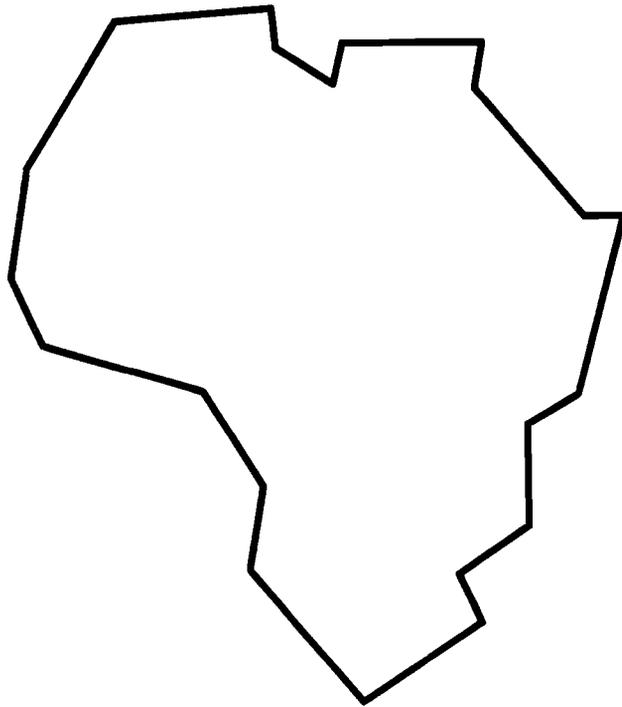


Project Design in West and Central Africa



Africa Bureau
Agency for International Development

AID PROJECT DESIGN
IN
WEST AND CENTRAL AFRICA

Report of the REDSO/WA
Project Design Workshop
held October 30 to Novem-
ber 3, 1978 at the Hotel
Ivoire, Abidjan, Ivory
Coast.

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I. Introduction

A. Background and Purpose of the Workshop

For sometime, rapidly expanding current and projected country and regional programs in Africa have placed inordinate demands on the field in the project design area. Due in large part to time pressure and inadequate field staffs, the quality of both the PID and PP submissions have suffered accordingly. During the AID/W review process, inadequacies have been highlighted, and requests for further information, analysis or redesign have made an already extraordinarily difficult job even more demanding. It has become increasingly clear, therefore, that major steps need to be taken to achieve the following goals:

- a. Improve the quality of project design in the regions.
- b. Improve the efficiency of the design/review/approval process.

In attempting to come to grips with the problem, a number of measures have been (and still are being) contemplated, i.e., the permanent assignment of project officers (similar to a Capital Development, Loan or Design Officer but includes loans and grants and technical and capital projects) to a number of field missions, consolidating delegations of authority, streamlining of the PID review process, simplifying environmental procedures, etc. The two project design workshops were as an additional means of developing a greater consensus between AID/W and Missions with

respect to project design strategy, methodology and requirements which would directly contribute to the above goals.

In anticipation of the regular semi-annual design scheduling sessions to be held at the start of FY 1979 in October, the seminar portion of the two workshops was conceived in the early summer, 1978. In addition to querying the field concerning interest and items of priority to be addressed, a consultant was hired to prepare a comprehensive agenda and workshop material, a case study, topic papers, etc.

Over the summer and early fall of 1978, the workshops took shape and negotiations proceeded on timing, format and content. The final workshop agenda emanated from an extensive dialog by cable, phone, and in person between the field missions and AID/W. Thus, each workshop did reflect a consensus on priorities.

B. Product of Workshop

It is hoped that the workshops will have resulted in the following three outputs:

1. A series of AFR Bureau guidance papers to serve as key points of reference for both Mission and Bureau personnel. Papers will incorporate feedback gathered in the Workshops from Missions and the two REDSOS. They will also be received by the AA and, to the extent possible, will represent a generally agreed approach to design requirements and options in the region.

2. Much improved communication in the coming months concerning individual Mission design scenarios and problems. The Workshops served to provide a conceptual and practical backdrop for communications which will allow for less misinterpretation and

improved efficiency. (Discussions and papers, for example, can be referenced.)

3. Improved FY 1979/80 design schedules. The business of determining requirements and establishing schedules for project design in the regions has been facilitated by Workshop discussions of recurring issues and problems.

II. Summary and Conclusions

A. General: It was found difficult to develop a meaningful summary of the workshops without getting into the substance of individual sessions. This, in turn, would have led to a summary almost as long as the report itself and would have contributed little. It was decided, therefore, to record certain key issues and to note pending or follow-up actions where indicated.

B. Highlights

1. The AID/W Message: Do More With Less

If there was a recurring theme in AID/W presentations, it ran something like this. Project design should be more complete and of higher quality. Adequate planning -- both for design and implementation -- was stressed again and again. Field posts were told they should take more time, bring key specialists in earlier, take greater advantage of existing resources, edit and package more carefully, pay more attention to policy and legal criteria, be more accurate, be more practical, be more honest, etc., all this in relation to rapidly expanding country programs. There were logical and valid reasons for all these exhortations to excellence. The

principal problem with the thrust of theme was that the field also was told that AID staff and other resources were not likely to grow and might even be cut back.

As expected, there was no simple answer forthcoming from AID/W or REDSO to the above implied bind. A number of valuable suggestions were made to improve efficiency and coordination of the process, however. In addition, it was pointed out that steps are being taken in Washington to streamline procedures. (The AID/W review process, IEE procedures, etc.) Guidelines are being revised and simplified to the extent possible, and a major increase in delegated project approval authority is in the offing. The message still, however, was to do better with less.

Despite the lack of a major solution to the problem of staff, three areas stood out as partial but meaningful answers.

Better Communication: A significant number of the problems identified in the workshop can be averted or ameliorated with more open, candid and substantive dialog between AID/W and Field Missions. Improved cable and telephone traffic will help to some extent and can head off many issues before they become "etched in stone" by project committees and official memoranda.

Further in the same line of thinking, there is a real need for more travel in both directions. Washington project officers who know their country programs first hand can be twice as effective in handling field concerns as those who know the program and constraints only on paper. Likewise, field officers who have seen first hand or, better, have lived through the Washington review and approval process, can be much more effective in addressing Washington

concerns in field submissions. Above all, communication is vastly improved between staffers who have some meaningful common ground and experience to draw from.

Planning: At the risk of "beating a dead horse" planning for project design stood out as one of the key areas requiring improvement. (See guidance paper on design planning.) Within this area, improved planning, coordination, and utilization of local resource (government, universities, consultants and firms) would go a long way toward solving the problem of the "thirty-day wonder" design team.

In a related vein, another obvious and simple factor stood out. Project officers need more time. To some extent, time can be made with more adequate planning. In addition, however, project officers from the outside need to be provided with more time by contract, time to wrap up the job properly, time to edit and package, time for a meaningful Mission review, etc. implying fewer, but longer trips for REDSO staff members and a need for more carefully planned design contracts, with key persons staying longer.

The Funding Situation and a Shift in Emphasis: One in large part to the practice of incremental project funding, the design problem may be partially resolved as a result of the limited availability of funds for new projects. One, of course, to the increased portion of each years total allotment absorbed by recurring obligations. Finally, as Missions become responsible for approving a much greater percentage of their own projects, (proposed delegation of authority for project approval) a much stronger emphasis is expected on implementation, as AAs and Missions will be "on the line" to a greater extent in terms of responsibility for sound development efforts.

2. The PID: Early in the workshop a consensus was reached that guidelines, preparation and review process required much greater attention in both Washington and the field. There was general agreement that the PID will have to be a more substantive document in the future and that the PID review process will have to be upgraded in terms of professional quality, (AFR/DR is pressing on this issue. See Section III.B.2. below). New guidance is needed.

3. The Role of the Project Officer: The fact that in many instances in West Africa, project officers (backstop code 94) are being assigned to assistant program officer ceilings or organizationally placed within program offices was raised repeatedly as being a negative career incentive and damaging to morale. The consensus of the group appeared to be that the permanently assigned project officers should report directly to Mission management and move in a separate and distinct career track. AID/W representatives agreed to study the situation.

4. Evaluation of Contractors: The need for a viable and legal system for performance evaluation of contract design and other technicians was brought up time and again during the Workshop. A proposed system utilizing standard AID forms developed by the AFR/DR Program Support Staff was circulated for comment. Further guidance will be forthcoming on this.

5. Use of Local Resources: In response to one problem after another, better use of in-country and African talent emerged as a partial solution. African consulting firms, universities, private and voluntary organizations and existing pools of individual skilled manpower should be tapped much more extensively than is the current practice, which is almost totally expatriate oriented.

6. Title III. The PL 480, Title III presentation sparked a lively discussion about the practicality of this controversial new program. Much additional clarifying guidance is needed.

C. Pending or Follow-up Action:

1. A special working group was formed to consider the need for modification to PID design and review procedures especially in view of the proposed delegations of authority for project approval and the demise of the PRP. Recommendations from the working group were presented to the workshop (see Section III.H.) and will be reviewed in AID/W.

2. The need to provide more career incentives for project officers and a means to report directly to Mission management will be studied in AID/W, and recommendations will be made to Bureau Management as appropriate.

3. Samples of excellent scopes of work for project design teams and technicians will be distributed to the field by AID/W (AFR/DR/ARD) as soon as possible.

4. In the environmental area, model IEEs and precedents for successful methods of dealing with some of the tougher environmental issues will be distributed to the field by Bessie Boyd's office. (AFR/DR/SDP)

5. Evaluation: A pending recommendation calls for AID/W to provide guidance to USAIDs with respect to evaluation and information system alternatives, especially those of relevance to evolutionary, phased and "phased and "process" design type projects.

6. Procurement: For the sake of improved implementation planning, AID/W (SER/COM) will provide a series of estimates to the field with respect to time requirements for various classes and

categories of procurement (vehicles, and other commonly financed equipment).

7. The proposed system for improved project design and other contractor performance evaluation will be refined and officially transmitted to Missions.

8. REDSO/WA will redistribute a list of African consulting firms qualified and available for project design assignments.

9. WID: AFR/DR will seek to have the WID office in AID/W distribute a list of available WID consultants and experts for project design.

10. New guidelines for social soundness analyses are being prepared by PPC (Studies Division). Suggestions are solicited from Field Missions.

11. Guidance for meeting engineering criteria under 611a and/or examples of excellent engineering analysis and plans/specifications will be distributed to the field by AFR/DR/ENGR.

12. Title III: REDSO will analyze potential recipient countries relative to Title III eligibility criteria.

D. The Body of the Report

The following is a detailed, session by session, description of the seminar portion of the Workshop. In each case the initial presentation has been summarized, and key points from ensuing discussions have been highlighted.

The report is broken down by functional categories, as was the workshop itself, including:

- . Introduction and Opening Sessions
- . Program Strategy Development and Project Identification
- . Project Design and Development
- . Recurring Design Issues
- . PL 480 Title III
- . Other Design Considerations
- . The Washington Review Process

ABIDJAN

III. Workshop Sessions

A. Introduction to Workshop

1. Opening Remarks: Gordon Evans, Director, REDSO/WA

After welcoming Workshop participants to Abidjan, Mr. Evans went on to stress the following points concerning REDSO/WA.

. REDSO's former role of authority in Central and West Africa is over. It is now strictly a service organization.

. Mission personnel of the region should "come to Abidjan" when in need of technical help for resolution^{of}/problems.

"We will respond." Action officers will be assigned to all visitors. A report to the Director will be made on each visit. "We have a good staff. Call on us."

. The notion of "turf", or territorial integrity, in Central and West Africa should be abolished. REDSO, AID/W and Field Missions must and will work as a team to get the job done. There is no other choice considering the magnitude of the task.

2. Introductory Remarks and Conceptual Framework of the Conference:

John Koehring, Director, AFR/DR.

Mr. Koehring began with an explanation of the evolving role, structure and functions of the Office of Development Resources (AFR/DR). He also stressed the role of the office as a service organization to meet field needs and described AFR/DR's efforts to improve its own efficiency in handling

project-related matters at all stages - including the PID. (See PID Section below.) He emphasized, however, that fundamental responsibility for project development and implementation clearly should continue to be with the individual mission.

Mr. Koehring then described the Washington view of the conceptual framework of the workshop, prior to moving on to a number of specific points of general interest as well as developments in Washington:

. The George Wing exercise and pending delegations of authority for project approval. (As of the end of the workshop no new delegations had been approved. It was suspected that approval authority would probably come to somewhere in the \$2-3.5 million range.)

. Budget vs Staff. There is a move to double project-related funding for the Africa Program, but the outcome is uncertain. On the personnel side, however, no new staff will be possible due to a general government-wide cutback. (How this will impact on AID remains to be seen.) Mr. Koehring commented on the workload now facing both the Bureau and the Field, (97 obligation actions in FY 1978 - almost twice as many as any other geographic region), and the continuing need to streamline procedures and improve efficiency of operations.

. Foundation for International Technical Cooperation (FITC).

The Foundation is to be in the Congressional Presentation for 1980. A considerable portion of DSB's portfolio may be consumed. The new organization might draw it's staff, in part, from DSB and regional technical offices.

. Integrated Personnel System. A report establishing the proposed system is due to be submitted to Congress by March 15. It will be published in the Federal Register and will become law in 90 days unless held up by Congressional action.

. The PID Approval Process. A draft memo is circulating in Washington which would "tighten" the review process. As proposed, copies of each PID will be sent concurrently to AFR/DP and DR. DP in turn will record the PID and send copies to the geographic office for review. Official review and cable response to the Field is to occur within a 20 day period. If a PID is not approved, the Field would be so notified with reasons. It is also proposed that all PID reviews be chaired by a geographic office director. AA/AFR is to hold bi-weekly status reviews of submitted PIDs.

. Regulation 16. A recommendation to delegate authority to make threshold decisions based on IEEs on a variety of project types has been cleared by the AA/AFR. This, and other changes, is the subject of an Agency Circular Airgram (now in draft) to all Missions giving instructions on revised procedures.

. Consolidated Delegation of Authority. The recently issued consolidated delegation of authority to the REDSOs, Field Missions and other posts was pointed out for discussion later in the week.

. Women-in-Development (WID). Mr. Koehring stressed the AA's view that AID should take women, as well as all other people, into account in projects rather than attempting to design a number of special projects dealing exclusively with women. The AA is "very interested" in a sound WID policy and solicits comments from the field.

. Evaluation of Contractors. Mr. Koehring highlighted the need for a viable and legal system for evaluation of contract design technicians. A proposed system utilizing standard AID forms which would be by the AFR/DR Program Support Staff was circulated for comment. Apparently, the same consultants of marginal performance keep showing up on one design job after another with depressing regularity, i.e., Dakar in April - Kigali in May, etc.

3. View from the Desk: Jim Kelly, Director, AFR/SFWA

Mr. Kelly commented briefly on the general theme of the need to upgrade the quality of design in the region. He also stressed the need (now that greater staff and design talent is available in the field) to return and take a critical look at what has gone before, i.e., projects now being implemented. Where redesign is indicated, he emphasized, it should be carried out. Given the reduced budget this year, and probably next, (due, among other things, to the practice of incremental funding and recurring obligations), it should be possible to put more effort into analysis and planning - both of the existing and future portfolio.

B. Program Strategy Development and Project Identification

1. The Country Development Strategy Statement (CDSS)

Presentation: John Koehring, Director, AFR/DR

Panel: Cary Coulter, Program Officer, USAID/Upper Volta
Dick Dalaney, Program Officer, USAID/Chad
Jim Hradsky, Transport Economist, REDSO/WA

a) Koehring: Mr. Koehring began with a brief explanation of the current (FY 1981) CDSS process and calendar as set forth in AIDTO CIRC 384, ie.:

- . All statements are to be in by Jan. 31, 1979
- . All CDSSs are to be reviewed and reports sent to the field by March 31, 1979.
- . Indicative Planning Allocations (IPAs) are to replace DAP-based planning budgets.
- . The CDSSs are to include 5-year planning figure projections.
- . AID/W will provide approved planning figures, year by year, together with comments on substance. Based on these Washington responses, the ABS will be prepared.

Concerning the demanding requirements for CDSS presentations, Mr. Koehring indicated that additional measures were necessary to assist small posts with large projected programs. REDSOs will be encouraged to assist, and outside consultants may be required despite the general policy that the CDSS should be an internally generated document. Mr. Koehring also pointed out that for those programs projected at less than \$35 million over the stipulated five year period, only a "small post statement" is required,

which is considerably less taxing analytically. As a long-term strategy, Mr. Koehring stressed that long-term resident economists and social scientists will be necessary to properly deal with CDSS requirements.

b) Discussion:

In general, Workshop participants expressed the concern that the extensive and ambitious nature of the PPC instructions may cause the CDSS to evolve away from its original purpose of serving as a concise and simple planning tool for the AID programming process, and become an object in itself. It was stressed that an excessive amount of Mission time and energy could be expended on the CDSS to the detriment of both project design and implementation, representing yet another constraint thereto. In addition, it was pointed out that a great deal of direct hire and consultant time and money were devoted to the preparation of the DAP, the overall planning effort which preceded the CDSS. In many cases much of the information and substance of the CDSS may already exist in the DAP. The CDSS, therefore, wherever possible, should build on or refine an existing DAP rather than duplicate it. A simple and concise CDSS, it was argued, is liable to be more extensively used for operational purposes by both field and Washington personnel, and be more in keeping with the Administrator's desire to reduce bureaucratic constraints and accelerate the pace and improve the quality of project design and implementation.

The remainder of the discussion emphasized the following questions and concerns:

- . There is a real timing problem associated with CDSS preparation. To do the job properly, USAIDs must carry out budgetary negotiations with host governments in January and February, a full two years in advance of actual commitment of funds.
- . The "sophistication" of the CDSS was brought up again as being beyond existing analytical capability in the field. Outside help is needed. REDSO representatives offered to assist wherever possible. In fact, REDSO/WA is anxious to develop a special capability and expertise in this area. Also, contract inputs can be made. Alan Hoben, PPC, pointed out that "even rough estimates were better than nothing", and that much useful insight could be drawn from even very shaky data.
- . The need for a relationship between the CDSS and the PID was discussed as a constraining factor. Washington representatives stressed, however, that, although there obviously should be a solid basis for programs and project areas established in the CDSS, Under current guidelines no PID will be rejected solely for lack of correlation with the strategy statement. If a PID is not in line with the CDSS, however, the document should candidly point this out explain why and go on to justify the project on other grounds.

2. The Project Identification Document (PID) Presentation:

William Johnson, Chief, AFR/DR/ARD

Panel: Jonathan McCabe, Chief, AFR/DR/SFWAP

Robert Shoemaker, Capital Development Officer, USAID Kinshasa

Noel Marsh, Program Officer, USAID/Liberia

a) Johnson: Bill Johnson made a brief presentation highlighting the following points.

- . Handbook 3 guidance on the PID is basically adequate, if taken seriously. "We do not want PRPs in disguise"
- . The PID should be both complete and thorough and must be technically valid. That is, in many cases appropriate technicians should contribute, review and otherwise make inputs to development of PIDs, although full technical analyses are rarely necessary.
- . The PID should demonstrate what is to be done and how objectives are to be accomplished.
- . "Straw men" should not be used. If there are no alternatives, this should be candidly stated.
- . Other donor activity must be described.
- . Issues should be noted, especially where management decisions are required.
- . Scopes of work for full project design should be included or attached to the PID, especially where inputs from outside the Agency are required.
- . The technical offices in Washington (AFR/DR) are prepared to help both in development and review of PIDs, as well as in establishing technical requirements for the PP effort to follow. This tends to discourage the "adversary" relationship with the field sometimes noted in the past.

- . The Board for International Food and Agricultural Development (BIFAD) is interested in reviewing all appropriate PIDs as early as possible for possible Title XII involvement. In those cases where a Title XII implementing institution is definitely not advisable, PIDs should so state and articulate the why.

b) Discussion:

A number of comments from the floor opined that the PID, of necessity, will have to be a much more substantial document in the future, especially when the proposed delegation of authority for project approval in the field becomes a reality. The need for new guidance, standards and criteria was stressed a number of times.

The following additional points were brought out during discussion:

- . AFR/DR hopes to contribute to making the PID approval process more meaningful than in the past. (See Mr. Koehring's remarks on the PID under introduction above.)
- . During PID development the host government should be consulted. PIDs should only be submitted when they have at a minimum, tentative support from appropriate host government entities.
- . The need for PD and S money for PID development was brought up, given that PIDs would now require more substantial design and technical inputs. AID/W responded that PD and S money, over and above Mission allotments

could be allocated on a case by case basis depending on the need and priority of a particular project.

- . The idea of using a single PID for a number ("basket") of projects was discussed briefly. The feeling was that this was ^apossibility, but would have to be studied on a case by case basis.
- . Regarding how closely the final PP must resemble or adhere to the design established in the PID, Mr. Koehring stated that if the change was significant in terms of either basic structure or funding, the Mission should come back to Washington with an interim report or some type of change presentation.

Finally, given unresolved questions and concerns regarding what the PID should be, a working group was proposed which would review requirements and procedures and make recommendations to AID/W. The group, composed of Bill Johnson, Mike Speers, Graham Thompson, Robert Shoemaker, Dick Delaney and Norm Sheldon, met during the week and presented their recommendations on the last afternoon of the Workshop. (See H below).

C. Project Design and Development:

1. Innovations in Design:

Presentations:

John Heard, Design Consultant
(Design Innovations)

Bill Johnson, Chief,
AFR/DR/ARD, Title XII

Panel:

John Ericson, Livestock Economist,
REDSO/WA

Chuck Husick, AFR/DR,
(Workshop Coordinator)

Glen Slocum, Program Officer, OMVS,
USAID/Senegal

a) Heard, Design Innovations, General:

The thrust of John Heard's presentation was to encourage the application of innovative ideas early in the design process in order to develop imaginative ways of dealing with some of the more severe constraints frequently encountered in the Africa Program (lack of data, infrastructure, an institutional and human resource base, etc.). Often such constraints pose almost impossible barriers to adequate feasibility analyses and planning prior to project authorization.

Mr. Heard then turned to a brief discussion of the models listed below, but stressed that these were only illustrative of what has thus far been attempted. They are by no means the only options. Suggestions and other "innovations" are encouraged. The Bureau is prepared to undertake certain risks in order to experiment with new schemes for addressing traditional issues.

1

As mentioned in the draft guidance paper, the catch word "innovation" is used for lack of a better term. Most of the approaches discussed have been around for a number of years.

- . Phased Development: For a long term project with institutional, system or sector objectives eg. (Casamance Regional Development Project in Senegal), the first phase can lay institutional, research and infrastructure ground work over a three to five year period. This would be followed by a significantly expanded field operational phase.
- . The Evolutionary Approach: A variation of phased development, the evolutionary approach, is for those cases where a major effort in data collection and analysis, training and/or experimentation is necessary prior to launching a complex or integrated development effort. In these situations, an alternative is to authorize a small project with modest initial interventions while technical specialists, contracted by the project, carry out necessary studies for the authorization of a larger project two to three years later.
- . The Process Approach: This approach involves the notion of a dynamic design, implementation, redesign process with built-in data gathering and management, feedback, planning and replanning characteristics. The model is applicable to cases where actual field experimentation is required along with data gathering and analysis in order to adequately shape and reshape interventions. (Arusha Planning and Village Development in Tanzania).
- . Core Capacity-type Projects: This type of project is generally a precursor to a sector level initiative but is also suitable for long range river basin and regional development efforts involving the establishment of special "authorities" or project management units.

In most cases the project aims at establishing a permanent institutional analytical and planning capability often of an inter-agency nature. (A number of examples are available from the Latin American program due to its heavy past emphasis on sector planning.)

. Rural Works and Other Multiple "Sub-Project" Approaches:

The approach usually establishes a fund, a mechanism, and sometimes an organization for the evaluation, approval and monitoring of sub-projects -- often of a village improvement, low-level enterprise, or infrastructure nature. Comprehensive criteria are required for project selection and approval utilizing financial, economic, social, technical and policy indicators. The model is appropriate for the development of "outreach" analytical and management capacities on the part of both public and private "delivery systems." (Mali Rural Works). It should be noted that a special effort is necessary with this approach in order to satisfy 611a requirements. (See Guidance Paper on Design Innovations. Legal consultation is suggested prior to commencing design of such "basket" projects.)

b) Johnson, Title XII:

Bill Johnson began with a brief overview of the substance of Title XII legislation and its significance to the African Program. In addition, he elaborated on a number of advantages, limitations and other characteristics of Title XII institutions relative to various project types and situations faced by African Missions. The more important points stressed during his presentation were as follows:

. There are 112 qualifying institutions -- all competent in their respective disciplines -- which are represented by the Board for International Food and Agricultural Development (BIFAD). The USDA is also a BIFAD member.

. Title XII institutions wish to be involved at the earliest possible planning stage for program development, i.e., during CDSS preparation.

. The Joint Committee on Agricultural Development (JCAD) and the Joint Research Committee (JRC) are the operating components of the BIFAD. Bill Johnson is the key person for AFR/DR in both committees. JCAD is particularly anxious to carry out baseline studies in areas appropriate for Title XII activity.

. A Title XII collaborative contract represents a streamlined mode of contracting, and, if monitored properly can proceed without a hitch from design to implementation. (The RFP can be restricted to certain Title XII institutions.) There also is obviously a need for a more effective code of *ethics*, among Title XII schools competing for AID contracts.

. Some evident shortcomings and problem areas of Title XII are:

- It is often difficult to recruit professors for field assignments of more than two years. (Such a stipulation should always be spelled out in the RFP.)
- There is a tendency to send the people who can be spared from busy academic programs, i.e., less than their top quality people.
- Title XII teams are often very "naive" in their design work. They *have* little recent practical experience overseas.

- . If a USAID does not want a Title XII institution for a particular project, this should be stated -- with reasons.
- . In general, Title XII institutions are capable and appropriate for research, training, extension, academic institutional development, and information system development in the area of food production and distribution. They are not suited, normally, for more heavily operational activities such as land development, marketing, input delivery, etc.

c) Discussion:

There was little time, unfortunately, for discussion as the presentations took up most of the session. The following points were raised briefly:

- . PL 480, Title III, was raised as another design innovation. (Covered Below, Section E).
- . There is a need in the field for ready access to innovative PPs prepared in other missions and regions. AFR/DR should distribute good examples of acceptable innovative approaches. Also, AID's Development Information Service (DIS) is a good resource and should be more frequently used.
- . Thorough involvement of the host government at an early stage of any design effort (including Title XII) was stressed.
- . One of the greatest problems with Title XII is the lack of language capability relative to Francophone Africa.

. Both AID and host governments can interview Title XII candidates and both have the right of approval.

2. The PP, Form and Substance:

Presentation:

John Heard, Design Consultant

Panel:

Jack Morgan, AFR/DR/ENGR
William Gill, Supply Management
Advisor, REDSO/WA
Craig Buxton, IDI, Guinea Bissau
David Delgado, Project Manager,
USAID/Mali
Tom Kellerman, Capital Development
Officer, REDSO/WA

a) Heard:

John Heard's presentation centered on form more than the substance of the PP and covered the following basic points:

. Above all, the PP should be honest. Issues should be candidly set forth in the opening summary and treated in depth in the body of the document.

. The PP should be carefully organized and structured for ease of review and maximum utility as a working document.

. The PP should commence with an opening summary which should briefly (no more than three pages) cover recommendations, describe the project, provide basic financial information, reference findings of all analyses, including their relation to legal and statutory criteria, and detail issues and resolutions.

. If a PP is to deal with a complex multi-component or otherwise demanding project requiring long and involved treatment, the only solution with respect to guidelines on length is to write the PP as necessary to establish feasibility, justify the project and serve as an effective implementation planning and operating document.

The overall document can then be summarized to meet the 35 and 65 page limitations (100 pages overall) for AID/W processing. Two volumes will be necessary in such cases.

. The PP should be well-written and carefully edited for maximum clarity and concise expression. Time for essential rewriting and editing must be allowed after the departure of other design team members (two to four weeks). Additionally, the PP should be carefully packaged and appear neat and professional. (Typing, spelling, spacing, graphics, etc.)

. Several important elements of the PP, most of which were covered in subsequent sessions in greater depth, were singled out as normally receiving inadequate treatment. The most important of these were the implementation plan, and host country administrative capacity.

. Conditions and covenants are too important to leave to the lawyers or to Washington. Normally, only the Mission is really close enough to the project to do an adequate, sensible and sensitive job of developing "CPs" and covenants. "You may not want to live with what you get from Washington." It pays for the Mission itself to work these out.

b) Discussion:

Considerable discussion was directed to the question of length. In response, Mr. Koehring emphasized that the 100 page rule really had to be observed in order to provide for a manageable review process in Washington. If the project really requires more detailed treatment for implementation purposes, the document, as pointed out above, should be developed as necessary and then summarized for the sake of AID/W processing.

The other major input was made by Bill Gill, REDSO's commodity specialist, who stressed the need for a carefully thought-out procurement plan. The same point was also made with respect to other critical "nitty gritty" implementation elements such as contracting, disbursement, engineering considerations, etc.

3. Planning for Project Design and Organization and Management of the Process:

Presentation: Larry Bond, Capital Development Officer, REDSO/WA

Panel: William Johnson, Chief, AFR/DR/ARD;
Chuck Husick, AFR/DR, Workshop Coordinator;
Graham Thompson, Chief, AFR/DR/CAWARAP;
Herb Miller, Program Officer, USAID/Niger;
Donald Clark, Capital Development Officer, USAID/Upper Volta

a) Bond:

Larry Bond began by asserting that design planning should be taken much more seriously than it currently is. One of the principal reasons why so many final products are of poor quality is because they are either not planned at all or only in the most superficial way. Mr. Bond went on to stress that planning for project design is not so different from planning for implementation. The normal scenario is complex enough so that some form of PERT or CPM technique should be utilized. Mr. Bond then detailed a number of factors and other points which should be taken into account as listed below:

. The Order and Level of Technical Inputs: Design efforts often go awry because the wrong technicians arrive at the wrong time or in the wrong order. Analytical components must mesh with each other and be carried out in the proper sequence, or large gaps can develop which must be plugged with varying degrees of success by generalists left "holding the bag" when it is too late to recapture the necessary expertise.

. Logistics: Most AID projects, by their nature, require extensive design time in the field. This needs to be carefully planned. A design team that can't get out or get back from the field, or that is not mobile while it is there, can waste thousands of dollars a day waiting for things to happen which should have been planned for in advance. Special arrangements for communication and transportation are often necessary, including chartered aircraft. The timing of field work is critical. Design teams should not go out until they are adequately prepared and have their act together in terms of areas of responsibility, a practical plan for data gathering, interviewing, site visits, etc. Counterparts also have to be planned for and in place.

. Groundwork Preparatory to Design: To the extent that important data can be identified and gathered in advance of the arrival of the full design team, much time and grief can be saved. This is often possible through local hire technicians. National universities provide another resource. At a minimum, all available documentation should be assembled and ready for review by arriving technicians.

. Scopes of Work: Terms of reference for design team members must be detailed and realistic. Exactly what disciplines and experience are required should also be carefully spelled out. What is expected in terms of the final product must be clear.

. Preparation and Briefing of Design Team: In addition to the AID/W briefing, which has often been lacking in substance, the first two to three days of field time should concentrate on a round of internal ^{meetings} and briefings in order to adequately organize team efforts. Team members should be required to coordinate their scopes of work, individually and collectively, and be sure they are internally consistent. Often, an initial draft logical framework helps with this aspect. Exactly how, and under what conditions, the group will proceed needs to be established and understood by all members.

. Counterpart Planning: Complex projects cannot be designed in a vacuum. Adequate host country participation must be negotiated and programmed. If executing agency people can actually travel with teams and participate in project design, from data gathering throughout conceptualization and implementation planning, this is ideal.

. Lead Times: Essential lead times are routinely underestimated for design team recruitment. Adequate time for recruitment, contracting, and the vagaries of the system must be allowed for. When programming is too tight, plans can and do disintegrate.

b) Discussion:

Discussion centered on a number of recurring design team and planning issues. Highlights were as follows:

. Selection of the Design Team: Where should the Mission go for talent, should they go to universities, IQCs, PSCs, collaborative arrangements or elsewhere? Frequently, specific country expertise is needed. More often, language capability is essential. Part of the answer to this has to do with very specific terms of reference.

Also, it was suggested that Missions consider personal service contracts when they had identified individuals and established a relationship with those individuals. (New funding constraints may severely limit the use of PSC's). As an alternative, missions may wish to consider purchase orders to buy a specific product such as a farm level survey or non-personal services contracts when these are appropriate. It was emphasized that the AFR/W project and technical divisions will do all they can to help, but they need detailed information and requirements from the Field.

. Selection of Team Leader: This, it was stressed, should not be left to the contractor. The natural leader should be singled out, or if this is not possible, the Project Officer must take over completely.

. Data Requirements: A design team cannot do a farm level survey in 10 days, much less develop adequate instruments for collection work and analysis. Data collection and analysis needs to be carefully thought through and planned at the PID stage, as well as after the Washington review of the PID, in order to take into account the resulting suggestions and guidance. Wherever possible, existing data should be utilized.

. Use of Local Resources: Considerable discussion centered on the need to make better use of talent available in the country and Africa in general. In a number of cases, Missions claimed to know little concerning existing resources. REDSO promised to redistribute a list of African consulting firms, qualified and available for project design assignments, which was developed from a regional study three years ago.

. When Should a Design Team be Terminated? The question was asked if any design team or individual had ever actually been removed from a design job in the field. A couple of isolated and extreme cases where this happened were mentioned. In general, however, Missions have been prone to slavishly accept the product of incompetent efforts rather than delay a project submission and upset a demanding timetable. AID/W (John Koehring) urged, however, that, in the future, design teams or members who really cannot perform at a minimum satisfactory level, should be terminated. This will take real courage, but it is a tremendously valuable precedent to establish.

4. The Project Officer -- Role and Functions:

Presentation:

John Herd, Project Design
Consultant

Panel:

Larry Bond, Capital Development
Officer, REDSO/WA;
Leroy Jackson, Capital Development
Officer, USAID/Zaire;
Chuck Husick, AFR/DR, Workshop
Coordinator;
Tom Kellerman, Capital Development
Officer, REDSO/WA;
John Koehring, Director, AFR/DR;
Gordon Evans, Director, REDSO/WA

a) Heard:

John Heard drew basically from the paper he had written on the project officer. He emphasized the following points:

. The Mission has both the authority and responsibility for project design in the field. Project officers and teams should respond first to USAID management.

. The project officer, on the other hand, should be the undisputed leader of the design teams, and -- where possible -- the entire design process from PID through PP. Design teams should be so briefed.

. The project officer must have time to do his job properly -- before, during and after other technical inputs.

. The project officer must understand technical and other issues. He should participate in technical meetings and spend time in the field with the design team.

. The project officer must manage and organize the design team on a day-to-day basis. He must constantly be on top of the job.

. It is essential that project officers accompany PP submissions to Washington in order to resolve issues as they emerge during review and otherwise assist with project processing.

b) Discussion:

Comments from the floor supported most of the above points and expanded on some. For the most part, however, discussion revolved around the question of the position and status of the project officer in African Missions. It appears that, in many instances in West Africa, project officers (backstop code 94) are being assigned to assistant program officer ceilings. The officer would thus report to

the chief program officer and would not have directly delegated responsibility on project matters from the mission director. This is a major problem and was raised repeatedly as being a negative career incentive and damaging to morale. The consensus of the group appeared to be that the permanently assigned project officer should report directly to Mission management and move in a separate and distinct career pattern. (At least at the lower and mid-career levels). AID/W representatives agreed to study the situation, and make recommendations, if deemed appropriate due to the priority need to attract and hold good project officers in field jobs.

The other major point brought up during discussion was made by Gordon Evans, Director, REDSO/WA, and had to do with the need for redesign of a number of projects. He stressed that this was as important and fundamental a need as new project development in several posts (a variation on the thrust of Jim Kelly's remarks during the opening session).

5. Evaluation and Evaluation Planning:

<u>Presentation:</u>	John Heard, Design Consultant
<u>Panel:</u>	Dick Delaney, Program Officer, USAID/Chad; John Erickson, Livestock Economist, REDSO/WA; Steve Reyna, Social Anthropologist, REDSO/WA; Larry Bond, Capital Development Officer, REDSO/WA; Trid Mukherjee, Ag. Sector Economist, REDSO/WA.

a) Heard:

John Heard concentrated his comments on evaluation as a tool in project design and implementation. He stressed the following points.

. Evaluation should be considered an integral part of the design, implementation and redesign process. It should be a field responsibility. Long neglected in AID's African program, evaluation will receive increasing attention as more projects are implemented. (This probably will be part of an historical and expected pendulum swing toward more of an emphasis on implementation.)

. Evaluation is an invaluable project management tool. When faced with a real dilemma in implementation -- and hard decisions are in order -- a special, carefully tailored evaluation can be a remarkably effective mechanism.

. Evaluation should be designed into projects systematically and funded just like any other key input component, such as technical assistance or training.

. Evaluation is especially important in the African setting where the program is constantly breaking new ground, testing new approaches and becoming longer term. It is vital that the impact of innovation be documented and verified. Evaluation is also essential as linkage between phases of a long term development scenario.

. Evaluation -- with a few exceptions calling for "one shot" looks -- should be a dynamic, ongoing process involving a continuing collection of data and feedback, the processing and interpretation of information, review and corrective action. This is the key to "process" or rolling design.

. Available evaluation methodology and technology (data collection, management, and interpretation) has become more sophisticated over the past few years. As in any other technical area, when local skill and experience is not adequate for a difficult evaluation component, outside assistance should be utilized.

. Host governments and executing agencies should be involved in project evaluations - if not in the actual task, at least in a substantive review of findings. Counterpart agencies will be much more likely to take corrective action and accept indicated changes if they have been involved in the formulation of recommendations and have officially endorsed them.

. Concerning basic methodology, a good evaluation plan should concentrate on the purpose level of a project. Outputs may legitimately change over time, but presumably the purpose will not. Evaluation activities should be targeted on "conditions expected" and on linkages in the input-output-purpose chain.

. With respect to survey techniques, traditional *sample* survey methodology is not always indicated because of its complexity, cost, and time requirements. There are shorter and less expensive techniques for gathering valuable field information, feedback and data. A variety of proxies are available for hard to obtain income data, for example. Additionally, there are interviewing techniques involving free-flowing conversation which can draw much worthwhile insight from participants.

b) Discussion:

Two panel members, Tridjib Mukherjee and Steve Reyna, made brief presentations concerning various aspects of data collection. Most macro data is suspect, for example, and most micro data is absent. It was emphasized that good data collection requires appropriate specialists. An expert, well acquainted with the necessary methodology, should plan data collection efforts and establish who is available to actually carry out the exercise and what other inputs -- such as training of interviewers and enumerators -- should be made. The need

to keep the data collection element as simple as possible, and sharply focused on only required information, was stressed. The utility of designing good information systems into projects from the start was endorsed, as well as the need to insure baseline data validity at the start of the project.

In further open discussion the following points were made:

- . Evaluation should demonstrate why unplanned changes took place in a project.
- . There is now considerable interest in evaluation in Congress and in AID/W, especially PPC. More stress will be placed on evaluation in the future.
- . Considerable comment from the floor reflected a general skepticism over the real priority of evaluation to AID/W and the Africa Bureau. It was also argued that solid guidance and assistance was needed from Washington concerning various acceptable and practical information/evaluation system alternatives in relation to phased, evolutionary, and rolling design type projects. Finally, there was confusion over the PES requirement and what happens to the document when it is forwarded to Washington.

D. Recurring Design Issues:

1. Implementation Planning:

Presentation:

John Heard, Design Consultant

Panel:

Larry Bond, Capital Development Officer;
Bill Gill, Supply Management Officer;
REDSO/WA,
Larry Harms, Project Manager, USAID/Mali

a) Heard:

John Heard's presentation was brief and confined to the following points:

- . Implementation plans are just as important as any other component of the PP if not more important, and should receive commensurate attention. Inadequate implementation plans will not be accepted by AID/W.
- . The importance of a good implementation plan should be obvious in terms of its utility as a working document for project administration.
- . Above all, implementation plans should be honest. If it will take three years to get the project off the ground, say so. It is counter-productive to create false hopes.
- . Implementation planning should not be carried out in a vacuum by the project officer. Design technicians should be involved along with host government personnel whenever possible.

Implementation planning should not be left to the end of the design scenario.

- . Despite the absence of a PPT requirement, implementation plans should be based on some form of net-working (CPM, PPT, etc). The technique of having all technicians plot their own components on a large sheet for subsequent reconciliation with other lines of action is recommended. The plan should constantly be checked and revised as new factors emerge.

b) Discussion:

The discussion period commenced with a strong pitch from Bill Gill on the need for a realistic procurement plan as part of the implementation plan. Often procurement commences before project managers or contract

teams arrive, and it is essential that requirements and timing, as determined by the design team, be clear from the PP. Commodity lists can be general as long as cost estimates are adequate. Specifications can wait for PP approval and the writing of PIO/Cs.

Moving from the specific back to the general, the question was raised as to how to account for "Murphy's Law" and the delays that are bound to occur in implementation planning. The response was that experienced planners program the necessary padding. We should not allow ourselves to be influenced by what we think Washington wants to hear. Washington, in fact, has become considerably more sensitive over the last couple of years to realism in implementation planning and would much prefer to see the "hard truth" rather than a "Pollyanna-ish" schedule which is all too obviously doomed to failure from the start. Mr. Koehring stressed that, in Washington, "we must have implementation plans we can defend as realistic."

Other points raised in the course of discussion generally reinforced what had been emphasized in the opening presentation.

2. Section 611a of the Foreign Assistance Act:

Presentation: William Loris, Assistant
Regional Legal Advisor, REDSO/WA

Panel: Jack Morgan, AFR/DR/ENGR;
John Benoit, ENGR Advisor, REDSO/WA;
John Woods, Program Officer, USAID/
Cameroon;
John Koehring, Director, AFR/DR

Note: A paper on Section 611a by Steve Tisa of GC/AFR was distributed prior to the session.

a) Loris:

Bill Loris used the Tisa paper on 611a as a basic agenda for his presentation. He highlighted the following points:

. Basically, 611a requires planning, nothing more, adequate planning for the prudent management of funds. It is important to know who will do what, where and how. These are fundamental questions. What are the implementation arrangements. How much will it cost, etc.

. Section 611a applies to all SSA and DA projects of over \$100,000 -- not just capital projects -- with the exception of the appropriation accounts listed on page 2 of Steve Tisa's paper. (Sections 451, 492, 494A, 496 and 121.) The \$100,000 criteria applies to the overall project, not just to an individual component.

. There is no such thing as a 611a certification. The certification requirement applies only to 611e for capital projects of over \$1,000,000. Section 611a must be satisfied by the PP itself in terms of adequate feasibility analyses and planning.

. In those cases where 611a cannot be satisfied with respect to certain elements of a project prior to authorization, the mechanism of incremental obligations can be used.

. 611a for ICI projects, if the purpose of such project is to create or strengthen an institution or a mechanism rather than to carry out sub-^{projects}, can be met by showing the project will strengthen the institution's ability to plan and execute projects planning, in these cases, is based on institutional procedures, capacity, criteria, etc.

. For other "basket" projects, 611a can sometimes be satisfied by the establishment of very solid criteria for project eligibility and a positive list of which projects will, in fact, be carried out. The case must be made, however, that the true purpose is to establish or improve an institutional capacity or a system.

. Although the engineer often plays a leading role in dealing with 611a, because of its applicability with respect to construction, the major burden for assuring that the Section has been satisfied falls to the project officer, although it is everyone's job to see that proper planning has been done.

. Although there is no legal requirement that 611a be satisfied at the time of project authorization it is AID policy that it should be -- if possible, particularly for projects to be fully funded the first year. Legally 611a criteria must be satisfied prior to obligation.

b. Discussion:

A brief discussion followed most of the points above. On conclusion of the 611a discussion, the engineers on the panel turned to 611b (cost benefit requirement for water projects) and the application of a new Section, 101, of the FAA which requires that a specific federal set of principals and standards be applied as spelled out in the appropriate Federal Register. These

principals and standards are applicable anytime water is transferred anywhere. The requirements are rigorous and further clarification is necessary -- especially where multiple small water related activities are planned. The engineers went on to stress that 611b related cost/benefit analyses had to be separated from the overall economic analysis of the project in order to satisfy the requirement.

3. Environmental Issues:

Presentation:

Bessie Boyd, Environmental
Coordinator, AFR/DR

Panel:

John Benoit, ENGR Advisor,
REDSO/WA
Larry Bond, Capital Development Officer,
REDSO/WA

a) Boyd:

Bessie Boyd began with a rundown on two recent Africa Bureau initiatives with respect to environmental procedure:

. A recommendation has been proposed and transmitted to the Administrator which would permit threshold decisions on most projects to made by field offices. The IEE and negative determination would then be sent to AID/W for concurrence by the AA.

A memorandum initiated by PPC, requesting that a number of project types not require an IEE has been cleared by the Bureau.

As this will require an amendment to Regulation 16, it may be a approval is forthcoming. Project categories proposed for number of months before/exclusion include: education, public administration, controlled experimentation, field evaluations, analysis, research and development, meetings, cases where AID is a "minor donor," disaster relief, 211d grants, Title III, commodity import, health care (except water projects), and population.

Beyond the above, Ms. Boyd explained that most IEEs did not require an environmental specialist, but often could be handled primarily by engineers and project officers. She explained that it was permissible to address "major" environmental concerns rather than attempting to address all check list items in equal depth. She stressed that IEEs should be as brief as possible.

b) Discussion:

In discussion it was pointed out from the floor that if the AA had to concur with threshold decisions made in the field then nothing really would change. Mr. Koehring responded that the proposed mechanism would be "administratively" more efficient.

Discussion went on to deal with what exactly is an acceptable standard for initial environmental examination and who is qualified to perform one. Washington replied that it simply had to be handled case-by-case depending on the nature of the environmental factors to be treated. Bessie Boyd promised to send some "model" IEEs

to the field as well as a number of precedents on how various recurring environmental issues were handled.

Discussion then turned briefly to the pesticide issue. There was some confusion over the "registered" list, which appears to be constantly changing. Ms. Boyd mentioned that Fred Whittemore's office in DSB was prepared to send specialized personnel to the field upon fairly short notice. It was also pointed out that even in those cases where another donor -- in a multi-donor effort in which AID is associated-- buys the pesticide, it must conform to AID regulations.

Finally, Gordon Evans stressed that REDSO was prepared to assist USAIDs with all environmental issues. He also announced that the REDSO staff would be joined shortly by a full-time environmental specialist from AID/W, Vernita Fort, who will be on call for Mission problems in the area.

4. Financial Issues:

Presentations:

Robert Henrich, Controller
REDSO/WA; John Heard,
Design Consultant

Panel:

Larry Bond, Capital Development
Officer, REDSO/WA
Mike Speers, Capital Development
Officer, USAID/Liberia
Ernest Hardy, Controller, USAID/
Mali

a) Henrich:

Bob Henrich's presentation consisted of a general rundown on Handbook 3 guidelines for project costing. He emphasized the following points:

. With respect to cash flow requirements, the Controller's office recommends six-month increments.

. Concerning inflation and contingency reserves, he recommended 25% at the PID stage and a minimum of 5 to 10% for the PP. It was pointed out from the floor, however, that inflation fluctuates widely throughout Africa and that multiple rates should be used where appropriate. The important thing is to be realistic.

. Concerning output budgeting, Mr. Henrich felt that it could, and should, be done, even in complex cases where a "piece" of a building or an advisor's time would have to be allocated. This was challenged from the floor, however. Adequate output budgets for an integrated or multi-component project, for example, are almost impossible to develop with any really analytical certainty unless an extremely taxing micro unit budgeting exercise is carried out.

. The method of financing and disbursements mechanisms are often neglected by design teams. These should be spelled out in the PP.

. Foreign exchange and local currency costs should be adequately broken out where the majority of project funds are channeled through a U.S. contractor.

. Mr. Henrich, speaking for himself and other controllers, urged project designers to take advantage of the financial analytical skills available through the Controller's office.

b) Heard:

John Heard made brief presentations on both the subsidy and recurring cost issues as summarized below:

i) Subsidy Issue: Subsidies should go for institution and system building rather than directly to project beneficiaries. What the poor need is access to resources rather than a handout and resources are not sufficient to exist to subsidize more than a relatively small fraction of the target group at any one time.

Reaction from the floor was mixed. Apparently, in many countries of West Africa, there are overwhelming political imperatives to directly subsidize target groups. Heard's response was that if this is the case, then one's hands are tied. The important point, however, is to be aware of the implications of direct subsidies, describe them candidly, and strive for their reduction and/or elimination.

ii) Recurring Cost: The presentation dealt with three basic project types and made corresponding recommendations as follows:

Revenue-Producing Projects: This category requires the most rigorous treatment of the recurring cost issue. Normally it should be combined with an analysis of present and future financial viability of the organization, project or system assisted. At a minimum, pro forma statements of cash flow (sources and uses of funds) and income statements should be projected for the life of the project and for a reasonable period after termination. Assumptions concerning sources of funds and operating expenses should be spelled out and justified. It is not the Bureau's position that all recipients be financially viable after project termination; but, it is important to be explicit

concerning what percentage of estimated ongoing costs will have to be subsidized upon completion of the project. Also, the PP should provide an assessment of the probability that additional needed resources will be secured, and from what source. Current and previous financial statements should be examined in an assessment of financial performance and implications for future viability.

. Public Sector Institution and System-building Projects: With such projects the recurring costs issue normally must be analyzed without the aid of standard profitability measures. In this case, a budgetary analysis of the executing agency or unit is usually indicated. The form such an analysis should take varies widely by case. At a minimum, the percentage of recurring costs represented by incremental, ongoing, project-related activities should be estimated along with an assessment of the capacity of the organization to secure the needed revenue from the government, an income producing activity of its own, some other source, or a combination of these. The simple statement that recurring costs will be covered is not sufficient. The probability that such costs will or won't be covered, and in what degree, should be discussed. If possible, a source and application of funds statement (cash flow) should be prepared which will show the impact of project-related recurring costs upon termination, and how they presumably will be covered.

. Research and Development Projects -- Experimentation: Such projects have traditionally been treated in a class by themselves,

as research can often be justified in its own right. The key question is what is required upon project termination to assure proper utilization of research results. If the research effort, or program, is a discrete activity that will end with the project, with findings to be disbursed to benefit other institutions, programs, or projects, then recurring cost is obviously not a problem. Often, however, the expressed purpose of projects of this nature is to establish an ongoing analytical or research capability, in which case the project would revert in whole, or in part, to the preceding category and corresponding guidelines.

c) Discussion:

A brief discussion took place during the project costing and subsidy presentations. There was not time left for a discussion of the recurring cost issue.

5. Economic Issues:

Presentation:

Jim Hradsky, Transport
Economist, REDSO/WA

Panel:

Larry Dash, Program Economist,
REDSO/WA
Mr. Mukherjee, Ag. Economist,
REDSO/WA
Graham Thompson, Chief,
AFR/DR/CAWARAP

a) Hradsky:

Jim Hradsky gave an excellent and comprehensive presentation on economic analysis in project design which is summarized below:

1) The Place of Economic Analysis in Project Design:

Overall, economic analysis is but one of several measures of project feasibility, including technical, social, financial, and environmental considerations. As a general rule, therefore, one should not let the details of an IRR or B/C ratio get out of perspective. The exact role that the economic analysis plays will vary as a function of several parameters, including reliability on the data base, availability of research on the topic, the type of project and current AID attitudes.

2) The Value of Economic Analysis:

a) For AID, economic analysis:

- . Takes project analysis beyond the expository stage and permits a certain quantification of project worth.
- . Translates the abstract ideas proposed in design and permits the reviewer to seize those ideas more graphically.
- . Provides a framework within which most aspects of a proposed project can be evaluated in a systematic manner.
- . Provides baseline data for future evaluation.
- . Helps the Agency to avoid flagrantly political projects which represent a serious drain on limited resources or which do not have a balanced equity perspective.

b) For the recipient country, economic analysis:

- . Can be a valuable tool in assisting the host government to select the best programs or projects and avoid wasting scarce national assets.

Can help governments better direct their attention on the lowest levels of economic development and is, therefore, a natural extension of the planning process.

3) Which Projects Should Use Economic Analysis?

All projects except those which fall directly in a "non-production oriented" or "social" category should undergo economic analysis. Obviously, wherever possible, the use of finite resources should be optimized. From the standpoint of national economic development, rational economic choice of projects is an important policy issue, not only to make the best use finite investment possibilities but also to reduce the recurrent cost/investment ratio.

Even in the "non-productive" or "social" fields, such as technical assistance, health, education or institution building, certain techniques can be used to help the analyst better grasp certain economic implications of development of those projects.

4) How is Economic Analysis Utilized in AID:

a) Personnel Requirements

Under the current AID design process, four different steps in economic analysis can be identified:

CDSS: At present, the economic requirement is generally expository, but can call for some analytic input at the macro level, i.e. debt-servicing capacity and national accounts

analysis. According to the recent CDSS airgram, however, the requirement could become more sophisticated.

. PID: Increased skills are necessary at the PID stage, but the analysis is still mainly expository. Certain sectoral specialists, however, (agriculturists, economists, transport economists), can be profitably used to provide a preliminary feel for the project's economic feasibility.

. PP: This is where economic analytical skills are most required if the job is to be done correctly. Requirements for outside personnel are strongest -- AID/W, REDSO, private consultants or university personnel. If these skills are found in a Mission, they are generally engaged heavily in project implementation and, are not available for PP design.

. Post-Project Evaluation: This is also fairly specialized and perhaps best handled by people outside the Mission.

With the above in mind, it is apparent that, for most Missions, there is a serious manpower constraint. Outside talent is often called upon. In these cases, especially with non-AID economists (private or university consultants), it is important that the AID project officer monitor closely both the initially proposed methodology and the consultant's progress in order to best orient his efforts in the direction of the Agency's mandate (e.g. BHN of rural poor, food production concerns, WID). In choosing the outside expertise it is also important for the project officer to keep in

mind that project economic analysis should not be just a formal hypothetical exercise, but, rather, thoroughly grounded in the realities of local living conditions.

b) Timing

It is useful to employ the services of at least one economist over the entire PP design effort, especially given the normal compressed three-to-four week timespan. If his contribution to the project is minor, he may be brought in toward the end (last two weeks) of the analysis. However, it is often useful, in the case where several project options are available, to use preliminary economic analysis to weed out the less interesting options early on so as to concentrate on refining the better options for the final PP.

c) Organizational Outline

The only relatively clear organizational outline for an economic analysis is at the PP level.

Handbook 3 provides only very general guidance as to the purpose of PP economic analysis as follows: (a) To identify economic worth against costs over time; and (b) To compare worth of the project with other alternatives to reach a rational project choice decision. In many cases only the first purpose is in fact attained, as the second purpose, that of rationally selecting the best project, is often a national or regional planning exercise.

Operationally, it is suggested that the economist undertake his normal technical analysis integrally and place this document in an annex. Given time constraints, this permits him to cover a sector and more complete integration of the overall analysis can be made in a summary in the body of the text. All tables, graphs, etc. should be included in the annex and only reproduced in the body of the PP as required.

d) Methodologies

The interested reader will find some useful thoughts and references for future study in Appendix 5G of Handbook III.

There is, however, no easily reproduced "cookbook" for economic analysis at the PP level -- nor even universally applicable sub-sector "recipes." The best methodology for a specific project will depend, to a large extent, on the creativity of the economist utilized, the state of existing analytic literature and the availability of accurate reference data. Because of compressed timeframes, the typical PP economist will necessarily look for shortcuts and ways of usefully compressing his analysis without altering substantially his analytical output. In all cases, it cannot be overemphasized that, as most analysis is necessarily based on a series of hypothetical assumptions, it is vitally important that the economist indicate and document these clearly. Finally, every economic annex should include a complete and easy-to-follow cash flow table.

. Internal Rate of Return

The most useful and commonly utilized measure of project worth is the IRR, which is simply a discounted cash flow over the useful life of the project. An acceptable project is one having an IRR above the opportunity cost of capital usually taken at somewhere between 10 to 12% in West and Central Africa.

The level of confidence in a given IRR will depend on the precision with which the costs and benefits can be measured (e.g., less reliable for agricultural sector in Sahel, soil and water management in Gambia, and fairly reliable for major highway analysis which is based on accurately identified user cost savings).

As the data base becomes increasingly shaky, the most accurate use of an IRR is in the comparative sense. Likewise, sensitivity analyses, to test the parameters of the basic assumptions, should be utilized extensively.

Finally, the non-quantifiable aspects of project costs, or benefits, should always be noted when they can't be assigned some monetary value. Depending on the reviewer's particular biases, these aspects can be significant. In the AID case, many non-quantifiable aspects can receive heavy weighting.

. Benefit/Cost (B/C) Ratio:

= $\frac{\text{Present worth of benefits}}{\text{Present worth of costs}}$, generally at opportunity cost of capital.

When the B/C ratio is utilized, acceptable projects will have a ratio of 1.0 or greater.

Basically a derivation of the IRR analysis, it is generally less utilized by AID, but is acceptable (e.g., if piggy-backing on other donor or separate consultant analysis where only B/C is indicated).

. Cost Effectiveness

This technique has not been widely used in AID projects, but can be appropriate for those cases where the benefit side of the B/C analysis cannot be easily measured (such as health, education, technical assistance, or institution building projects). The approach simply compares the discounted cost streams of project options (with outputs assumed similar). The least cost solution is then take as the most appropriate.

5) Supplementary Considerations

a) Macro-Analysis

Little real macro-economic analysis is generally required of the economic analysis in a PP other than a basic background economic description so that the reviewer better understands the role the project plays in the general national economy.

Two exceptions to this, although usually included in the financial section of the PP, are debt-servicing capacity (for loans) and recurrent cost analysis (discussed under financial analysis).

b) Lowest Level Budget Analysis

Generally subsumed under the financial analysis in the PP, some form of farm or family budget analysis is useful (a) to

indicate that the beneficiary financial interests have been adequately addressed and that his adherence to the project is rational on financial grounds, and (b) to better address Agency requirements for clear and positive project linkages to the small farmer or the rural poor. A representative beneficiary profile combined with farm or family budget analysis, should clearly show the financial impact of the project on that target group.

b) Discussion:

In discussion, the floor responded favorably to Mr. Hradsky's presentation, but emphasized the impossibility of bringing sufficient economic skills to bear on the design problems of Central and West Africa due to the severe manpower constraints mentioned earlier. Also, it was pointed out, many economists brought in from the outside did not themselves have the requisite skills in a development economics sense. Finally, it was stressed that one had to choose the correct or appropriate economic specialist, i.e., a transport economist normally cannot deal adequately with a livestock project and vice-versa.

6. Social Soundness Issues

Presentations: Alan Hoben, Chief, PPC/E Studies
Steve Reyna, Social Anthropologist, REDSO/WA
Carol Barnes, Contract Women-in-Development
Specialist, USAID/Upper Volta

a) Hoben: Alan Hoben gave a brief presentation centered mainly on macro and program levels from an AID/W perspective. Highlights include the following points:

- . Social soundness guidelines are being revised in Washington. Comments and recommendations from the field are solicited.

- . Contract social scientists often "miss the boat" when it comes to problem definition within the context of an AID project. The important thing is to make sure that the problem to be solved is perceived to be the problem by those that we are trying to help.

- . Social scientists often produce much "gobbledygook" that isn't really relevant to specific interventions contemplated in a given project. Every effort must be made to direct them properly and not allow them the luxury of going off on interesting, but only marginally useful, tangents.

- . There is a major need for hard information and data about what "works" and what doesn't. The Studies Division of PPC is currently embarked on a program of special evaluation studies in such key AID activity areas as land settlement, agricultural credit, etc. The office is especially anxious to tap AID direct hire experience.

b) Reyna: Steve Reyna concentrated his remarks on the role of the social scientists during design. He made the following principal points.

The social analyst should be utilized at all stages of the project development cycle, starting with the CDSS.

. In the area of social analysis, it is especially important to take advantage of local expertise. Experts are needed who know the country and the local language. Local social science institutions and universities should be utilized.

. As with economic or any other modern discipline, it is necessary to obtain the correct specialization for the interventions contemplated. For a mixed farming project, for example, one might want an economic anthropologist specialized in food production systems. (Steve Reyna has an up-to-date list of all U.S. anthropologists.)

. The social soundness input to project design should begin with homework, normally about a week's worth before arrival. A wealth of micro studies and other relevant material is available in most university libraries. This time should be structured into the contract. AID/W should make sure that the social scientist has studied appropriate background information before sending him out.

. The social analyst should come out early, and remain through the decision-making process where the basic design of a project is structured. Data collection takes time, and the social scientist should have the opportunity to actually effect design - not just ratify or justify it.

. The social analyst must be thoroughly briefed and carefully supervised. He must be made to direct his attention on the issues associated with the project.

. In relation to the target group, it is essential that the social analyst spell out exactly who they are and what they perceive to be utilities and disutilities.

. The social analyst should study local (indigenous) institutions, (councils, groups, clubs, etc.). It is instructive to explore the mechanisms through which the target population manages its activities and organizes itself.

c) Discussion:

Discussion began with the assertion from the floor that new guidelines were needed for social soundness reviewers as well as those who perform the analysis. This was supported by Dr. Hoben, who explained that an effort was being made to install appropriately trained and qualified social scientists in regional bureaus. There are still too few in the Agency to attend project reviews consistently.

Conversation then turned to parastatal organizations in response to a concern of Gordon Evans. In Africa, parastatals are often very powerful. When we work with them we need to be able to understand their political constituencies. This was supported by the participants and AID/W. Much more effort should be directed toward analyzing these organizations, both institutionally as well as in terms of the client group.

In response to the expressed need for better and more practical guidance in the field, Steve Reyna announced that he was working on a "cookbook" of "recipes" and instructions which would be distributed shortly by REDSO.

d) Carol Barnes on Women-in-Development (WID):

Carol Barnes, based on her experience in Upper Volta, spoke mainly of the need to look at women realistically as part of the fabric of the local society rather than as a separate and distinct element. It is also essential to consider women in economic terms. They have many of the same needs, and are driven by many of the same forces, that drive men.

Ms. Barnes supported the notion discussed earlier that a separate women's project category is not appropriate. The important thing is to assure that ^aWID element, or at least a WID consciousness, is incorporated in every project.

Finally, Ms. Barnes spoke of the need to emphasize men as well, in order to properly deal with the women, since any change in role or substantive activity of one will impact on the other. Social and economic profiles of both are necessary for effective project design and implementation planning.

e) Discussion:

The question was asked if there were any good role models for women in the African development setting that could be exploited. The answer was, "not really". Successful women in Africa, who have

made it in business or government, normally come from backgrounds entirely different from those we are trying to help, and are so "far up the ladder" as to be totally beyond a point to which project groups could aspire - at least within the context of the AID mandate.

The need for more expertise in the field was raised. Ms Barnes mentioned that the WID office in Washington is developing a roster of qualified and available experts which will be distributed as soon as possible.

7. Institutional Capacity Issues (Including Technical Assistance and Training):

Presentation: Larry Bond, Capital Development Officer, REDSO/WA

Panel: John Heard, Design Consultant
Jonathan McCabe, Chief, AFR/DR/SFWAP
Steve Grant, Human Resources Advisor, REDSO/WA
David French, Director, SHDS
William Johnson, Chief, AFR/DR/ARD

a) Bond:

Larry Bond began by commenting on host government institutional constraints commonly faced throughout Central and West Africa, i.e., scarcity of personnel, institutions bombarded by numerous donors for scarce resources, etc. He then went on to elaborate on a number of issues. The two most significant of these were as follows:

. Old vs. New Institutions: Two opposing views on this question often face us with a conceptual dilemma. Should we remodel old institutions before creating new ones, or is it more effective and conducive to social

and other change sought by the program to build new institutions, thus avoiding the "barnacles" commonly attached to existing bureaucracies?

The AID/W recommended preference is to use existing institutions when possible, primarily because of the extreme lack of human resources faced by countries of the region.

. A Time Dilemma: Traditionally AID has not wanted to get involved in long-term institutional support arrangements. AID wants "out" after a finite programmable period. There is a great danger of pulling out too soon, however, while the organization is still in a critical growth and stabilization period. Institution building, by nature, is long-term -- especially in Africa. AID has come to recognize and accept this within certain limits. Phased project development was suggested as a partial answer.

b) Panel Contributions:

The panel, primarily Dr. French and Bill Johnson, proceeded to comment on regional approaches and technical assistance and training respectively:

i) The Regional Approach

The SHDS project (Strengthening Health Delivery Systems) is encouraging regional cooperation and common solutions of typical problems, rather than attempting to mount a series of bilateral projects. On a national scale, at least in the health area, institutions are so grossly deficient as to pose almost impossible

difficulties in terms of addressing basic needs. We are just "scratching the surface" in coming to grips with the institutional capacity problem.

ii) Technical Assistance and Training:

Basic points made included the following:

. African societal pressures often favor near universal primary education, leaving few resources for secondary and higher education. The higher level pool available for training by AID projects is extremely limited.

. U.S. University admission requirements are stringent, and Africans with low and mid-level academic backgrounds often cannot be placed.

. In some countries of Central and West Africa there is a great reluctance to provide training to non-civil servants due to the inability to pay or place them after training.

. As a result of the above constraints, AID is obliged to structure heavy technical assistance elements into almost all projects of the region, especially in the Sahel, where up to 45% of project costs are often for technical assistance.

. Some of the recommended solutions to the technical assistance training dilemma are as follows:

- AID should fund participant training at lower levels, i.e., B.A. and high school. Mid-level manpower development is of the highest priority.

- Regional training institutions should be used to a greater extent. (CYMMET, for example, is now offering courses in French.)

- Title XII institutions could be utilized on a long-term basis to help African institutions develop appropriate training programs.

- Lower level technical assistance is often more appropriate and effective than the Ph.D. candidates we often send abroad. We should take more advantage of current and ex-Peace Corps volunteers.

- AFR/DR/ARD (Bill Johnson) is prepared to collaborate, on an Africa-wide scale, on the development of an inventory of training facilities to which Missions could send participants. (REDSO/WA has requested PD&S funds for such an inventory in Central and West Africa.)

c) Discussion:

Discussion supported most of the above points. No real solution to the institutional capacity issue emerged. It is a long-term problem of immense proportions. The best we can do is to systematically keep at it with appropriate long-term training and technical assistance activities. Innovation is badly needed. A general message was: be careful, be thoughtful, don't overburden existing institutional structures which are frequently very fragile.

8. Technical Feasibility:

Presentation:

Bill Johnson, Chief, AFR/DR/AFR

Panel:

Raymond Martin, Population
Advisor, USAID/Ghana
Norman Sheldon, Agricultural
Development Officer, USAID/
Sierra Leone
Jack Morgan, Engineer, AFR/DR
Steve Grant, Human Resources
Advisor, REDSO/WA

a) Johnson:

Bill Johnson concentrated primarily on the area of design team composition relative to technical analysis requirements. His main points are listed below:

. Design team technicians, although usually academically qualified, are often inexperienced and ill-equipped to deal with a development setting in a third world context. It is essential that USAID and/or REDSO technicians properly brief and orient these groups. Strong and enlightened supervision is often necessary, and this is the job of the project officer. Another measure can be inclusion of host government personnel on design teams to help keep such groups "on track."

Despite the above, it is critically important to seek the right mix of technical skills first, and then worry about language and field experience. Be sure to obtain the "right kind of agronomist." If you can't handle technical feasibility, you are nowhere.

. AID/W can, and should do a much better job of recruiting. We need better scopes of work, however, and more precise specifications as to exactly what type of expertise is called for.

. Better briefings should also be given in Washington, and teams should be able to review a major portion of available documentation prior to departing.

. The technical divisions of AFR/DR can do more for the field if they are better informed. Requests for technical expertise, for example, frequently go directly to DSB. Be sure to tag such messages, so that at least an information copy will come to AFR/DR.

. Greater use of local technical talent should be made, e.g., universities, consulting firms and other sources. (AWACO, The Association of West African Consulting Organizations, was formed last year with headquarters in Abidjan. Membership includes 23, mainly Anglophone, firms.)

. With respect to the development of technical packages, U.S. technicians are often essential, due to the "state of the art" kind of expertise required. Once the package is developed, however, it is frequently possible to revert to more junior level practitioners, current or ex-Peace Corps personnel, for example. In fact, we should seek much closer collaboration with the Peace Corps. Recent success stories encouraging Peace Corps/AID cooperation include Liberia and Mali. Another idea worth pursuing would be to investigate the possibility of running U.S. technicians through Peace Corps orientation and language training at the beginning of their stay in-country.

. We have three principal sources of U.S. talent, other than DH personnel - universities, IQCs, and personal services contracts (PSC). The PSC mode is often more practical and satisfactory, if the USAID knows who it wants and has the proper kind of understanding with that individual. IQCs are becoming more difficult due to the imposition of AID policy criteria such as the shutting out of those firms who have had too much business. (Experience Inc., Pacific, ATAC, DAI, etc.) Title XII universities are a good source of expertise; but be careful. When a Title XII institution takes on a design job, it assumes it will also implement the project, and this is not always the most desirable way to proceed.

b) Discussion:

Discussion centered on the use of African technical resources. Third country nations were raised as another excellent source of required skills. It was suggested to Washington that larger funding amounts should be provided to USAIDs for local hire. REDSO/WA also promised to distribute the 1975 study of African consulting firms and individuals available for design work.

9. Project Integration

Presentation:

Bill Johnson, Chief, AFR/DR/ARD

Panel:

Larry Bond, Capital Development
Officer, REDSO/WA
Robert Coulter, Program Officer,
USAID/Upper Volta
Robert Shoemaker, Capital Develop-
ment Officer, USAID/Zaire
John Heard, Design Consultant

a) Johnson:

Bill Johnson's presentation was short and emphasized, somewhat skeptically, the utility of the "integrated" approach and some key definitions. The main points raised were as follows:

. Integration means different things to different people, and views vary widely about how to go about it.

. The definition process has to start within the Mission.

AID should have a clear idea of exactly what it is talking about before going to the host government.

. One of the fundamental problems with integrated development has to do with the notion of territorial integrity. Ministries are often afraid of losing "turf" to others. They don't want to give away prerogatives or power.

. Much depends on the existing government structure. A decentralized government is much easier to work with than the narrow, highly centralized and compartmentalized "traditional" organization often found in Africa especially French speaking Africa.

. Integrated Rural Development (agricultural production, health, education, etc.) is expensive. It could bankrupt some of the countries we work with if we get ahead of their ability to sustain services. The recurring cost implications of integrated development must be carefully analyzed. Taking this into account, AID is now talking about "minimum" packages.

. Rather than always talking about "integrated" activities, it is important to consider "integrated decision making functions," a planning and programming process which must be in place if true integrated projects are to have a chance of success.

b) Discussion:

In general, discussion reinforced the skeptical view of integrated "models" presented by Bill Johnson. There was much more interest evident in the development of specific, practical interventions of manageable proportions. "Targets of opportunity" were raised as a legitimate sub-strategy to pursue in most countries. The Ivory Coast vertical integration model (a complete commodity system type approach) was raised as a case worth studying for possible replication. The need for sound "linkages" between components in multi-activity projects was stressed. Finally, a plea, heard in earlier sessions, was made for AID/W to develop comprehensive and practical guidance on evaluation and information system methodologies which can be applied to integrated, multi-component, and otherwise complex national and regional development efforts.

(This was the last of the "recurring issues".)

E. PL 480 Title III:

Presentation:

Vera Lafoy, Assistant Food for
Peace Officer, U.S. Embassy,
Abidjan

Panel:

Hugh Smith, USAID/Guinea Bissau
and Cape Verde
Donald Brown, Ag. Economist, USAID/
Senegal
Herb Miller, Program Officer,
USAID/Niger
Bill Johnson, Chief, AFR/DR/ARD

a) LaFoy:

Vara Lafoy began with a general explanation of traditional PL 480 programs, Titles I and II. Turning to the unique characteristics of Title III, she stressed the following points:

- . OMB, USDA, State and AID must all agree on a Title III program.
- . PL 480, Title III agreements are not commitments. Food shipments are always "subject to availability of U.S. commodities" as determined by the Secretary of Agriculture. Although the agreement can be for up to five years, each year's increment must be approved separately.
- . Annual progress by a country in compliance with a Title III agreement is constantly subject to Washington approval. The Subcommittee on Food AID in Congress will more than likely get involved in the approval process.
- . It is not wise to send "trial balloons" to Washington with regard to a particular country. More often than not they will be turned down. Proposals should be analytically based in compliance with the legislation and fully thought before being forwarded.
- . Likewise, it is not wise to build up a host government's hopes unrealistically. Title III procedures are demanding and extremely complex. Analytical (price policy, production and distribution

systems, nutrition and other factors) and reporting (annual performance) requirements can be considered onerous in some instances. A major effort needs to be made to rework the legislation so that it becomes a practical development assistance instrument.

. A Title III agreement is basically the same as a Title I agreement. The difference is that proceeds from commodity sales, or the commodities themselves, must be utilized for "additional" development activities related to food production/distribution and the well being of the rural poor. Policy changes on the part of the host government are a major goal of the legislation. The "additionality" clause is causing much confusion and consternation in its rigorous interpretations by Washington. (AID, USDA, State).

b) Discussion:

Discussion was heated over a number of the more controversial aspects of the new legislation. Also, a number of participants had attended the recent Abidjan conference on Title III. Additional points brought out during discussion included the following:

. There are numerous problems and complications inherent in the new legislation which should not be underestimated. A USAID should not jump into Title III blind, as it were, without extensive consultation with REDSO and other informed sources.

. There is a feeling that Washington is interested in "big countries and big programs" (Bangladesh, Indonesia) and that a number of countries in Africa won't be taken seriously. (A Senegal submission, now in preparation, will be a test case.)

. REDSO/WA is interested in analyzing potential recipient countries in Central and West Africa relative to Title III eligibility criteria. Gordon Evans expressed a desire to fully explore Title III opportunities in the region over the next two years. REDSO will respond to requests for help in this area.

Note: For details of Title III legislation, plus general guidance and a description of intricacies, pros, cons, etc., see the "Executive Summary" recently prepared by the Food for Peace Office in Washington. It is understood that additional guidance will be distributed shortly by Airgram.

F. Other Design Considerations:

1. Legal and Statutory Criteria (Outside of 611):

Presentation:

Bill Loris, Assistant RLA,
REDSO/WA

Mr. Loris covered a variety of topics in his presentation related to legal and policy criteria, as well as new legislative provisions. Highlights included the following:

. Section 110a: This is the cost sharing requirement for a 25% host country contribution. It applies only to bilateral assistance projects covered by functional account categories 103 thru 106. Excluded are assistance to international organizations,

foreign universities, participant training, and regional projects. 110a also does not apply to true multi-donor projects. In those cases, however, where the AID activity is discrete but under a consultative group arrangement, 110a does apply. Eligible contributions include cash, capital goods, personnel, studies, services, administrative cost, land, and inputs from beneficiaries. The input should be traceable in a logical framework sense (input/output). Waivers can be granted for RLDCs i.e. those countries on the UNCTAD list. (The Sahel Development Program is not bound by 110a).

. Conditions and Covenants: It is important that design teams and Missions work these out. The lawyers can put them in the proper language, but the substance should come from those who know the project intimately. Conditions, which have much more legal force than covenants, should be carefully planned so that they do not end up as impediments to project implementation at critical moments. Covenants (simply a promise by either party), although less forceful, have great value in project administration in terms of bringing about needed inputs and complementary activities in accordance with the implementation plan. Covenants can also have time requirements built in.

. New Provision on Energy: From now on, with any project where energy (fuel) is concerned, there must be special attention paid to energy considerations in the PP. (This provision has not yet been fully interpreted.)

. Other new provisions of this year's bill:

- "Off farm" employment is further encouraged.
- Within a multilateral framework, rural infrastructure

is encouraged.

- Under 103d (Nutrition and Health Improvement) breast feeding is encouraged.

- Under 103b the definition of agriculture now includes fishermen.

- 125a provides for improved evaluation of AID projects.

- Under 119b AID will coordinate with the Department of Energy on the planning and implementation of energy programs.

- 401a has to do with the proposed unified personnel system (see John Koehring's introductory remarks).

- A new provision requires a special justification procedure for non-competitive contracts of over \$100,000.

. New Delegation of Authority: The new consolidated delegation issued in October by the AA/Africa was discussed briefly.

It was generally agreed that the document represented a vast improvement over the previous, highly fragmented, set of delegations which had evolved over a period of more than two decades. The one point that received any real attention had to do with the consultation concept, as interpreted in the accompanying memorandum, i.e.,

delegated authorities shall be exercised only after consultation with appropriate legal, contracting, engineering and other advisors.

If the needed specialists are not on the staff of a field post, consultation must be sought with REDSO or AID/W offices.

(Consultations can be carried out by / ^{any} practical means, i.e., cable, phone, letter, etc.)

2. Engineering Inputs to Design:

Presentation: Jack Morgan, AFR/DR/ENGR

Panel: John Benoit, Engineer, REDSO/WA
Clark Spooner, Engineer, REDSO/WA
Lyle Weiss, Engineer, REDSO/WA
Larry Bond, Capital Development
Officer, REDSO/WA

Jack Morgan and his colleagues on the panel made brief presentations in their respective areas of specialization. The importance of engineering planning, analysis and review requirements were repeatedly stressed. It was specifically pointed out that the engineer should be called in prior to site selection for construction components. Often real savings can be realized by the host government by having an adequate engineering input early in the planning process.

In response to requests from the field, Mr. Morgan agreed to obtain guidance from Washington for meeting engineering criteria under Section 611a and/or to provide examples of excellent engineering analyses and plans and specifications in satisfaction of 611a. (Copies

of three model analyses were distributed during the session.)

It was mentioned that Chapter 1 of Handbook 11 had been revised. It needs to be translated and distributed to local engineers.

3. Contracting Considerations:

Presentation:

Herb Sultan, Regional Contracts
Officer, REDSO/WA

Mr. Sultan began with a discussion of the host country vs. direct AID contract issue. He pointed out that, while it is AID policy to strive for host country contracting, often -- as a practical matter -- it simply does not make sense in the African context. He is prepared to assist recipient governments work through the process, however. This has already been done on a number of occasions. The problem is that there is often no central office with responsibility for contract execution and maintenance. With each new project, a new ministry has to learn the ropes. There is no solid guidance from Washington on which countries should do their own contracting or how this should be determined.

Other points stressed by Mr. Sultan included the following:

. Before allowing a country to engage in "collaborative" contracting, it should be demonstrated that it has the capacity to negotiate effectively on price.

. Great care should be taken not to disclose basic funding information (PPs, etc.) to potential competing contractors, although it was pointed out that PPs are not controlled and are

just sitting around in AID/W waiting to be picked up. (Also, what to do about contractors who prepare the PP in the first place is a good question.)

. It is going to be harder to sell non-competitive procurement in the future. Requirements are more stringent. A committee exists in Washington to review all cases of non-competitive selection.

4. Procurement Issues:

Presentation:

Bill Gill, Regional Supply
Management Advisor, REDSO/WA

Bill Gill provided an excellent general rundown on commodity procurement policy, issues, and planning considerations related to policy design. Some of his more significant points included:

. Planning: The development of a sound commodity procurement plan for the PP was stressed repeatedly. REDSO is prepared to assist.

. Lead times for procurement of various items vary from year to year. When in doubt, REDSO should be consulted. For procurement planning purposes it is very important to determine exactly when commodities are required.

. Total cost for items delivered in West and Central Africa normally runs between 40 and 80% over sales price. It can go as high as 120%. Again, REDSO should be queried.

. The biggest problem, of course, is with waivers, especially for vehicles. In the case of vehicles, it is essential to prepare

waiver justifications based on service capability in the area where the project is to be implemented -- not just the capital city. It is vital to keep on making the case on vehicles. We should not order U.S. vehicles until the service and maintenance installations are actually established and functioning (Mission directors can waive source and origin requirements for up to \$25,000 worth of vehicle procurement for a single project). Construction materials, particularly cement, are also difficult. Waiver justifications, in the future, must be stronger and more complete. REDSO is prepared to assist.

. For the most part, procurement services by the African-American Purchasing Center (AAPC) have been quite good. AAPC charges a 7% fee which can be negotiated down somewhat for large orders.

. REDSO/WA is prepared to offer a variety of procurement training to both Missions and host government agency personnel.

. Project designers should be familiar with key provisions of the applicable regulations (Handbook 1, Supplement B; AID Regulation 1; and Handbook 15, Appendix A.)

G. The Washington Review Process:

1 Presentation: John Koehring, Director, AFR/DR

Mr. Koehring began the session with a brief elaboration on the goals of the review process and distributed a step-by-step breakdown and explanation prepared in connection with this summer's deliberations

on delegating authority to the field to approve projects. He then called for questions and comments on areas of confusion or concern.

a) Discussion:

During discussion the following points and areas of concern were highlighted:

. AFR/DR is considering a procedural change in the review process which would involve a small "in-house" review of PPs prior to the project committee meeting. In the pre-review meeting routine issues and inconsistencies would be resolved and a firm agenda set for the project committee.

. There was some discussion of the problem of uninformed questioning and critiquing in review sessions. It was made clear, however, by Mr. Koehring and others, that such "posturing" is becoming more and more a thing of the past, thanks to a real effort by the Bureau to establish better controls and a more serious vein for project committee reviews.

. Effective AID/W-field communication is a major part of the answer to review process problems. Communication has been improving, but an even greater effort needs to be made. Many potential review issues can be resolved or smoothed out before they become set by formal meetings if project offices and Missions can simply get together effectively by phone or some other means.

. Another important measure is to get AID/W project officers to the field more often so they truly understand country programs and constraints. Ideally, each officer should go out and design a project once a year. Sheer lack of knowledge in Washington is a major review process constraint in itself.

. In the area of Congressional Notifications, Congress is now asking for a quarterly report of where all funds come from for project funding increases and new projects. In effect, AID will have to report both decreases and increases to figures cited in the Congressional Presentation. It will be important, therefore, to have solid explanations for cutbacks and eliminations as well as additions.

H. Report of the PID Working Group:

(See B.2. above)

Presentation:

Bill Johnson, Chief, AFR/DR/ARD

Working Group:

Mike Speers, Capital Projects
Officer, Liberia

Dick Delaney, Program Officer,
Chad

Norm Sheldon, Ag. Dev. Officer,
Sierra Leone

The working group was formed after the PID session on the first day of the Workshop in response to the generally expressed need for new guidance, standards and criteria. The substance of its report follows.

. The Process: A 20-day response time is proposed for Washington after arrival of a PID from the field. If no cable is received within this period, the PID should be considered automatically approved. The Washington response cable should say either "approved" or "disapproved" with reasons. There should be no such thing as "conditional approval."

With respect to review meetings, these should be chaired by the Geographic Office director with invited participants only from AFR/DR, AFR/DP, and the Country Desk. Other offices can be invited on an as needed basis. The group should be small and of manageable proportions.

2. Criteria Proposed for PID Evaluation:

All PIDs should be reviewed in terms of "adequacy" in relation to the following eight criteria:

- (a) Consistency with the CDSS
- (b) Project Description
- (c) Technical Framework
- (d) Analysis of Host Country Capacity for Implementation
- (e) Analysis of Project Costs and Recurring Costs
- (f) The Initial Environmental Examination
- (g) Appropriateness of the Target Group
- (h) Analysis of Alternatives to the Project.

3. Discussion:

The principal topic of discussion concerned exactly what was different about the proposed criteria over what is already in effect. It turned out that Handbook 3 guidelines were basically endorsed. The major proposed change had to do with the process (timing, etc.), which is being proposed anyway. A feeling remained that a more substantive reworking of guidelines was in order. Washington representatives promised to come up with something in the near future that would also take into account whatever new project approval authority is delegated to the field.

IV. Closing:

In the closing session, John Heard gave a brief rundown on pending items and follow-up actions from the workshop which are included in the Summary and Conclusions section. Gordon Evans and John Koehring then expressed mutual satisfaction with the substance of the Workshop and the hope that more such sessions could be held in the future. Much interest was demonstrated in follow-up from the Workshop (guidance papers and this report) as soon as possible. It was felt that communications would be more effective and efficient in the future because of the common ground that had been covered.

APPENDIX A

Workshop Participants

AID/W

John W. Koehring	Director, AFR/DR
Chuck Husick	AFR/DR, Workshop Coordinator
William Johnson	AFR/DR, Chief ARD
Allen Hoben	PPC, Chief of Studies Division
Bessie Boyd	AFR/DR/SDP
Graham Thompson	AFR/DR, Chief, Central and Anglophone West Africa Projects Division
Jack Morgan	AFR/DR/ENGR
Jonathan McCabe	AFR/DR, Chief, Sahel, Francophone West Africa Projects Division
John Heard	AFR/DR, Contract Design Consultant
James M. Kelly	Director, AFR/SFWA

REDSO/WA

Gordon Evans	Director, REDSO/WA
Charles Christian	Deputy Director, Technical Support
Lawrence Bond	Project Development Officer
Tom Kellermann	Project Development Officer
John Benoit	General Engineer

(Appendix A, cont'd)
REDSO/WA (continued)

Ralph Barnett	General Engineer
Clark Spooner	General Engineer
Lyle Weiss	Water Resources Engineer
Robert Henrich	Regional Controller
Herb Sultan	Regional Contracts Officer
Bill Gill	Regional Supply Management Officer
¶ara LaFoy	Assistant Food for Peace Officer
Larry Dash	Program Economist - PADS
Jim Hradsky	Rural Development/Transport Advisor - PADS
Tridjib Mukherjee	Sectoral Economist - Agriculture - PADS
Steve Reyna	Anthropologist - PADS
Steve Grant	Human Resources Development Advisor - PADS
John Eriksen	Livestock Economist
Tom Muntsinger	Regional Legal Advisor
Bill Loris	Assistant Regional Legal Advisor

Field Participants

CAMEROON

Thomas Cornell	IDI/Cameroon
John Woods	Program Officer

(Appendix A, Cont'd)

CHAD

Val R. Mahan	Acting Division Chief, Ag. Div., Chief Special Division
Richard Delaney	Program Officer
James Jackson	Project Manager Ag.

THE GAMBIA

Douglas Broome	AID Affairs Officer
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GHANA

Raymond Martin	Population Advisor
Herbert Hinman	Ag Specialist
Stephen Szadek	Ag Economist

GUINEA BISSAU/CAPE VERDE

Craig Buxton	IDI/Cape Verde
Hugh Smith	Program Officer
Jim Maher	Country Development Officer

LIBERIA

Michael Speers	Cap. Proj. Dev. Off.
Noel Marsh	Program Officer

MALI

Ernest Hardy	Controller
Helen Vaitaitis	Asst. Program Off.
David Delgado	Proj. Man. Cereals
Larry Harms	Proj. Man. Livestock
A. Coulibaly	Proj. Asst. Gen. Dev.
Moussa Ly	Proj. Asst. Ag.
Michael Dwyre	Program Officer

(Appendix A, cont'd)

MAURITANIA

Robert Ritchie Asst. Prog. Off.

NIGER

Herbert Miller Asst. Prog. Off.

Ken Kowalcheck Fin. Analyst

SENEGAL/OMVS

Norman Schoonover Mission Director

Donald Brown Ag. Economist

Glenn Slocum Prog. Off. OMVS

Thomas O'Dell Asst. Prog. Off. OMVS

SIERRA LEONE

Norman Sheldon Ag Dev. Officer

UPPER VOLTA

Robert Coulter Program Officer

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Gordon Bertolin IDI Project Design

Carol Barnes Project Manager, WID
Specialist, Contract

ZAIRE

Robert Shoemaker Cap. Proj. Dev. Off.

Leroy Jackson Asst. Cap. Proj. Off.