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# WORKING WITH PARLIAMENTARIANS TO IMPROVE THEIR CAPACITY TO OVERSEE ECONOMIC POLICY: A CASE STUDY



## **About This Paper**

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Cover photo: The first graduation class of South African parliamentarians, University of the Western Cape, March 2004.

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**Neal P. Cohen**

Prepared for the Learning Network on  
Capacity Development (LenCD) Forum,  
Nairobi, Kenya, October 3–5, 2006

The findings and conclusions in this paper are those of the author and do not necessarily represent the views of USAID.

# Summary

This paper focuses on the achievement of domestic accountability in South Africa and the contribution of USAID/South Africa to strengthening the economics knowledge of parliamentarians. The annexes provide information on the program's work with other donors and its monitoring system.

The objective of the USAID training program was improved understanding of government's policy and the strengthening of democracy. The training of parliamentarians, a natural outgrowth of capacity building work with government departments, was considered likely to increase policy continuity.

It was hoped that training parliamentarians would result in their greater understanding and support for the government's economic policy, thus increasing the odds of its sustainability. The training program also sought to increase citizen understanding of the rationales of government programs and policies, along with which specific approaches might provide the greatest "value for money" for government. Nevertheless, the training program did not support any specific policy. Its purpose was to allow parliamentarians and officials to understand economic policy options and draw their own conclusions.

The program focused on improving the ability of historically disadvantaged

South Africans to analyze, design, and implement economic policy. In so doing, it addressed one of the legacies of apartheid: an insufficient number of professionally qualified non-white economists who could work at the economic policy level and provide input from previously excluded groups. For the South African government to realize its goal of developing its own economic policy without being dictated to by any donor or international organization, it was imperative that the number of qualified black economists in government be significantly increased.

Black South Africans with knowledge of economics were also needed to ensure that the views of the majority were heard and help the policy achieve domestic acceptability. The USAID training program was designed to help the government meet this urgent need, make the flow of parliamentarians and economic policy analysts sustainable, and then improve their ability to implement policy decisions.

The program trained parliamentarians from the generation that had boycotted the apartheid schools. They were smart, but lacked the academic skills to understand policy, question government officials on their programs, or conduct hearings on economic policy where citizens could present their concerns.

The training program was initially designed to help parliamentarians un-

derstand macroeconomic policy, along with the Minister of Finance's annual budget speech and its new policy initiatives. Training was later expanded to help parliamentarians understand other issues likely to come before them, such as the economics of international trade and regulatory policy. Eventually, the elements of the program coalesced into a bachelor's degree in economic policy.

The program also helped national parliamentarians and provincial legislators serving on public accounts committees to understand their oversight responsibilities and their role in investigating misspending and situations where results are not commensurate with government spending. It helped parliamentarians acquire the skills needed to investigate citations in Auditor-General's reports of misspending and possible malfeasance by government departments and state enterprises.

These actions helped the government improve its accountability to parliament and the public. Parliamentarians were also trained to perform their budget oversight role, one provided for in South Africa's Public Finance Management Act, which required all government departments to establish objectives and targets against which programs could be monitored.

The training thus gave parliamentarians the tools with which to assess government's economic programs through public discussions of the issues, open questioning of government officials, and a free, informed debate. Domestic support for new economic policy initiatives required this enhanced discussion.

The program received exceptionally strong support from the President of Republic and his administration, and was welcomed by parliamentarians. Over one-quarter of them enrolled in the initial training sessions, and this critical mass assured continuity. Immediate feedback was provided because initial courses were tied to understanding the annual budget speech. The government recognized the value of the training: ANC members chosen for the new joint budget committee were those in the USAID courses, and course graduates were rewarded with leadership roles in parliament or senior positions in government.

## Lessons Learned

The training program succeeded for the following reasons:

- It filled a gap that parliamentarians were aware of, concerned about, and wanted to remedy quickly.
- Those enrolled in the program received quick rewards for their work and positive comments from their leadership.
- The program was taught by the best South African economists familiar with current issues with help from excellent U.S. professors, and it was run by South African organizations.
- The South African University of the Western Cape was willing to help develop off-campus courses that could be taught when parliamentarians were available.
- The courses helped parliamentarians learn how to analyze; they did not tell

parliamentarians what policies were correct.

- The program attracted the support and keen interest of senior officials.
- The courses resulted in documented proof of accomplishment. A diploma in economics was a powerful incentive for people who had no chance of advanced training under apartheid.
- The course's location in South Africa and the large proportion of parliamentarians who participated achieved a critical mass whereby parliamentarians could help each other with analytical problems and improve their questioning of people appearing before parliamentary committees. This quickly made the program sustainable.
- The program was owned by the parliamentarians: they went to their own leadership to solve any problems that occurred. They also designed the tutorial approach and the timing of the courses, within a flexible structure offered by the university.
- USAID was flexible, focusing on results and working with parliamentarians to improve their knowledge of economics, rather than on specific policy changes. This approach allowed USAID to be perceived as a friend and as not as having its own agenda.

# USAID/South Africa's Economic Capacity Building Program

## Background

All the economic training work with the South African parliament and legislatures was accomplished through USAID/South Africa's economic capacity building program. This program had noted the serious shortage of trained non-white economists in South Africa at the time of the democratic transition: very few black economists were available to government, universities, NGOs, or the private sector, and thus

their input into decisionmaking was minimal. Support for post-apartheid government programs required that all racial groups participate, understand, and support economic policy initiatives.

The program's initial focus was an emergency one: building the skills of black South African economists for government through graduate programs in the United States and increasing the number of black economists at previously disadvantaged (that is, black) universities in South Africa.

There was considerable initial questioning of foreign assistance—and especially U.S. assistance—to South Africa. In a speech at a party rally in Mafeking, President Nelson Mandela questioned the reason for U.S. support to some NGOs. His government wanted to closely monitor donor programs to ensure that they provided what South Africans wanted and that donors did not dictate terms.

Because the South African government did not want any foreign institution to tell them what was good policy and what was bad, the USAID training program centered on improving the quality of economic analysis and the ability to use good analysis in economic decisionmak-



## USAID's Mandela Economic Scholars Program

Under apartheid, there were very few opportunities for black South Africans to achieve advanced degrees in economics, as only a few quality courses existed at the historically disadvantaged (black) universities. Some blacks got advanced training by leaving the country and getting educated elsewhere, but their numbers were insufficient to run a government.

For this reason, the initial focus of USAID/South Africa's work was the overseas training of black economists. The importance the government attached to this work can be seen in the fact that the first activity for which President Mandela allowed his name to be used was USAID's Mandela Economic Scholars Program

ing, and not any specific economic policy changes.

Initially, the program focused on government departments, especially on the National Treasury. Over time, the focus shifted from an emergency training program for black economists to one that built domestic capacity to continuously deliver well-educated black economists and research produced by teams that included black economists.

After the government's concern shifted from developing a supportive policy environment to delivering services and implementing programs, the training program developed a separate element: to strengthen the South African NGOs engaged in economic analysis so as to provide independent assessments of policies and programs.

The good analysis that government was doing with the help of a number of donors gradually led to an excellent policy environment. However, many members of the government tripartite alliance of the ANC (African National Congress), labor (primarily COSATU—Congress of South African Trade Unions) and the South African Communist Party disagreed with substantial elements of the government's new economic policy. Questions were raised about its sustainability, given the open hostility toward and threats against the alliance, and that the government appeared to have problems engaging the public in a discussion of the rationale for its policy.

Many analysts feel that there is a chance that the outcome of the 2009 presidential election may throw into question elements of current economic policy.

Democracies are often characterized by such debate over economic policy.

Parliamentarians supported government's economic policy, but senior parliamentary and government officials believed that this policy was inadequately understood and thus politically unsustainable.

South Africa's Public Finance Management Act required government departments to develop and monitor indicators of performance, and both these tasks required improved parliamentary oversight.

In addition, South Africa's Auditor-General frequently was unable to certify the accounts of government departments and state-owned enterprises. The office's reports were referred to the public accounts committees of the National Assembly and provincial legislatures, but many committee members were unable to understand the basis for the reports' conclusions and did not know how to investigate its allegations.

This was because many members of parliament were of the generation that protested against apartheid's schooling policy that severely limited the educational opportunities for blacks. Few were able to achieve secondary school certification, let alone earn tertiary or university degrees. The parliamentarians were politically engaged, smart, and involved, but they lacked the academic tools to independently analyze programs and policy initiatives.

The concerns were partly about improved understanding of economics, but the governance side was also critical. There was a need for parliament to

exercise its oversight: to hold government departments accountable for their expenditures of public funds, as well as the need to help make the economic policy of government understandable to the public. The work with parliament was an outgrowth of and a necessary complement to ongoing economic capacity building work with various government departments.

## History of Support for Parliamentary Capacity Building

The training program with parliament was initially an outgrowth of work USAID had been doing in basic economic literacy, offering two- to four-day courses for non-economists that enabled midlevel technicians to understand the role of economics and its basic analytical constructs. These short courses that provided a basic primer on economics were developed for the Department of Labor, and gradually spread to other departments and some state enterprises. USAID initially used their materials for the parliamentary program, but it soon became obvious that parliamentarians needed more specialized and detailed courses.

## SUPPORT TO PUBLIC ACCOUNTS COMMITTEES

South Africa's Auditor-General had experienced growing public frustration with the state of public accounts and that the National Assembly or provincial legislatures increasingly took no action in the face of possible misspending. His public statement that his reports were not being understood provided an opportunity for USAID to work on shared

“Over the past three years of APAC’s work with legislators, their analytical capabilities have improved enormously. They now understand the importance of their work, how to use the reports of the auditor-general, and how to question government departments on reported irregularities.”

*Limpopo Province’s Auditor-General, February 2003*

concerns about a lack of economic capacity in parliament with APAC (Association of Public Accounts Committees), whose secretariat was in the Auditor-General’s office.

APAC wanted to expand a series of courses developed with Swiss and UK funds that trained members of public accounts committees. That support had just ended when USAID began its discussions with APAC.

The APAC courses built from an understanding of the role and importance of public accounts committees and how the Auditor-General’s reports could be used to strengthen democracy by reducing fraud and corruption. These courses later taught participants how to read and interpret audited accounts and investigate allegations of misspending and situations where government was not getting value for money, as required under the new Public Finance Management Act. Finally, the APAC courses helped committee members learn how to conduct hearings on problems identified as well as what type of information each public official ought to be able to provide. Because the same political party controlled both the government and parliament, political decisions had to be made about what was doable.

USAID funded expansions of these courses to all the provinces, then began

explorations with APAC as to how district governments (which lacked any legislatures) could also have an oversight body. APAC’s collaborative work with public accounts committees in neighboring countries led to the creation of SADCOPAC (Southern African Development Community Organization of Public Accounts Committees) to share experiences and training. USAID did not fund this regional training, but it used materials that had been developed with USAID help.

The second element to the USAID program with APAC was the development of a pocket guide for public accounts committees: *Effective Public Accounts Committees—A Best Practice Handbook for Public Accounts Committees in South Africa*. The booklet, which could be slipped into a jacket pocket or a purse, provided the essence of the APAC series of courses and was distributed to all members of public accounts committees. The EU then provided the money to reprint the booklet and distribute it to all parliamentarians and members of every provincial legislature.

USAID emphasized to APAC that its funds could be used to develop new programs, experiment with new methods, and get the programs field-tested, but the government had to fund the training once the development phase

was completed. As the program became regularized, all costs were taken over by the South African government.

While USAID was interested in extending the concept to district governments, the Auditor-General did not have the same oversight authority for their accounts and USAID’s involvement with APAC ended. The growing shortage of USAID funds meant that the Agency was unable to look for another organization that might be able to do the work with district governments. The EU took over the funding of the training by APAC of parliamentary and legislative public accounts committees.

## **ECONOMICS EDUCATION FOR PARLIAMENT**

Work with the finance committees of parliament was initially an outgrowth of concern expressed by U.S. Embassy staff who were impressed by the dedication of leaders of parliamentary committees and their desire to do their jobs better. These parliamentarians had stated that they did not understand the rationale for government economic policy and could not interpret the government’s budget or the Auditor-General’s reports.

Harvard University’s JFK School of Public Policy had placed two American graduate students in the South African parliament for their thesis work, and the committee leadership requested USAID to fund at least one of them to return for an additional year. One returned to help the National Assembly’s Select Committee on Finance develop a research capacity to advise members on revenue and spending bills and provided limited training to committee members.

## Resolution of the National Assembly of South Africa

3rd Session, 2nd Parliament,  
13 September 2001

“That the House—

1. appreciates the macro-economic training given to Members of Parliament on 3 to 5 September 2001;
2. further appreciates the USAID programme for sponsoring the course in order for members to understand the complex nature of macro-economics;
3. applauds the quality of teaching by the lecturers from the University of the Western Cape; and
4. because of the globalizing effects of the world economies, supports the proposed one-year diploma course in macro-economics for Members of Parliament for next year.”

The leadership of both the National Assembly and the National Council of Provinces asked for USAID’s help in organizing courses around the Minister of Finance’s annual budget speech. Two 2-day courses were offered, one on basic macroeconomics and the basis for government’s macroeconomic policy, and the other on reading and understanding the budget. The latter was basically a course in what to look for in the budget, and it also presented what different analysts were recommending for inclusion in the budget.

Nearly one-quarter of all members of parliament took at least one of these courses, and the response was overwhelming. The minister was pleased that many more members understood what he was saying and asked questions, and parliamentarians were pleased that they finally understood what the minister was talking about.

After this reaction, USAID sat down with relevant committee leaders to determine what ought to be done next. USAID felt it was best to continue with a series of tightly focused courses on needed subjects, such as international trade (as part of the build-up to the WTO ministerial in Seattle), taxation, or regulatory policy. The Agency also felt its economic literacy program could provide a good base for all committee members.

The parliamentarians were not sure what made the most sense, but the mid-year program in economic development at Williams College, Massachusetts, offered an opportunity for a few of them to broaden their knowledge of economics. Those that enrolled returned tremendously excited by the program and wanted their colleagues to attend. Because this was not economically feasible, USAID and Williams College began to explore the idea with parliamentarians of offering a scaled-down version of the course in South Africa.

The first of these courses offered in South Africa involved Williams College professors, who joined senior South African economists and senior government officials to teach 80 parliamentarians offsite for a three-week period in all-day sessions with evening home-

work. The Economic Policy Research Institute (EPRI), a local thinktank, organized the courses, with substantial help from the University of the Western Cape, and the overall effort was administered by a contract with Nathan Associates. During most of the morning, professors talked about economic theory; in the afternoon, the Minister of Finance, the Minister of Trade and Industry, the Governor of the Reserve Bank, or other senior officials talked about how they used such theory.

The course was an enormous success, and there were immediate requests that it be offered the following year. In addition, the parliamentarians wanted additional courses throughout the year and more structure to the series of courses.

The parliament and USAID turned to the University of South Africa (Unisa) to expand the course offerings. Unisa is among the largest distance-teaching institutions in the world. It has a four-course module leading to a certificate in economics, which could lead to a diploma in public policy after additional courses. Usually Unisa courses were conducted entirely by mail, but USAID developed a tutorial system for the parliamentarians whereby designated times when parliament was in session were chosen as teaching times and no committee meetings or general sessions could be scheduled.

The tutorials were handled by EPRI, the South African thinktank that organized the budget and macroeconomic policy courses, and the teachers included professors from the University of the Western Cape, a historically disadvantaged black university.

“I’ve been in parliament for nine years, and this is the first time I’ve understood what the minister was talking about when he presented the budget.”

*Parliamentarian in the USAID-sponsored course*

The highest mark on the diploma course was achieved by a parliamentarian in the USAID program. However, time constraints on parliamentarians meant that they could not move to a full traditional first (bachelor’s) degree in economics of public policy. Because they could not attend regular classes, they needed a program that could be very intensive during break periods and light when parliament was in full session.

Only the University of the Western Cape’s economics department had the foresight to put together a program with flexible hours for professionals, and it submitted this program as meeting the standards for university accreditation to the South African association that certified academic courses. Students had to fulfill all regular requirements for a bachelor’s degree in economics, but courses and tutorials could be offered away from the campus, at parliament, and at unusual hours. The courses included regular university exams, which were not in any way simplified for the parliamentarians. In each course, a number of parliamentarians failed and had to repeat the material. Finally, in March 2004, the first group of 24 parliamentarians graduated with the bachelor’s in public policy. Many immediately went on for their honors degree in economics.

As the development phase of the program ended so did USAID involvement. The courses became regular offerings of

the University of the Western Cape and the funding shifted to parliament.

As the next section shows, additional work could have been undertaken with the parliamentary committees, but declining resources precluded new initiatives.

## Accountability

The South African government was determined to steer its own course on economic development and economic policy, and felt that some of the advice of international financial institutions had contributed to problems elsewhere in Africa. The government never wanted to be in a position where it was told what its policy had to be.

Whenever USAID helped with capacity development on a specific policy area (such as taxation or privatization), though the resulting policies might have emerged during discussions with USAID-funded technical assistance, the policies were presented as the South African government’s policies. USAID advisors were presented as advisors to the government, not as USAID-provided advisors.

The government insisted on playing a controlling role in all project decisionmaking, deciding on priorities and where USAID economic capacity development resources ought to be directed. The designated officials were serious and conscientious. They lis-

tened, discussed, and came to consensus decisions.

To rely on South Africa’s own resources for economic development meant that all programs had to achieve a large degree of domestic accountability. They had to be—and had to be perceived to be—the result of South Africans deliberating on what was right for South Africa. They also had to be explained to the public in public discussions of the merits of the program.

Domestic accountability necessitated widespread discussion of policy within which the public could provide its assessment. One forum where this can be done effectively is in parliament. The entire parliamentary training program was thus designed to help the South African government improve the accountability of its own programs and policies. The program resulted in parliamentarians understanding the implications of the budget speech and the importance of the policy elements it contained, and promoted a more vigorous public discussion on the budget and proposed policy changes.

But the benefits extended beyond finance committees. The courses on international trade resulted in parliamentarians querying the Minister of Trade and Industry on South Africa’s objectives from the Doha Round of negotiations at the WTO. The course on regulatory policy (essentially microeconomics) resulted in extensive discussions about decisions of the competition commission. And the skills acquired by members of finance committees encouraged government to allow them to make limited changes in spending and

taxation bills, an unusual occurrence in a parliamentary system.

The training helped members of public accounts committees to determine whether the government funds were being spent as directed, whether agreed-upon results were achieved, and where the government had received value for money. This was essentially a case where a government office—the Auditor-General’s—wanted wider discussion of its reports on possible misspending and corruption. It wanted public discussion of these issues and to have parliament review the report, use it to find problem areas, and ensure that government departments and state enterprises were accountable to the public.

The training of parliamentarians in economics was designed to make government’s economic policy more accountable by helping parliament to exercise its oversight responsibility effectively. Parliament and USAID wanted public hearings on economic policies to air citizen perceptions and heighten understanding (and therefore hopefully) support for sound policies. If government insisted that its departments have objectives and targets, then there was a need for parliamentarians to publicly review performance and hold government officials responsible for using the public’s money as effectively as possible.

Again, the opposite phrasing might better illustrate the importance of the program to government accountability: without the knowledge of how to read Auditor-General reports and the ability to understand basic economics, parlia-

ment could not perform its oversight role or hold government departments accountable for misspending or ill-designed policies. With a public discussion rooted in knowledge, there was likely to be greater support for policy and greater domestic accountability.

The training that parliamentarians received was at a tertiary level, and it helped many achieve a bachelor’s degree in economic policy. One negative comment about the program related to the quality of the knowledge that the parliamentarians achieved. They were street-smart, and their dedication helped them absorb more than most, but the program did not make them senior economic analysts. They became more literate and knowledgeable about economics and better understood policy, but they were not qualified professional economists. Many said that they now wanted to pursue postgraduate degrees.

The parliamentary training program itself had to be held accountable. Was it achieving value for money and achieving its objectives? This accountability was achieved in two ways. First—and for all USAID and almost all other donor programs—there were regular discussions with government on accomplishments, where the government indicated its programmatic priorities and preferred new directions, and where it sought to improve coordination. During the early years of the program, this was an intensive, often grueling experience. During the last four years, as confidence in USAID grew and government was convinced that there were regular and substantive working-level meetings between donors and South African gov-

ernment officials, these broader reviews became less detailed.

The parliamentary oversight committee met frequently to review all programs and the direction of the program. The parliamentarians were very self-confident and willing to voice their opinions. They insisted that USAID not use one of the contractors a second time because this person told them what the right policy was. The parliamentarians wanted to be provided with the tools to analyze problems, not to be told what was right. The parliamentarians evaluated speakers for their ability to present the material effectively. Their assessments were invariably correct, even if they presented problems and some senior economists who lacked the ability to present material effectively could not participate again. Discussions about where the program ought to be headed and what it ought to do always involved equals. It was South Africa’s program: USAID helped the parliamentarians determine what they needed and how the training needed to be done. It was not USAID’s program for parliamentarians.

The parliamentary training program had additional and extensive accountability hoops to jump through. Because of the program’s high profile, these hoops were higher than almost any other in the portfolio. The President of the Republic took a keen interest in the program and wanted to speak at the annual three-week course, though international commitments precluded this. However, the Minister and the Deputy Minister of Finance, the Minister of Trade and Industry and Public Enterprise, the Governor and Deputy Governor of the Reserve Bank, the Statistician General,

the Competition Commission Commissioner; and other senior government officials spoke. In addition, many of these officials were actively involved in planning the sessions and getting others to lend their active support. They not only ensured that the program was properly designed, but they provided feedback on how well it achieved its objectives.

Because of this involvement—and perhaps also because of the chance to influence economic policy—senior economists in academia and the private sector also became actively involved in the design and monitoring of the program. None were paid for their participation, nor did they receive airfare or hotel accommodation. If they were present when a meal was served, they received that meal for free.

As with all USAID economic capacity development programs, cost sharing was required, and there was the gradual shifting of all spending to the relevant government department—in this case, parliament.

The program did not end because all its objectives had been achieved. It ended because its principal objective had been achieved. There was no longer a development aspect, as opposed to an ongoing or recurrent spending aspect. Many ideas were offered on new programs that could extend the economic training program to provincial legislatures or extend the public accounts committee training to district-level government. In addition, USAID was interested in helping create a research service for parliamentarians. None of these ideas could be achieved, as funds became increasingly tight and the program completion date neared.

**“The best economic training ever offered to South African officials.”**

*Minister of Trade and Industry Alec Erwin on the economics training for parliamentarians*

Whenever there were internal reviews of the program and reviews with other U.S. government agencies or South African government officials, the training program was highlighted as an enormous success. It found an urgent need and worked with its clients to find a way to help them achieve their objectives, while at the same time helping USAID achieve its capacity development objectives.

## Lessons Learned

The training program succeeded for the following reasons:

- It filled a gap that parliamentarians were aware of, concerned about, and wanted to remedy quickly.
- Those enrolled in the program received quick rewards for their work and positive comments from their leadership.
- The program was taught by the best South African economists familiar with current issues with help from excellent U.S. professors, and it was run by South African organizations.
- The South African University of the Western Cape was willing to help develop off-campus courses that could be taught when parliamentarians were available.
- The courses helped parliamentarians learn how to analyze; they did not tell

parliamentarians what policies were correct.

- The program attracted the support and keen interest of senior officials.
- The courses resulted in documented proof of accomplishment. A diploma in economics was a powerful incentive for people who had no chance of advanced training under apartheid.
- The course’s location in South Africa and the large proportion of parliamentarians who participated achieved a critical mass whereby parliamentarians could help each other with analytical problems and improve their questioning of people appearing before parliamentary committees. This quickly made the program sustainable.
- The program was owned by the parliamentarians: they went to their own leadership to solve any problems that occurred. They also designed the tutorial approach and the timing of the courses, within a flexible structure offered by the university.
- USAID was flexible, focusing on results and working with parliamentarians to improve their knowledge of economics, rather than on specific policy changes. This approach allowed USAID to be perceived as a friend and as not as having its own agenda.



# Annex I. Donor Collaboration

## **Donor Collaboration on Support to Government**

Donors were tremendously interested in assisting newly democratic South Africa and building the capacity of the victims of apartheid. To this end, they worked in different departments and different fields, using many different approaches.

There was some overlap with Australian, Canadian, and German assistance programs in capacity development, but these programs were small, and the collaboration was essentially that they filled niches of interest. USAID and DfID provided most of the economic capacity development programs. For other work—for example, that undertaken with the Department of Public Enterprises to build its capacity to privatize enterprises—there were regular meetings among USAID, DfID, and contractors and department personnel.

Work on developing capacity in the international trade area (mainly research, but also some training) involved collaborative work with a wider group of donors, with DfID attempting to coordinate the program and ensure complementarity. Each donor implemented its program separately. In its work to improve the ability of National Treasury to develop pro-poor budgeting, DfID provided funds to the USAID contractor to implement agreed-upon work.

Each donor has an annual review of its program with the South African govern-

ment, which sought to coordinate the work of all donors and assure linkages. The Department of Trade and Industry tried, with EU resources, to coordinate the work of all donors, but this effort lasted only two years. In economics, there were no donor meetings coordinated by the South African government, though there were regular planning, monitoring, and implementation meetings because of the similarity of DfID and USAID programs in the area of economic policy.

Because apartheid had disenfranchised black South Africans, the economic capacity development program had a strong link to governance. Effective democratic governance necessitated educational programs for black South Africans in many fields, including economics.

## **Support to Public Accounts Committees**

There was no joint programming or coordination with other donors for work with public accounts committees. The assistance from Switzerland that had started the program was ending when USAID started its work. The EU was active with support to parliament and used their resources to further disseminate work developed by USAID contractors. There was neither agreement on common objectives and approaches nor any substantive discussions.

## Economics Education for Parliament

Most of the funds that provided education and training for parliamentarians came from the EU. The EU did not administer the funds directly, but designated specific people at parliament who controlled access to the funds. This approach proved to inhibit successful collaboration between EU- and USAID-funded programs.

The South African government, aware of declining donor resources to fund training and research support to parliamentary committees, increased the budget available to parliament for staff development, research, and training. When procedures for using this budget were decentralized, it became the major source of funds to continue the program that had begun with USAID money. The EU also provided funds to continue the program when USAID's support ended.

The most interesting collaboration—and the one that ought to have been the greatest success—was a linkage with a program funded by DfID to improve access to research by parliamentarians. It funded research coordinators who would find answers to questions posed by parliamentarians as well as contracts for original research, as needed, with South African professionals.

As the parliamentarians in the USAID course improved their knowledge, they were able to raise issues on which they

wanted a research paper, an analytical comment, or a very short “course.”

The DfID program could become a de facto further education program for the parliamentarians. Parliamentarians felt the need for this, since people with vested interests provided information at open meetings of committees and more neutral people could be hired.

To assist DfID, USAID proposed to hire a professional staff member for the parliamentary finance and budget committees. This person would help the parliamentarians frame research questions and use the results. The requests would then feed into the DfID program, which would actually do the research or provide focused discussions.

This collaborative approach to improving the analytical capabilities of parliament received wide support from parliamentarians, DfID, and USAID. There was general agreement on the purpose and objectives of the collaborative program and how it would be implemented.

Unfortunately, changes in funding ended the collaboration. As the agreement was being finalized, DfID announced it would have to cut back on its program because of its spending requirements elsewhere in the world. Shortly thereafter, economic growth funds available to USAID's South Africa program were reduced, and a decision was made to complete currently agreed-upon work but not begin anything new.

# Annex 2. Monitoring and Assessment

There are a number of different reasons for monitoring a program, and each requires different solutions. Several of the reasons, and the solutions that were found, are discussed in this annex.

Donors flocked to South Africa immediately after the end of apartheid. There was very little oversight of coordination of program, and the South African government was concerned about the chaos, the lack of needs assessment, coordination, or ensuring that the programs fit within the governments overall plan.

Gradually, the government took control of programs and insisted on regular reporting and assessments. The programs changed from being donor activities to being government activities that were supported by donors. In taking control, the government also tried to provide additional help to assure program success.

This monitoring and government help in program implementation led to greater successes that, in turn, improved aid effectiveness. Donors became more confident as they realized that programs in South Africa would work and show results. As a result, donors provided additional resources—far more than might be justified on strictly equity grounds.

In respect specifically to USAID’s program to improve economic policy capacity, the objective was clear from the start, but the way to achieve that

objective constantly changed. This was possible because the program was focused on results, not locked into specific delivery mechanisms.

There had been considerable discussion on whether the program’s objective should be specific policy change or improving the capacity of people to perform the economic analysis. The South African government made it abundantly clear that it was not interested in being told by any donor—whether the United States, the World Bank, or International Monetary Fund, what its economic policies ought to be. Finance Minister Manuel mentioned to the parliamentarians during the USAID training that he had visited Zambia before becoming minister, and he felt that the advice being provided by the international financial institutions was wrong. He vowed never to allow South Africa to get in a position where someone else could dictate its economic policy. Thus USAID emphasized improving the quality of analysis and ability to understand economic phenomena.

The objective became “to improve the capacity to formulate, evaluate, and implement economic policies” by focusing on improving the economic skills of historically disadvantaged people in key government departments and nongovernmental entities. It was a mantra of the program that good economic policy had a better chance of emerging if

there had been good economic analysis. Phrasing this in the negative might better illustrate the guiding principle: poor economic analysis is likely to lead to bad economic policy. Nearly all top economists in South Africa were white males, and the viewpoints of those who had been historically disadvantaged had to be heard before economic policy could be designed to meet the needs of the entire nation.

Because this was a capacity development program, monitoring focused on the number of people who successfully went through USAID training programs. All training activities had to assess the amount of information learned, and a follow-up analysis addressed how much information was retained and how it was used. Monitoring was slightly modified when people attended long-term training. It kept track of people who were placed in jobs that used their economics training, reviewing what they were doing the policies they were analyzing.

There was always considerable controversy about using these indicators for capacity development: they were considered too output-oriented and not results-oriented. However, the objective was capacity development, and USAID was forbidden from targeting specific policy change. USAID got around this problem by periodically contacting people who had received its training to determine whether and how it had influenced their policy work.

In some cases the impact was easier to assess, and this was especially true for the parliamentary work. The ANC (the

majority party in parliament) required that its representatives on the newly established joint budget committee be those in the USAID training program. A number of parliamentarians were selected for senior government positions, and the reasons given was that they had improved their economic skills and now were “to be deployed” elsewhere. This included the current Deputy Minister of Trade and Industry, the provincial Minister for Local Government in Gauteng (South Africa’s economically largest province), and two ambassadors. A large number of parliamentarians who took the courses have also moved into other positions of leadership.

Anecdotes and self-assessments gathered on the impact of the program were complemented by periodic, structured external assessments. The training program was complemented by other USAID activities aimed at helping develop qualified black professional economists to create a critical mass. Thus, specific attribution of impact to the parliamentary capacity development alone is challenging.

USAID had attempted to use published independent assessments of the status of economic policy in areas where USAID-trained people were active. For example, there are regular assessments of the quality of fiscal policy, regulatory policy, and monetary policy. The problem with using these assessments is that their measures are usually at least 18 months out of date, and it was questionable whether USAID’s program was sufficiently large to change the figures appreciably.

For the training of members of public accounts committee, the assessment of

the impact of the training was easier. It was designed to help these members better understand Auditor-General reports, and especially those that indicated misspending. USAID monitored the number of parliamentary or legislative investigations begun, along with the number that resulted in a rebuke, censure, or individual being found guilty.

USAID could show that it trained people who had moved into key economic positions, and that those people felt that their training helped them get these positions and that they were influencing policy. Separately, USAID could assess whether the policy changes were positive. Such changes were not easily quantified, but they could be reported to provide additional substance to the output figures.

A second aspect of monitoring is the monitoring of the performance of contractors who did the training. The purpose is to focus the contractor on the desired result and monitor the key variables that influence success. For the contractor engaged in tutoring parliamentarians, performance evaluation was based on the number of people who passed courses, but the maximum fee paid for such tutoring was fixed in advance. The contractor thus had incentives to help people pass, but they were not directly rewarded if the effort took additional time. For the universities involved in the training, the contract was in terms of number of people in the program, as USAID did not want to provide any incentive to pass people who might not have met course-completion requirements.

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