (NHSS) (1986-1992) responded to the needs of the Ministry of Public Health. Niger's public health system suffered from structural and management problems, which blocked the effective implementation of the Ministry's fairly positive policies. The reforms therefore were designed to realign sector resources, increase the absorptive capacity of the public health sector, and improve Government management. The NHSS-supported policy agenda included cost recovery and reduction; budget reallocation; improved management of existing human and material resources; increased institutional capacity to plan, manage, and monitor health services; and promotion of family planning policies and programs. About 40 percent of NHSS went for technical assistance directed at effecting institutional change. Although NHSS had a highly participatory design process at all stages, rapid and near total change in USAID Mission and Ministry staff meant that considerable time had to be spent on reeducation (and some redesign) before full implementation could begin. In addition, delays in meeting A.I.D. conditions for disbursement seriously affected the availability of local currency to support the program's technical assistance activities.

- The Niger Economic Policy Reform Program (NEPRP) (1988-1992) promoted policy and institutional reforms to foster increased exports of agropastoral products, particularly through formal channels that generate revenue. The program grew from a perception that Niger export policies and procedures were sufficiently cumbersome that they inhibited growth of sector markets and the agricultural sector. The NEPRP-supported reforms aimed to eliminate export taxes on agropastoral products, ease regulations that impeded use of official trade channels, and support export promotion initiatives. The nonproject assistance (NPA) resources compensated for the initial loss of Government revenue by providing budget support to entities implementing the Government's private sector initiative. The NEPRP was amended later because the demand for technical assistance support outstripped the modest trust fund available.

- The Agriculture Sector Development II Grant (ASDG II) (1990-1995) was designed to enhance the ability of rural inhabitants to gain control over the resources that they habitually use and to manage resources and profit from the use of these resources in a sustainable manner. ASDG II aimed to establish a legal and policy framework for natural resource management and to strengthen

institutions that work directly with rural producers. Policy reforms supported by ASDG II include tenure rights to natural resources, progressive transfer of decision-making on natural resource management from the central Government to local populations, and the creation of a regulatory environment conducive to individual investment. Some local currency deposits will provide budget support for selected Government of Niger agencies, but 30 percent are set aside for private voluntary organization projects.

The Lessons

Designing Niger's NPA programs was very much a learning process. Practically no guidance or Africa region experience existed when ASDG was designed. At the time, the World Bank had relatively little sector-level experience with structural adjustment in Africa. From the NPA programs, the Mission learned, and continues to learn, important lessons concerning the effective approach to designing sectoral reform programs. Some lessons are country-specific, others are broader, none are immutable. Policy reform and its results are neither totally controllable nor perfectly predictable.

Program implementors should be allowed (within limits) flexibility in interpreting and modifying indicators as necessary, because so many external factors can affect the achievement of policy reform objectives.

Program Design

At the time of ASDG I, A.I.D. based its guidance for justifying a sector grant program on that used for general balance of payments assistance. But this guidance proved inappropriate for programs tightly focused on a single sector of the economy. Moreover, the program's resource flows were soon dwarfed by the International Monetary Fund and World Bank adjustment programs. The problem reflects A.I.D.'s difficulty in dealing with new forms of assistance because it relies on rigid rules and handbook guidance (which are often treated as law) in order to maintain uniformity in the face of decentralized authority. Furthermore, the early design teams had theory but very little experience to guide them in anticipating program impact. They were overoptimistic in defining expected results. For example, the economic takeoff expected from the stabilization and structural adjustment programs did not occur. Nevertheless the NPA programs realized several positive results at the subsector level. The lesson learned is that sector grants in Niger and other less developed countries should need only to register a relatively modest impact on the economy as a whole to be considered positive. Other impacts, for example, people-level impacts, should be factored in as well. (Policy modifications in recent Africa Bureau guidance support these findings.)

Impact

A.I.D. and the Niger Mission are both struggling to define anticipated impact and measure results from reform programs at the sector and people levels. Their task is made more difficult by the methodological complications involved in separating A.I.D.'s efforts from those of other donors and from external factors. Consequently, despite the fact that A.I.D./Washington has changed its guidance three times, it still has not developed comprehensive and systematic Agencywide guidance on what the impact of reforms should be and how to measure it. Moreover, although the early design was quite sanguine about the benefits expected through the use of local currency derived from the resource transfer, no systematic efforts were undertaken to establish benchmarks and install monitoring systems. Consequently, quantitative results could not be measured. The experience taught program designers to state clearly the assumptions governing conclusions and to define measures for testing the validity of assumptions during implementation.

Policy Reform

Regarding the substance of policy reforms, there are few, if any, immutable lessons learned. Some reform efforts work well and some do not; some work well one year but show no progress the next year. It is not clear whether there should be very tight definitions of reform conditions and indicators. It is clear that program implementors should be allowed (within limits) flexibility in interpreting and modifying indicators as necessary, because so many external factors can affect the achievement of policy reform objectives. One factor, for example, is the human element. In Niger, any program longer than 2 years will have at least one change of key

players. Each change brings differing interpretations of conditions, a need to educate the new players, and, inevitably, a change in the pace of the reforms.

Local Currency Programming

Program implementors have found managing local currency programming frustrating. All of the Niger programs included dollar resources granted to the Niger Government on satisfaction of policy conditionality. The Government deposited the local currency equivalent into a separate account, for use by the grantee in support of the program's objectives. Program designers underestimated the difficulties of joint programming of host country-owned local currency funds. A.I.D./Washington provided contradictory guidance on the Mission's role and responsibilities in monitoring the use of non-U.S. Government resources. Design teams thought they could ensure rigor of management in a system in which the Mission's authority was weak. In the new programs, the Mission has eliminated joint programming of such funds. It now requires that local currency be used for budget support or the funds be placed under U.S. management (through a U.S. firm). Neither is a perfect system.

Project Component

All the Niger sector grants included a project component. The Mission believes that a built-in fund for studies, technical assistance, training, and evaluation is necessary for program success. But whether a long-term technical assistance team is needed depends on the particular program. Of the four NPA programs, only NEPRP did not have a long-term technical assistance team. Full responsibility for monitoring grantee performance and assessing program impact should not be entrusted to a contract team, because the USAID Mission is responsible for policy dialog with the host country and the Mission must demonstrate progress to Congress and others. Therefore the Mission must have staff with the necessary time and skills (including sufficient fluency in the country's working language to debate the substance of policy reform issues) for this technically demanding work.

Program Management

One of the early misconceptions about NPA sector grants was that these programs would be easier to implement than would large technical assistance projects, resulting in the need for fewer staff members to manage the activity. USAID/Niger and other Missions quickly learned that ease of management in such programs was a myth, that NPA sector grants were, if anything, more personnel-intensive for a Mission and, thus, more costly to run. They required higher level staff—for example, analysts rather than clerks. For Missions with limited operating expense budgets, the extra cost means turning to the creation of a trust fund. If fulfillment of Conditions Precedent to fund disbursement is delayed, the Mission will find itself in the awkward fix of not having money for managing the program. In a Mission with limited alternative sources of funds for contract staff salaries, there is no simple answer to this problem.

Conclusion

From its experience with NPA sector grant programs, USAID/Niger learned a major lesson: Instead of a design handbook, program designers may be better off with written guidance from the relevant bureau on the parameters of what will and will not be accepted for funding in a particular year. Handbook guidance is difficult to modify and tends to be regarded as regulation. But program designers need flexibility for successful program design. They need to know what they may and may not do. At present A.I.D./Washington cables provide that regulatory guidance adequately. Moreover, over time, interpretations of what program designers should do will change, as decision-makers internalize lessons learned and as congressional interest evolves. The author argues therefore that A.I.D. not devote the time to completing *Handbook 4*, but instead issue position papers or notices to explain current guidance.

The lesson therefore is to be flexible: there are no definitive answers on what works and what does not in the design of a sector policy reform program. Some sector reform programs may require large project components, others may not. The explicitness of reform-measure definition can vary between programs. Reforms can aim at law, government policies, and administrative procedures. Release of funds can be triggered by specific acts. There is no easy answer on how many agencies should be intimately involved in a reform or how management programs should be set up. Local currencies can be programmed several different ways or not at all. The one recurrent theme is that every assumption must be tested and no aspect of a sectoral reform program can be presumed to function without continual

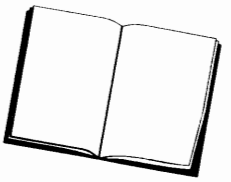
monitoring, frequent reviews of status, and, in many cases, periodic redesign.

For further information on this study, contact Abbe Fessenden, A.I.D./POL/CDIE/E, SA-18, Room 215B, Washington, D.C. 20523. Telephone (703) 875-4866.

Book Review

The Evaluation Synthesis

U.S. General Accounting Office, Washington, D.C. 1992.



Krishna Kumar

With the burgeoning of the development community and the institutionalization of evaluation among major international donor agencies, the sheer volume of evaluations has grown rapidly. These evaluations include rigorous quantitative investigations, as well as qualitative reports, and adopt a wide range of data collection and analysis strategies. Researchers of varying levels of professional competence conduct evaluations in different socioeconomic settings, but how do we make sense of the plethora of studies to respond to critical policy and operational questions posed by planners and managers? The simple answer is, Employ a cluster of techniques for literature review, which are variously labeled "metaanalysis," "integrative review," or "evaluation synthesis."

The Evaluation Synthesis by the U.S. Government Accounting Office (GAO) provides extensive guidance for synthesizing the findings of evaluations on a specific topic. It presents a model that involves seven steps:

- Specifying the questions
- Gathering documentation
- Developing criteria for choosing studies
- Assessing studies against standards for research design, conduct, analysis and reporting
- Redetermining the appropriateness of evaluation synthesis
- Performing synthesis and checking for problems
- Presenting and reporting the findings

The book systematically leads the reader through these steps.

The book is divided into six chapters, following the sequence of the synthesis model. The chapters are well written and well integrated despite the fact that different authors wrote them. The authors illustrate important points with concrete examples drawn from GAO evaluations. A 24-page bibliography provides quick reference to most of the recent literature on this subject, which practitioners and researchers will find helpful.

Evaluation synthesis is a methodology whose time has come, but a few caveats about its application in international development arena apply. First, a synthesis can answer only those questions that are covered in evaluation studies. One major problem with evaluations conducted under the auspices of international donor agencies is that they do not focus on a common set of issues and questions. For instance, the World Bank uses economic rates of return extensively in analyzing the impacts of a pro-

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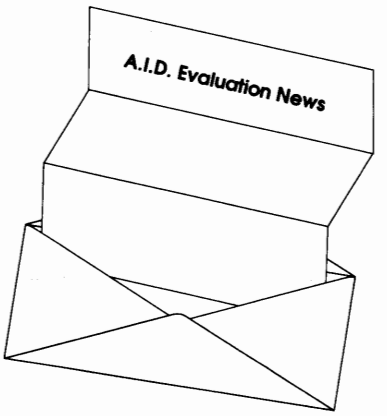

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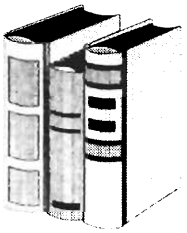
ject or program, but A.I.D. evaluations largely ignore such analysis. Second, research procedures are usually not fully described so it is difficult to determine their technical adequacy. Third, a significant percentage of evaluations are based on qualitative data generated by key informant interviews, focus group discussions, or site visits, and statistical techniques for synthesis are not applicable to them.

Even so, the reviewer would strongly recommend *The Evaluation Synthesis* to all researchers engaged in the evaluation of international programs. Single copies are free and can be obtained by writing to the U.S. General Accounting Office, P.O. Box 6015, Gaithersburg, MD 20877.



A.I.D.'s In-Country Presence: *An Assessment*

A.I.D.'s In-Country Presence: An Assessment, October 1992, A.I.D. Program and Operations Assessment Report No. 3 (PN-AAX-260).

The report offers an indepth review of what many, inside and outside A.I.D., consider the Agency's most distinctive and valuable asset: its in-country presence. Prepared by an experienced team of development professionals, the report provides a systematic exploration of the basic advantages of A.I.D.'s in-country presence, reviews the relationship of these advantages to the actual functions performed by U.S. staff overseas, and formulates a range of short-, medium-, and long-term options for increasing the cost-effectiveness of the Agency's approach to its presence overseas. The report is the first of a number of assessments being performed by the Center for Development Information and Evaluation focusing on issues in Agency-wide operations and management systems.

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Evaluation of A.I.D. Family Planning Programs: Philippines Case Study, A.I.D. Technical Report No. 4, October 1992 (PN-AAX-261).

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A.I.D. Economic Policy Reform Programs in Africa, A Synthesis of Findings From Six Evaluations, A.I.D. Evaluation Highlights No. 7, May 1992 (PN-ABG-003). This *Highlights* is based on A.I.D. Program and Operations Assessment Report No. 1, December 1991 (PN-AAX-253).

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Evaluation of A.I.D.'s Child Survival Program in Malawi, A.I.D. Evaluation Highlights No. 12, December 1992 (PN-ABG-008).