EVALUATING THE EVALUATORS:

An Ex Poste Look At What Has Been Learnt
From Three Cooperative Projects.
(An Exploratory Study)

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ACRONYMS

A.I.D : United States Agency for International Development
AID : United States Agency for International Development
AID/W : AID/Washington
ANERA : American Near East Refugee Aid
BDG : Government of Bangladesh
CDP : Cooperative Development Program
CDSS : USAID's Country Development Strategy Statement
CHF : Cooperative Housing Fund
CIVID : Israeli Civil Administration on the West Bank and Gaza
COVIDEPROL : The Roma Baking Housing Cooperative (Honduras)
EC : European Community
ERR : Internal Economic Rate of Return
FEHCOVIL : The Federation of Honduran Housing Cooperatives
FY : Financial Year
NGO : Non-Government Organization
RE : Rural Electrification
REB : Rural Electrification Board (Bangladesh)
PBS : Rural Electrification Cooperatives (Bangladesh)
PVO : Private Volunteer Organization
T/TA : Training and Technical Assistance
TSO : Technical Service Organization
USAID : United States Agency for International Development
WB/G : West Bank and Gaza
WBG : West Bank and Gaza

EXECUTIVE SUMMARY

This desk study looked at three USAID supported cooperative projects, to see what written feedback was provided to USAID and the public. Final reports were looked at for a further six projects, to provide a broader context for the study. Selection was based on completeness of available documentation, wide geographic spread, differing implementing agencies, differing types of assistance and differing types of counterpart institution(s).

It should be readily admitted that as a desk study of somewhat limited scope, the findings need to be viewed as hypotheses rather than verified and firm conclusions. Moreover, USAID certainly knows more about the projects that it supports than is captured in formal reports. Thus every statement should be qualified by the caveat *judging by the documents examined*..... This said, enough emerges to suggest that the quality of reports submitted to USAID could be readily improved, and that better use could be made of the (improved) reports.

Project reporting that was examined in detail included the Cooperative Development Program implemented under very difficult conditions in the West Bank and Gaza, Rural Electrification III in Bangladesh, and the Cooperative Neighborhood Improvement and Job Program in Central America.

Key findings are that the projects examined passed the "smile test", namely that they were well received by intended beneficiaries.[1] However, project activities did not seem to be informed by a strategic view of the interventions to be provided. The log frames used in project proposals, seemed to be overtaken by events and not re-thought or replaced with another managerial framework.

Project evaluations provided a noticeably better description of the project, its successes and difficulties, than project authored final reports. Evaluators' recommendations while apparently valid, and in many cases incisive, were to the present author's view too project oriented. Seldom, if ever, does an evaluation address the wider question: What does this mean for USAID? It is almost as if the evaluations were addressed exclusively to project management, without any expectation that the report would be passed on to USAID or the general public.

In the short run, this focus on project specific lessons may serve USAID well, since it finesses the possibility of criticism of USAID's role. However, in the longer run, it makes it very difficult for USAID to learn, and improve the requirements for project design and management. Congress is right to ask: How has the cooperative support program been changed since the last review? What evidence does USAID have of improved performance? Where has the program been weak? Where do we have successes that can be replicated reliably? And, what program changes are proposed? *The evaluations read, provide little help in responding to these types of program-wide question.* Individual

[1] That a program was well received does not tell us whether it was delivered at reasonable cost.

examples of "missed questions" are flagged in the discussion of the documentation of individual projects.

The report ends with some brief remarks on a very successful cooperative dairy project in India, supported by USAID (through Food Aid) and the World Bank. This is offered since each of the three projects looked at appears to have had significant limitations, to go along with some substantial accomplishments. So far as we know there was little down-side to the Indian project, except perhaps some sub-standard support from the major donor (not USAID).

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Overview

Evaluation: Knowing what I know now, would I do it again?

1.1 This report is not an evaluation of USAID's cooperative support program, nor indeed an evaluation of the three projects examined in some detail. Rather it is an evaluation of *how USAID evaluates the cooperative development projects that it supports*. Given this methodological twist, the report may well have implications for USAID's program, well beyond the relatively narrow confines of cooperative support.

1.2 *Evaluation*: Evaluation is a highly judgmental/subjective area, it may therefore be worth spending a little time on the author's understanding of the purpose and methodology of evaluation. *Evaluation is primarily a learning process*. Well done, it allows us to avoid repeating our mistakes, and tells us how to replicate our successes. Obviously, evaluation is concerned about project outcome; but even more importantly it is concerned with understanding why or how the outcome came about.

1.3 *Judging Project Success*: Some evaluation systems, notably the one used and developed by the World Bank, take a technocratic approach to judging project success. They divide project impacts into separate dimensions such as "sustainability", "institution building", "efficiency (cost effectiveness)", etc, and after having scored the project on each, aggregate the result into an overall judgment as to whether the project was "satisfactory" or "unsatisfactory". In the author's view, this obscures the fundamental judgment: knowing what we now know, would we still recommend the project? No project gets approved without some support. At some stage, prior to approval, someone (and often many people) expresses support for the project. This is an important responsibility, and one needs to consider: Would I do it again?

1.4 *"What We Know Now"*: The qualification "knowing what I know now" is crucial to judging whether it was wise to undertake the project, as is a proper understanding of "what we know". The West Bank and Gaza Cooperative Development Project encouraged the Beit Lahia Strawberry Cooperative to air-freight a shipment of tomatoes(?) and strawberries to Europe. The result was a loss of $33,000. A key issue in evaluating this experience is to know if the possibility of losing $33,000 was included in analysis that underpinned the recommendation to proceed. If this possibility was foreseen (presumably along with a higher probability of substantially greater profits), then the question is: Has this experience changed our estimates of the probability of profits or losses? *If these estimates have not changed, then presumably we would still recommend direct exporting, despite one bad experience*. Good advice that worked out poorly on this occasion. However, if the loss is primarily explained by overestimating the demand for Palestinian strawberries as compared to established brands from Israel or Cypress, or to unforeseen logistical problems, delays in customs, or the like, then our perception of the opportunity has changed, and in the light of this new information we would likely not recommend further trial shipments.

1.5 This point is emphasized since evaluation is not about whether the project was lucky. It is about whether it was a sensible way to use resources, in the light of what was known (or should have been known[1]) at the time the decision was made.

1.6 *Honesty*: Most people would wish that development assistance was provided on a purely technocratic basis, without reference to domestic, international or recipient country politics. This is seldom the case. The very existence of ear-marked programs within the USAID budget, immediately warns that domestic (Congressional) concerns over-ride a simple instruction to "spend this money where it will do the most good". It is very important in making an evaluation to try to get an honest and complete account of the motivation for the project. In this connection, the logframe may be a very poor guide as to what the project hoped to achieve. If project's real objective is to satisfy the Senator from DC, there may be substantial dissonance between this objective and anything that can acceptably be put into the logframe. Moreover, such constraints may well influence how the project should be implemented. This topic is discussed in greater detail in the context of the West Bank and Gaza.

1.7 *Judgment*: Evaluation involves judgment, that may or may not be well formed. Even in reproducing facts about the project, judgment is involved in choosing which facts to record[2]. Interpretation of facts is even more subjective, inevitably involving interaction with how the evaluator sees the world. There is no way to make evaluation objective. Two evaluators faced with the same evidence could write substantially different reports. This means that the reader too has to make judgments. Is the story internally consistent? Does the story agree with the facts presented? Does it tell me more about the project, or about the evaluator? And, above all, is it interesting?

1.8 Caution as to the subjective nature of an evaluation is particularly merited in the present case, since it reports a desk study carried out by one person: There has been no clash of views between colleagues, and no ground-truthing with project staff, beneficiaries or the USAID staff involved. Hopefully, despite these cautions, the reader will find the study interesting.

1.9 *Methodology*: The author was provided with a wide range of USAID cooperative support program documentation, see Bibliography. In two cases (West Bank and Gaza, and Central America) this material included an Evaluation Report or mid-term Evaluation, and in these cases there were also a Final Report, End of Project Report, and Proposals for different extensions of the project. This material formed the basis for two (desk) case-studies. There were two Rural Electrification projects (in Bangladesh and Bolivia) with Project Proposal/Paper and a Mid-Term Evaluation, brief perusal of these documents led to the choice of the project in Bangladesh as the basis for a case-study.

1.10 This selection also resulted in sampling three different geographical regions, three different contractors, three types of indigenous organization (government, PVO and cooperative), project size ranging from $15 million to $60 million and three different implementation environments (established government partner, one benign and one malignant situation).

1.11 The study involved reading the available material, and attempting to reconcile the different information/views expressed. This activity was not checked by discussions with USAID or project staff or intended beneficiaries. For this reason the study is described as "exploratory". The case study suggests that much stricter (necessary) conditions for terminal reports could easily be identified, and hypothesizes that USAID should make significantly more use of the resulting (much improved) reports. A key issue is the optimal level of USAID involvement in implementation. Not by micro-managing contractors, but by being involved with strategic issues, expecting to be able to explain *why* particular project components went well or badly, and in particular by recognition of the circumstances under which successful project components are likely to be replicable in other contexts. Much more careful study will be needed before this hypothesis can enter the conventional wisdom; on the other hand there may be experienced USAID and contractor staff whose own project experience leads them to endorse the hypothesis.

1.12 If, as seems possible, USAID has been down-sized to the point that it cannot provide strategic management in-house, then consideration should perhaps be given to contracting it out. Strategic management is a crucial function that must be carried out, in-house or out.

West Bank and Gaza
Cooperative Development Project, (ANE-0159-G-6020-00)

2.1 Available reports[4] include two evaluations (of different aspects of the project), a Final Report, proposals for two different extensions of the project, one of which was accepted and funded, and several consultant's reports. These reports span the eight years 1986 to 1994. It can be claimed that they are "old wine" nothing to do with USAID's procedures and culture in the 21st century. Be that as it may, it is worth reflecting on USAID's project experience a decade ago, if only to emphasize how things have changed, ... or not changed, as the case may be.

2.2 The West Bank and Gaza must have been one of the least hospitable environments for fostering economic development and poverty alleviation (at least this has not changed). This poses an immediate question: Why undertake a project in such an inhospitable environment? Not that the intended (Arab) beneficiaries were unreceptive, but it is clear that the administrative authority (i.e. Israel) was not, to put it kindly, fully committed to the economic development and poverty alleviation of the indigenous Arab society. It seems to this reviewer that given the substantial economic assistance provided to Israel, some assistance to the West Bank and Gaza was mandatory, if the United States wanted to play a significant role in the peace process. Thus an apparently technocratic development assistance program was, implicitly

at least, a component of the United States politically driven foreign policy[5].

2.3 By the same token developmental decisions that in other contexts would have been technocratic, were overlain by political considerations. For example, the least-cost solution to village electrification would have been to connect to the Israeli grid, however this would have exposed the connected villages to having their power cut-off by at Israel's pleasure, and the ill-fated strawberry exporting trial may have been in part motivated by a desire for economic independence of Israel.

2.4 The end of project report draws attention to the (unrealistic) goal assumptions of the project logframe:

- No adverse political changes would occur in the region,
- Economic conditions in the WBG (West Bank and Gaza) would not worsen due to inflation, locally or worldwide,
- Civil strife in WBG would diminish and would not disrupt T/TA (Training and Technical Assistance) nor impact the financial viability of CDP (Cooperative Development Program)-assisted projects,

and output level assumptions:

- Overall economic situation in the region would not deteriorate,
- Weather conditions would be favorable,
- Authorities would permit timely, direct export to EC and other countries of agricultural commodities, and
- Authorities [would] encourage cooperative development.[6]

2.5 Given that the *infada* was at its height, and had been underway for over a year, these assumptions appear, even without hindsight, to have been unduly optimistic; *however, they were consistent with the assumptions underlying the peace process*, so that given its context it would perhaps have been unreasonable to expect the project to have adopted more realistic assumptions[7].

2.6 Sufficient has been said to establish that the Cooperative Development Project, should be viewed as a project operating in very difficult circumstances, both in terms of surrounding difficulties, and in terms of some reluctance to accept the existence of these difficulties.

2.7 *End of Project Reporting.* In the author's view the *End of Project Report*, should have been rejected by USAID. The report documents that a number of desirable things were done, but beyond this provides very little useful information. It does not tell us total project cost, much less provide a breakdown of intended and actual line items. Nor does it repeat the logframe, so that there is no way to put reported achievements into context. None of the logframe indicators[7a] promised in the 1988 project extension proposal are included in the *End of Project Report*, nor is any explanation offered as to their omission. Some discrepancies between logframe/project assumption and realizations are described, but (perhaps understandably) no effort is made to

explain why such major discrepancies should have arisen. As an example of "reporting without information" consider the following:

"In May 1992 a new Chief of Party took over the management of CDP. Since then the Devres evaluation took place, the CDP reorganization was completed, CDP held a resource center workshop, and CDP assisted in the reactivation of the Union of Olive Press Cooperatives."[8]

If the change in Chief of Party was worth reporting: Why was it worth reporting? If the Devres evaluation is worth mentioning: What were its main recommendations? Which recommendations were endorsed by the project, and which were not? How has, or how will the project respond to these recommendations? What was the reorganization designed to achieve? Has there been sufficient experience with the change to say anything useful about it? *In short, what can USAID learn from the reported changes?*

2.8 It is not, of course, necessary that these follow-up questions be answered in detail, but at least the key considerations should be conveyed.

2.9 The report also has major mechanical weaknesses, such as no Table of Contents, no Executive Summary, no data on exchange and inflation rates, and a very incomplete set of acronyms.

2.10 *Evaluation of the Cooperative Development Project*: Mechanically this is a much better report. It is dated, with acknowledged authors, an Executive Summary, Table of Contents and very complete set of Acronyms. Moreover, a strenuous effort has been made to report project costs, to relate actual achievements to those intended, and to evaluate the use made of technical assistance and the training program. Data gaps are duly noted.

2.11 The context of the evaluation is peculiar, since the authors knew that the project being evaluated had been extended. Perhaps in these circumstances it is understandable, that the recommendations should for the most part be forward looking, and focus on improving the effectiveness of the new project. The result is that the evaluation does not really ask: *What can USAID (or the development community generally) learn from this project?*

2.12 In the view of the present author there is a fundamental disconnect within the logframe between Program Goal:

"Increase the income and thereby improve the well-being of members of Palestinian cooperatives"[8a],

and the Indicators for the project:

"1. Increase of 10% over baseline in total cooperative membership in the West Bank and Gaza", ...and the like.

The natural indicators for the given goal would be prices paid by cooperatives relative to other organizations, amount re-invested in the cooperative, adequacy of coverage of depreciation and the size of the patronage dividend, and perhaps services offered by the cooperative and not available elsewhere. The result of this disconnect is that

cooperative income and the welfare of the membership are nowhere reported either in the *End of Project Report*, or the evaluation. Training and technical assistance may well be important in increasing cooperative incomes, *but this is not demonstrated, and more importantly no evidence is advanced that project activities have made any impact on the project goal.* That this was not noticed by the evaluation, makes some of its apparently sensible suggestions moot.

2.13 A key question unaddressed by the evaluation is: *Why are these cooperatives in need of assistance?* The *End of Project Report*[9], provides a mechanistic explanation:

"For a period of more than 20 years there had been no cooperative training undertaken in the West bank. With the end of the Arab-Israeli war in 1967, the Jordanian Cooperative Organization (JCO), which had originally provided authority, support and surveillance over West Bank cooperatives, was compelled to curtail much of its support and training on the West Bank".

This begs the question as to *why* alternative sources of training were not found; and the capacity of the cooperatives to pay for training. That in turn, points to a salient question as to the profitability/cost-structure of the cooperatives.

2.14 Neither the *Project Report* nor the *Evaluation* provides any information on the profitability, cost-structure or dividends paid by cooperatives. Mention is made of substantial hardware provided (presumably as a gift) from ANERA (American Near East Refugee Aid), but nothing about the overall financial position of the cooperatives, nor is a needs assessment provided. A needs assessment for training was carried out prior to providing it, however as the *Evaluation* points out the project does not yet appear to have carried out a wider needs assessment:

"But it was clear to Devres that CDP (Cooperative Development Project) did not have a full grasp of the real needs nor if training is the solution for addressing the perceived needs. Could there be other types of intervention for example? To emphasize this point, Devres asked the co-ops what their needs are. The answers were one of two: 'Everything is fine', or 'We need more of everything'."[10]

2.15 When the original project was extended in 1989, this was on the basis of focusing technical assistance and training on a small group (about nine) of key model or core cooperatives. However, neither report mentions (a) the basis for this narrowing, or (b) whether, on reflection, this narrowing should be adopted in similar projects. The Evaluation recommends planning a "graduation date" for the nine targeted cooperatives. Graduation *criteria* are not provided.

2.16 Even acknowledging that the *Evaluation Report* did a much better job than the *End of Project Report*, nevertheless it has to be concluded that USAID has been ill-served by the evaluative reporting on this project. The key disconnect within the logframe that separates the Project Goal from project actions appears to have gone unremarked, and although the *Evaluation Report* rightly recommends a though needs assessment (altogether more all encompassing than a training need assessment), it should really have recommended to USAID that even

before the 360-degree needs assessment, USAID obtain a proper diagnosis as to *why* the Palestinian cooperative movement was in need of assistance.

2.17 One of the consulting studies, the *Gaza Strawberry Industry Study*, stands out as having followed a trial export of strawberries to the EC that resulted in a loss of $33,000. *The report dated 1994, makes no mention of the loss from direct exports that occurred in 1991.* This boggles the mind. The report provides data suggesting that exports return $3.42 per kilo, versus $0.50 per kilo for local sales. No discussion is provided of the obvious questions: Why not export more? And, why does the (Israeli?) export agency pay seven times as much for strawberries as they would fetch on the local market? The answers may be well known in Gaza, but for a USAID funded report one would expect a better description of the institutional anomalies leading to this result. It may be that the higher price is intended as a subsidy. It may be that the higher price applies only for a very limited season. It may be a conscious policy of giving preference to Israeli exporters, and so on (i.e. the Palestinian cooperative is paid the same export price as Israeli producers, but are not free to sell as much as they would like at the higher price).[10a] Suggestions are made for freezing and processing excess production, or exporting to Jordan. However, no estimates are provided as to the likely profitability if adopted. In the circumstances one might have expected marketing to be dealt with much more seriously.

Bangladesh
Rural Electrification III, (388-0070)

3.1 *Rural Electrification III*, is the third tranche of USAID support for a successful program of rural electrification in Bangladesh. For the first phase of this program USAID provided the only donor support. USAID was the largest donor ($50 million) to the second phase but other donors, including the World Bank ($48 million) contributed an additional $137 million ($89 million net of the World Bank and USAID). For the third phase the World Bank is providing a loan of $79 million, USAID is providing a grant of $60 million and several other donors had indicated support at the time of the approval of USAID's contribution.

3.2 "Successful" in the last paragraph reflects that the physical and organizational infrastructure for rural electrification is being established, and that substantial donor support has been attracted to help fund the program. As to whether it was a wise use of resources cannot be immediately ascertained from the documents reviewed for this report (see below).

3.3 The strategy for Rural Electrification in Bangladesh called for the whole country to be electrified by 2000. This was to be achieved under the general direction of a national Rural Electrification Board (REB) that would oversee decentralized autonomous member-owned rural electric cooperatives (PBSs), each covering 400 to 500 square miles. Moreover, the first phase of construction for a PBS would provide about 500 miles of backbone distribution line, with the expectation that further subsidiary lines would be built subsequently as needed to ensure service to all villages in the PBS's service area.

3.4 While USAID's initial project supported establishment of PBSs and construction of back-bone distribution systems, Rural Electrification II and III supported fill-in of already established PBSs. This has significant implications for the economic rate of return for these two projects. Rural Electrification III also included provision of the Technical Assistance requirement (including other donor funded construction) of REM in the third phase of the electrification program.

3.5 The two key project documents reviewed in this study are the project proposal, and mid-term evaluation.[11]

3.6 *Project Proposal*: Technically, this project was a straight forward continuation of the earlier projects, involving well known technology and known indigenous institutions, and it enjoyed the support of most major donors in Bangladesh. Moreover, it was focused on filling-in the distribution network for PBSs that already had a main backbone distribution and administrative system in place, rather than establishing new PBSs. Accordingly, the project proposal provides a clear and concise description of the proposed construction to be supported, and the technical assistance and training to be provided. Some slight augmentation of the latter two contributions in excess of their previous levels is proposed, but with the assurance that institution building is on target, and that the need for foreign technical assistance, and intensive training is expected to wind down.

3.7 Project justification is dealt with at greater length, and less clearly. Justification is touched on in four places, the project rationale, logframe, internal economic rate of return (ERR) and financial analysis. It is by no means clear that these are internally consistent. The *project rationale* (page 8) is quite brief and worth quoting in full:

"The USAID Country Development Strategy Statement (CDSS) for FY 1986 contains three program goals: reducing human fertility, increasing agricultural productivity, and expanding rural employment. USAID firmly believes that rural infrastructure provides a stimulus to economic activities that eventually lead to expansion of agricultural production and employment opportunities. Rural electrification is a prime example of how infrastructure - electricity - has contributed to the development of industries and agriculture in rural Bangladesh. Sufficient data is not available to definitively assess the impact of rural electrification in Bangladesh. However, consumption patterns of electricity is heavily oriented towards productive users (i.e. electric powered irrigation pumps, and commercial and industrial consumers) which results in increased agricultural production and additional rural employment possibilities.

"Any success in our rural electrification activity is not simply a matter of building the necessary infrastructure. Sustained generation of energy in the rural area depends ultimately on the ability of cooperatives to achieve financial viability by rationalizing the electricity rate structure, intensifying the density of service and improving the management capability of the different institutions. These will be the foci of our continued efforts in rural electrification and provide the basic rationale for the RE (Rural Electrification) III project."

3.8 The *internal economic rate of return* (ERR) for the project is calculated (*Project Paper*, Annex F.3, page 3) to be about 27%, and to be fairly robust in the face of more pessimistic assumptions. It is surprising that this very high ERR is not included in the project rationale since, if true, it provides a strong confirmatory evidence to underpin the USAID strategy.

3.9 In part, a high rate of return might be expected, since this is a "fill-in" project, where the initial cost of building PBS distributive backbones and organizational structures has already been born by earlier projects.[12] With minor exceptions the project benefit stems from providing energy more cheaply than other technologies (replacing diesel irrigation pumps, and kerosene lanterns). Only for village markets and rural industry does rural electrification serve to facilitate significant production and living pattern changes. This in turn means that benefits come from two primary groups:

i) Those who have a direct cost saving by using electricity, and

ii) Those who could not afford to use diesel irrigation pumps (or kerosene lighting), but can afford to irrigate (or work by electric light) or who can start rural industries at the cheaper rates.

3.10 For year 30 (the last year used for the ERR calculation, all figures in Tk000s, no currency equivalents are given)

Grand Total All Benefits (for year)	244,768
Grand Total All Costs (for year)	152,879
Benefits - Cost for Year	91,889

This is a healthy surplus, however, the composition of benefits is heavily weighted to (a) new consumers, and (b) those starting new industries:

Irrigators & Industry Cost Savings	15,634
New Consumers	109,437
New Industry and Irrigation	119,697
Grand Total All Benefits	244,768

Moreover of 4,660 projected meters for (new) commercial customers, only 873 (19%) are projected to be for new irrigators (per PBS).

3.11 It thus appears that the very attractive ERR is highly dependent on the *formation of new rural industries and high market penetration amongst consumers*. The author is not in any position to challenge these projections, however they do provide a useful basis for the mid-term evaluation to check whether it still seems reasonable to endorse the projections.

3.12 For purposes of the ERR calculation costs have been reduced by shadow pricing unskilled labor at 0.75 of the basic wage, and other domestic costs at 0.80 of actual cost.[13] Unskilled labor is taken to be 50% of construction costs and 80% of the cost of Operations and Maintenance. The author has no basis for challenging these estimates although given the low cost of unskilled labor they represent surprisingly labor intensive technologies. Regardless of their validity, such a high proportion of discounted costs in calculation of the ERR could lead to major divergences between the economic and financial analysis, since the financial analysis has to pay actual prices, not discounted ("economic") prices.

3.13 Turning now to the *logframe* (Annex B) we see that the first two measures of Goal Achievement are:

1. Electric irrigation coverage of the 17 PBSs increases from 199,845 acres in 3/31/85 to 429,211 acres by 1990,

2. Total tons of grain in 3/31/85 due to electric irrigation increases from 297,360 tons to 623,600 tons in the 17 PBS's by 1990. (Additional grain dry season primarily).

3.14 Dividing grain output from electric irrigation by acres served, we see that the above two indicators imply that grain yield from electrically irrigated acres will remain constant at 1.5 tons/acre. This is a conservative and perhaps irrelevant indicator to use. Much more interesting would be the extra grain produced due to previously unirrigated land being converted to irrigated, by the lower cost of electric as compared to diesel pumping. These conversions would lead to yield increases from whatever the unirrigated yield is to the 1.5 tons/acre assumed for electric (and presumably diesel) irrigation.

3.15 There are then a large number of indicators without baseline data that will be verified by studies, followed by quantified construction and connection indicators. Since connection indicators depend on effective demand from consumers, farmers and businessmen, it is worth summarizing these indicators/objectives (total additions for the 17 PBSs being served by 1991):

Households	295,000
Irrigation Pumps	4,400
Commercial	1,700
Industrial	1,770
Total	302,870

or 17,816 connections per PBS by 1991. This appears[14] to bear only the most tenuous relation to the ERR calculation for a "typical" PBS, that specifically mentions less than 10,000 new domestic and irrigation meters, (commercial and industrial connections are not broken out). (Annex F-3, pages 16 and 17).

3.16 The obvious question raised is *whether there is an underlying model that informed both the logframe and ERR calculation*, or whether these were carried out independently.

3.17 The *financial analysis* (Section III.B) starts with a consideration of the position of the original 13 PBSs financed by USAID (in Rural Electrification I, as different from the 17 PBSs being intensified in Rural Electrification III). As the report says:

"One indicator of the financial performance of the 13 PBSs is their ability to meet the financial covenants under which they were established. These dictate that each PBS, once the 5 year grace period expires, should be able to meet its operating expenses and begin repayment of principal and interest on the REB loan used to finance initial construction." (Page 25).

During the "grace period" the government would provide a subsidy to PBSs to cover the amount by which operating expenses exceeded revenue.

3.18 As the report says:

" …. Only 4 of the 13 PBSs had positive operating margins during the most recent fiscal year (FY 84/85). On the other hand all PBSs except one either reduced their operating deficits or increased their operating surpluses between FY 83/84 and FY 84/85. The overall financial performance of the PBSs is likely to improve *ceteris paribus* as consumer densities and average level of consumption increase. …… None of the PBSs which end their grace period in FY 85/86 will be able to make full principle and interest repayments. Although 7 PBSs should be able to make partial payments."

3.19 This is not a happy picture. A 41% tariff increase would be required for PBSs to make their scheduled payments and break-even, and this assumes that the tariff increase would not affect the use of electricity. If demand fell in the face of higher prices (as is extremely likely) then an even higher tariff increase would be needed. In the face of an elastic demand, it is even possible that there is no tariff level that the PBSs could break even.

3.20 Worse, PBSs were in receipt of massive subsidies: They were charged an interest rate of 3% versus a market rate of 14.5%, and they were charged only 54% of the cost of bulk power purchases. Given these distortions, it is likely that there may have been other relevant subsidies (possibly diesel for irrigation was also subsidized?), however reference was not found to subsidies on complementary and competitive goods.

3.21 The report captures this problem in part ("in part", since it does not factor in the interest rate subsidy):

"It is clear… that average PBSs would have to achieve quite significant tariff increases in their retail margins in order to meet repayment requirements by year 10. Moreover, since the bulk tariff is likely to increase significantly in the future, the absolute increase in the average PBS tariff required to meet loan repayment needs will be very large indeed. For example, if the bulk rate doubles to Tk. 1.9/KHW then the average tariff required to meet repayment needs for a base case PBS would be Tk. 3.87 in year 6 or Tk. 3.27 in year 8. This compares with average PBS tariff of Tk. 1.7." (Page 27).

3.22 It thus appears likely that the calculated ERR (and associated "economic" benefits) is dependent on continued massive subsidization of the rural electrification system. (No subsidy, far fewer connections, and much lower ERR, possibly with a negative net present value for discounted benefits-costs). If on the other hand the subsidy were included in the ERR calculation it seems likely that net present value of benefits-costs would again turn out to be negative. *While the present report is written 15 years later, there is nothing in the above argument that should not have been clear to reviewers at the time.*

3.23 It thus appears that *the project proposal is internally inconsistent due to not having used a single model to drive the ERR calculations, logframe, and financial analysis. Moreover, the "short-cut" used in the ERR calculation, of "avoided costs", turned out to be misleading: What was really needed was a full-blown "with and without project" analysis.*[14a]

3.24 *Bangladesh Rural Electrification: Preliminary Assessment: Final Report*, is an interesting document. It was produced with the aims of (a) contributing to the development of a Country Development Strategy Statement for USAID, (b) to prepare terms of reference for a later full-scale assessment of the impact of Rural Electrification in Bangladesh, and (c) to provide a system for the Rural Electrification Board to monitor and evaluate the socio-economic impact of rural electrification. As such it provides a thumb-nail sketch of what is known about rural electrification to date, highlights some of the key issues, reports on some modest primary data collection, and proposed an assessment with a budget of $ 227,448.

3.25 As with other writings, both by USAID and the World Bank, an appropriate concern with the financial performance of the REB\PBS system is coupled with almost total insensitivity to the level of subsidies needed to ensure break-even by the REB\PBS system.

3.26 The *Mid-Term Evaluation* says:

"The objectives of USAID in continuing to support technical assistance through 1996 to develop the management, financial and technical capabilities of REB and its associated rural electric cooperatives, the PBSs, are generally being met. The underlying institutional structures of the REB and PBSs are sound, although key areas of REB management, finance and engineering need further strengthening. The financial picture of the entire system is steadily improving. *Financial viability of the entire system will continue to depend on financial support from donors and the BDG (government) for the foreseeable future.*" (Page vii, emphasis added).

That, in a paragraph, says it all.

3.27 Two idiosyncratic features of the evaluation[14b] that mirror the earlier case study, are (a) the absence of data on inflation and exchange rates (so that it not possible to identify the macro-economic setting within which the project was called upon to operate), and (b) the neglect of the log frame as an evaluative tool. The log frame is exactly designed to identify *ex ante* quantifiable indicators that will be used to judge project performance. At the very least one would expect an evaluation to state that none of the log frame indicators were available, and that no apparent effort had been made to collect them. In the present case some log frame indicators are available, but they are buried in the main text, and even when reported they are not related to the logframe projections.

3.28 There are no surprises in terms of technical performance, technical assistance and training; and unfortunately none with respect to the need for continued subsidy. However, the *financial* performance of the PBSs as a whole is much better than the author would have expected on the basis of the project proposal. In particular, the system as a whole had a positive net margin in 1993 (page 66):

Item	US$ Million
Operating Revenue	47.7
Interest Income	5.5
Cost of Electric Service	48.5
Net Margin	4.7

3.29 The positive net margin is just slightly less than interest income (understandably not factored into the project proposal projections), that arises in large part due to accumulation of under-spent depreciation (0.6% of assets spent versus 2.9% provided to reserves), and the high interest rate in a highly inflationary environement.[15] This fragile financial viability is dependent on continued interest rate and other subsidies to the PBSs. The above Cost of Electric Services includes payment of the highly concessional interest charges, but no contribution to the repayment of the $250 million of long term debt.

3.30 A final sad observation by the mid-term evaluation is that despite the very low cost of electricity to villagers, it is too high for the very poor. Indeed with those who manage to pay for connection, but then are disconnected due to failure to pay the monthly bill, reconnection is low. Suggesting that these people find that electricity is over-stretching their budget; rather than disconnection representing the result of a one-time emergency.

3.31 Again a key policy issue has been missed (not only by USAID, but apparently by all major donors to Bangladesh): *Is it wise to invest $250 million in a capital short economy in a system that will require substantial recurrent subsidies?*

Central America
Cooperative Neighborhood Improvement and Job Program
(LAC-0131-A-00-5046-00)

4.1 Five documents[16] were reviewed for this project. Careful reading shows them to be about the same project: All are valid descriptions of (some aspects of) the project, but illumine quite different facets. Since the reports are so different they will be described individually first, before making some general comments about issues raised.

4.2 *Evaluation (April 1988)*: This is by far the best of the five documents examined in detail. If not "best practice", it certainly qualifies for "good practice". In terms of presentation it has a table of contents, and good cross-references within the report, less satisfactorily it does not identify the project number, and lacks a list of acronyms. It has a very full (23 page) executive summary with good cross references, however a summary of the summary might have been appropriate!

4.3 More substantively, the evaluation points to the issues of (a) an extremely high cost of administration ($1 spent on project administration for each $1 lent), (b) the problem of preservation of capital, while lending in a highly inflationary environment, (c) the difficulty of reaching the poorest of the poor while providing new housing built in the formal sector, (d) a comparison of project housing and costs with that provided by the private sector (the project scores quite well on this)[16a], (e) undue emphasis on technical assistance for construction, when loan administration, credit policies and office management were probably the areas most in need to technical assistance, (f) the difficulty of trying to use grass-roots organizations with no previous exposure to housing for project delivery, (g) the problem of "graduating" organizations so as to be able to function without technical assistance or subsidized loans, and (h) the difficulty of private sector provision of infrastructural services, such as water, sewage and electricity to communities.[16b]

4.4 Recommendations are provided to help deal with (if not solve) the identified problems.

4.5 There are major discrepancies between the project as described in 1988, and later reports in the *Project Completion Assistance Report*, and *Project Completion Report* in 1991. The 1988 *Evaluation* cites (formal sector) project house construction costs from $2,926 to $8,337, while the *Project Completion Report*, gives three case studies of informal sector home improvements (one of which involved complete home rebuilding) costing less than $860. There is thus no connection between what the *Evaluation* reports, and what is later reported in the *Project Completion Report*. By the same token, the *Evaluation*[16c] cites emerging problems of arrears, the *Project Assistance Completion Report*, claims that such problems are virtually non-existent.

4.6 *Evaluation Plan (January, 1990)*: This long document describes the background of a Self-Help Housing Cooperative in Honduras: The Roma Baking Housing Cooperative, with acronym COVIDEPROL. USAID's assistance to this project ran through USAID to the Washington based NGO, Cooperative Housing Foundation (CHF), that supported a Honduran Technical Services Organization (TSO/PVO), the Federation of Honduran Housing Cooperatives (FEHCOVIL), that provided credit and technical support to the Roma Baking Housing Cooperative, that in turn enabled individuals to purchase low-cost housing with a mortgage secured on the house[17].

4.7 In this case the cooperative was established by the owner of the Roma Bakery, in order that his employees could purchase their own homes. The initial step was for the Bakery to sell, at a discount, land to the cooperative; the original seventeen members of which were employees of the Bakery. Cooperative members got legal title to their plots, and on the basis of their salary were able to enter into a mortgage agreement (presumably with the TSO). On the basis of this mortgage the TSO would build them a house on their plot.

4.8 As it turned out, the mortgage payment required by the TSO (L 158 a month for 20 years) turned out to be more than most employees could sustain on a salary as low as L 350 a month[18]. This resulted in a rapid turn-over of members of the cooperative. At the time the document was written there were 45 members of the cooperative, with a median income of L 580. Information is provided as to how long members had belonged to the cooperative, but nothing is said about the mechanism for resigning from the cooperative, or the basis for recovery (if any) of payments already made; nor is it clear what happened to cooperative members who ceased to be employed by the bakery. None of the cooperative members were currently living in their own home (page 26). Length of membership of the cooperative is as shown (page 31)[19]:

Years	% Members
<1	22.3
<2	11.7
<3	28.3
<4	23.3
<5	3.3
5+	10.0

4.9 No evaluation plan, *per se*, is provided by the document. There is a discussion of the types of project to be evaluated, and the evaluation design, but the text does not mention what will be compared or what conclusions will be drawn. It is made clear that the evaluation will be based on a before and after comparison (a control group is not going to be used), and extensive base line data is reported (age, sex, position in family, length of time in the city, health status, water quality, and the like). It is not clear to the present author what the evaluation is attempting to evaluate, or how the data to be collected will facilitate the evaluation.

4.10 As described, this is a project in the formal sector (since cooperative members have land title[20]), which does not involve "sweat-equity", and which is beyond the reach of the very poor. As indicated earlier no comparison is given of housing costs within and outside the cooperative.

4.11 This "evaluation plan" is remarkably deficient in evaluative content. There is no lack of data, but it is hard to see how it will be used, even when the re-survey has been completed. Meanwhile two key issues, the turn-over in cooperative membership and the exclusion of the poor, are documented but neither remarked nor evaluated. How come a charitable project designed to assist poor employees of the bakery has been transformed into a scheme to assist the (lower?) middle-class? Did anybody notice?

4.12 *Quarterly Report (June, 1990)*: This is a report for the USAID funded project as a whole, with operations in the five Central American countries of Guatemala, Honduras, El Salvador, Costa Rica and Belize[21]. This is the penultimate quarterly report since the project ran through August 1990, buy-ins extended activities in some countries up to January, 1992.

4.13 The report describes the absorptive capacity of non-profit private sector programs for funding shelter for low income families (the report's words) as having been increased significantly in Honduras, Guatemala and Costa Rica. In these countries the assisted organizations are moving towards (and some have reached) direct commercial interface with formal sector housing financial institutions (again the report's words).

4.14 Operations are being wound down in Belize, and in El Salvador they are being funded from re-flows; the other three countries are currently (i.e. at the date of the report) to be supported in the immediate future by USAID country mission buy-ins.

4.15 In Costa Rica just over $1 million is to be converted to local currency to form a revolving fund, and in Guatemala the loan portfolio is to be sold at a discount, thus freeing up funds for new lending. No information is given as to (a) how long the revolving fund is likely to revolve, or (b) the rate at which the portfolio will be discounted.[22] These are innovative financial practices, it is not clear if they are likely to be profitable.

4.16 Twenty-three pages list administrative details of individual loans and grants, and disbursed amounts. One page lists repayments by country, without mention of arrears, or total amount lent. Overall, of $10 million, $3 million has been repaid. It is not possible to tell if this is "good" or "bad".

4.17 Nothing is said about the financial or organizational health of individual indigenous PVOs assisted by the project. However, we learn that:

"...CHF now has in place an effective, expanding delivery system which is available to USAID and the larger donor/development community who, we would hope will provide additional funding for shelter and community improvement in Central America".

All dressed up, no place to go? The question is, of course, whether donors will consider that CHF has been effective and agree to fund continued activities. Since there is clearly too little in the quarterly report to substantiate the claim to effectiveness, we now turn to the evaluative documents to see how they judge performance.

4.18 *Project Completion Report (January, 1991)*: This is the final report of the implementing agency (CHF, the Cooperative Housing Foundation). As such it is understandably optimistic and upbeat. Project expenditures can be summarized as (page 26):

	$ million	%
Administration	6.7	37[22a]
Capital Assistance	11.5	63
Loans	10.3	57
Grants	0.7	4
Training	0.6	3
Total	18.2	100

The $11.5 million of USAID funded capital assistance was augmented by $2.7 million in local cash and counterpart funds from collaborating institutions and families, and a further $3.6 million in in-kind inputs such as land and materials, for a "leveraged total" of $17.8 million spent on home improvement. … … It is not clear how much of this capital assistance flowed on as loans, grants and training to final beneficiaries for expenditures on home construction or improvement, *since there is no accounting for expenditures by the indigenous PVOs.* Certainly some training went to the staffs of the PVOs. It is reported that almost 9,000 new homes and home improvements were financed, for an average expenditure of about $2,000 per new home or improvement. Obviously, it would be crucial to separate new homes, from improvements since a new home could well cost 50 times as much as an improvement.

4.19 All projected achievements were exceeded with the exception of Community Improvement Loans (for potable water, sewage, electrification, etc. 7% of projection) and consequently beneficiaries served (43% of projection). This shortfall in Community Improvement Loans is put down to the widespread availability of promises (from politicians, church groups and some donor agencies) of free construction of such schemes[22b]. The report notes that many such promises go unfulfilled. Nevertheless, this reflects a major mis-judgement of the effective demand for these loans, or the project's capacity to deliver.

4.20 The project worked with 28 national federations, technical organizations or regional organizations, and 80 additional institutions represented by their cooperative affiliates or membership organizations.

4.21 The report claims an astounding recovery rate, "… of the $10.1 million to participating nongovernmental organizations…… only one small loan ($1,971) in Belize has been written off as a bad debt. In addition, a $5,000 loan to a housing cooperative in Panama is in arrears. …… All other loans are current." (Page 10)[22c]. It would be nice to know the real rate of interest charged, who takes the foreign exchange risk if any, and whether repayment is adjusted for inflation.

4.22 The report also claims to have reached beyond banks and savings and loan associations into the informal sector:

"A key factor in reaching lower income groups … involved working with organizations whose constituency coincides with the program's target group. ……. Community based organizations… have traditionally worked with the poor--- even the poorest of the poor--- and have established working relationships with various lower income groups. In the case of credit unions, for example, many members and often the board of directors are from low-income communities. The other key to reaching lower income groups was to develop loan programs that were flexible enough to be affordable to them…" (page 20).

4.23 Finally, the report includes three case studies from Honduras of small loans for home improvement to the very poor. These are exactly the sort of beneficiaries probably envisaged by USAID in funding the project (and a long way from the apparent beneficiaries included in the evaluation plan discussed earlier):

i) A $880 loan to Virginia Funez permitted her family to replace a wood shack (bought for $30), with a three-room (and outside kitchen) brick house. They provided the labor themselves. The loan which is being repaid at $23 a month, from the National Federation of Women's Associations. Virginia was an orphan, raised by aunts, who worked in a match factory until her health suffered, and is now a janitor.

ii) A $600 loan to Gilberto Hernandez permitted him to add a flushing toilet and room for the kitchen to his house. Gilberto makes from $50 to $60 a month as a barber operating from his home. He is a recovered alcoholic and obtained his loan through the National Federation of Housing Cooperatives.

iii) A $600 loan to Andres Cortez permitted him to rebuild his run down house, and construct a retaining wall to guard against mud slides. The money was used to buy materials, all labor was supplied by Andres and his family. This was insufficient to complete the rebuilding, but the house is four-times larger than the shack it replaced. Andres earns about $100 a month selling bread.

4.24 *Project Assistance Completion Report (February, 1991)*: This is a nice, concise, self-contained document. Being self-contained it reproduces some of the information available in the Project Completion Report. However, it also contains material drawn from other sources. The author's evaluative technique is predominantly to quote relevant material from other sources, except in the final section where some lessons are drawn, predominantly for USAID/Washington.

4.25 The report reminds the reader of the project purpose:

"The purpose of the program was to develop permanent private sector systems in the countries of the Central American region which could mobilize and channel resources for self-help activities in community development, shelter construction and upgrading, and employment generation." (Page 2).

Although the report does not do this, contrast the above with what the Quarterly Report says was achieved (para 4.13, above) ..... an enlarged presence of CHF, itself a competitor with indigenous institutions for donor funding.

4.26 The report also emphasizes that in accord with the above that capital assistance was seen as a complement to technical assistance, designed to help indigenous institutions "learn by doing", rather than as designed to improve shelter *per se*. The measure of achievement should be the *improved effectiveness of indigenous institutions* at project completion, rather than physical structures completed. (There were of course projections of what would be achieved for the latter.)

4.27 The report draws attention to the $10.3 million provided to CHF for on-lending, and emphasizes (a) that this should throw off a significant annual income, and (b) that CHF had failed to inform USAID what it intended to do with these funds. The report notes that in March, 1991, CHF finally made proposals to USAID for the use of these funds, and that USAID approved the proposal: It does not tell the reader how the funds would be used. These comments only underline the vacuum in all four documents with respect to interest rates, rates of inflation, and exchange rate risk. We cannot tell what real income $10.3 million should generate.

4.28 Reference is made to the mid-term (1988) evaluation report discussed earlier. In particular it quotes the earlier conclusion that:

"CHF implementation record compare very favorably with local public sector shelter institutions and A.I.D. missions' experience with similar projects. However, given the same level of administrative and TA resources, any public or private sector institution could achieve the same ratio in project implementation."

and

"CHF's documentation is not clear as to what are CHF's future plans; to continue as a long-term financial agent or to transfer responsibility to cooperative credit union or PVO."

and

"Establishment of a self-sustaining private sector program, as originally envisioned, is in question and there is no specific plan to accomplish this." (Page 8).

4.29 The report confirms these latter observations at project completion:

"... the sustainability of the delivery systems, which was one important objective of the program, was not accomplished because CHF did not transfer the responsibility to local institutions". (Page 10).

4.30 The report also suggests that management of the project should have been in a regional bureau, rather than USAID/Washington, since in part: "AID/W suffers too many turnovers of personnel which affect

continuity of management". An alternative recommendation would have been to stabilize personnel assignments in AID/W.

4.31 *Comments*: Read in isolation, these five reports tell quite different stories. All true, and all different. And, indeed, four of them share the common weakness of insensitivity to the macro-economic context within which the project was being implemented.

4.32 One is put in mind of the saying: the operation was a success, but the patient died. Clearly *some very impressive results were achieved.* In particular, the substantial improvements in housing for very poor people described in the three case studies, and the very low (effectively zero) delinquency on loans to the poor. And, the apparent ability to work with a wide range of indigenous private institutions.

4.33 As against this, the reports are insensitive to the cost structure of the indigenous institutions. *How much of the $11.5 million of capital assistance to indigenous institutions flowed through to "bottom line" or direct loans or grants to the poor?* Even more importantly, the cooperative described in the evaluation plan had little in common with the case studies included in the final report; and this is not remarked. Was the cooperative or the case studies typical? Finally, the 37% of project funds reported in the *Final Report* (let alone the 50% reported in 1988) as taken by administration, together with the decision by CHF to retain a regional presence imply an unsatisfactory flow of funds for their intended purpose.

4.34 As an aside it is interesting to note that one of the motivations behind downsizing the public service, was the idea that once a program was established (be it Food Stamps, Head Start or USAID) there was an immediate bureaucratic lobby created for its continuation. This was (falsely) contrasted with a private sector where one could buy in and terminate services at will. In fact, no sooner does the government commit itself to buying in (outsourcing) services (be they Food Stamps, Head Start or USAID), than a private industry grows up to provide the service. Such services (PVO or NGO or for profit) have at least as strong survival instincts as the public sector services replaced. No offense, but CHF's decision to continue to make its services available, was only to be expected.

4.35 *The entire experience needs to be re-evaluated in the light of inflation, exchange rate risk, real interest rates and final beneficiaries reached.* (It is no great trick to get a high repayment rate, if the real rate of interest is highly negative.) In the unlikely event that that the story is substantially unaffected, then the design strategy for a successor project stands out clearly:

i) Continue to support the type of indigenous institutions that participated in the present project,

ii) Monitor repayments carefully, to ensure that delinquency rates remain minimal, and

iii) Do this with the lightest possible project overhead.

World Bank: India: The Dairy Revolution[22d]

5.1 In the 1940's small dairy farmers in Anand (Gujarat State), India banded together to form a cooperative, to supply whole milk to Bombay. In doing so they challenged a private sector monopsonist, and won. This was a ground-up cooperative based on village cooperative societies. As the movement spread village cooperatives banded into a Cooperative Milk Producers Union, and eventually into State Federations and a umbrella National Dairy Development Board. Under the inspired leadership of an Indian dairy engineer (Dr. V. Kurien, M.Sc. in Dairy technology from Michigan State, and numerous honorary Ph.D's) this cooperative movement entered the food-aid-chain. Just over $1 billion (1996 prices) of skim milk powder and butterfat (some of it from the US, some directly, and some through the World Food Program), was given to the National Dairy Development Board and sold at commercial prices as recombined milk. The very considerable proceeds were then used (a) to promote village cooperative formation, throughout India, and (b) to provide up-to-date dairy factories for milk processing and shipment to urban centers. Later the World Bank also provided substantial financing to India for on-lending on commercial terms to the program, now called Operation Flood.

5.2 By 1996 there were 9.3 million farmers organized into 55,042 functional village level cooperatives. Many of these farmers were women, and many were pouring as little as 1 to 2 liters (less than half a gallon) per milking. In income generation and growth rate, the Indian dairy industry (by no means all supplying Operation Flood, but inspired by it) has grown at rates quite comparable to the growth of wheat and rice production under the Green Revolution. Indeed some commentators refer to the growth of Indian dairy production as the White Revolution.

5.3 The World Bank's evaluation study being quoted, identified several characteristics of Operation Flood that helped explain its success:

- It was firmly based on village level cooperative societies, where everyone was treated equally. The Untouchables milk was seen to mix with that supplied by Brahmins. The principle of equal treatment was rigorously reinforced from the top leadership of Operation Flood (a Thomasian Christian).
- The village cooperatives owned the Cooperative Milk Producer's Unions, which in turn owned the State Federations. The relatively well paid factory managers and technicians were clearly seen to be working for their much poorer suppliers.
- The project provided a market for milk that was in many cases already being produced (but had no liquid market).
- The program was conceived and run by Indians throughout. Very little technical assistance was provided, and that to deal specific technical problems identified by the Indian management of Operation Flood.
- The function of the donors, in this case was to provide substantial resources to an ongoing program, rather than to be involved with technology transfer or program design.

- Indeed, the Indian technology was uniquely suited to very low labor costs. Less milk was collected from villages with 30 to 50 suppliers, than would be collected from single farm in New York.

5.4 Moreover, the program had numerous important and beneficial side effects:

- Dairy income allowed many women to stay home, who would otherwise have had to leave the village daily to do "coolie" work on urban construction sites, for less than $1 a day.
- Mother at home allowed a daughter to go to school, rather than stay home to look after younger siblings,
- More income meant more children could stay in school and longer,
- Mother at home, "created" a coolie job for someone else in need of it, (*the "dairy" project was a massive job creation project, the report estimates 175,000 (low paying) jobs created*)
- Dairy income coming to the wife, ensured its proper use for food, clothing and schooling, in a culture where men may put their own pleasure first,
- Many village dairy cooperatives used a portion of their profits to improve health service in the village.
- It has already been mentioned that the organization of village cooperatives undermined caste distinctions,
- Some 6,000 women-only cooperatives were formed, providing a first socially acceptable venue for women to meet outside the home, and resulting in increased status for women.

5.5 The purpose of the above summary is not to ensure that the reader is better informed about India, but to underline the chief critique of the small sample of documents looked at: *They do not provide the basis for the same sort of learning.* Or put another way, proper evaluation of project experience can identify the "winners" that can safely be replicated.

5.6 Ironically, the World Bank terminated its support of Operation Flood shortly before the above evaluation was made; on the basis of a sector study that mis-identified Operation Flood cooperatives as belonging to the public sector, and mis-estimated capital costs as three times what they really were.

Tentative Conclusions

6.1 In the present author's view the mechanical quality of these reports ranges all the way from fair to terrible. There is no excuse for not identifying the project to which the report applies, for omitting a complete list of acronyms, table of contents, executive summary (if over 10 pages), information on exchange rates, inflation and interest rates, and authorship (or responsible bureau). The use of project funds, the relation of use to intended use, and a comparison of projected log frame (or other) performance indicators be made with actual levels achieved, should be mandatory at least in the Project Completion Report, and Project Assistance Completion Report. All of these deficiencies were noted in one or more reports. Obviously, it is possible to produce a lousy report, while satisfying all of the above necessary conditions for a good report. These requirements are necessary, not sufficient.

Recommendation I: That all projects be required to produce a Project Completion Report, and that guidelines be drawn up as to the minimum contents of such reports.

Specific suggestions for the implementation of this recommendation are given in Annex 1.

6.2 The above mentioned poor quality of several of the reports reviewed, plus the latent lessons (Bangladesh: lack of an overall model underpinning the different economic analyses; West Bank: the disconnect within the logframe, and a proper diagnosis of why these cooperatives need assistance; Central America: possible problem of inflation, beneficiaries serves and the need to reduce overheads of a basically effective program), raises a large question: *Are these evaluations being read?*[23] While the author of an evaluation report learns something, this is a pretty expensive way of building intellectual capital, if no one reads the report carefully. The way to ensure that reports are read carefully (and therefore written carefully) is to have them feed into a larger learning process.

6.3 In the case of the World Bank, the "larger learning process" is an annual review of project performance, that gets the attention of the Bank's Board (together with every Implementation Completion Report and Audit going to Board members). There is probably no parallel for the Cooperative Support Program, but would it be possible to manufacture one? Let us say a two-day workshop where the apex organizations supported by USAID would report on their experience in the last year, and USAID sponsored evaluators would draw key lessons from Project Assistance Completion Reports; or some such. This could be used to attract academics, representatives from other donor agencies, congressional staffs, selected beneficiaries from overseas and USAID itself. A consolidated report on projects completed in the preceding year could be prepared for the workshop, and thus get real attention to outcomes and lessons. Alternatively, essentially the same concept could be carried regionally (although getting the attention of congressional staffers might be more difficult).

6.4 A small point, but if proper guidelines are laid down for Project Completion Reports, there may be no need to write Project Assistance Completion Reports for all projects. It might be better to write fewer Project Assistance Completion Reports, but have them written in more depth, including a country visit and discussion with apex and indigenous implementing agencies and beneficiaries. Even knowing that there was a 50% chance of an in-depth evaluative report, should ensure that implementing agencies put real effort into a well written and honest Project Completion Report.

6.5 The above leads to three additional recommendations:

Recommendation II: That the Cooperative Development Program reduce the number of Project Assistance Completion Reports, but have those that are carried out include an in-country visit, and interviews with the apex and indigenous implementing agencies and beneficiaries, in addition to review of project documentation.

Recommendation III: That the Cooperative Development Program consider establishing a multi-day annual Lessons Learned Workshop at which apex agencies, USAID staff, independent evaluators and possibly selected indigenous beneficiary agencies would present the lessons that they have learnt from projects completed in the last year. The workshop should be designed to attract academics, staff or other donor agencies, congressional staffers, USAID personnel, and possibly selected project beneficiaries.

Specific suggestions for the implementation of Recommendation III are given in Annex 2.

Recommendation IV: That the Cooperative Development Program produce a consolidated report on projects completed during the previous year, for distribution in advance of the above workshop.

6.6 The above three recommendations would require USAID to reallocate resources from project grants to project management. One of the key responsibilities of management is to decide how many resources to budget for management. If the three projects looked at are in anyway representative, then the presumption must be that such a reallocation would greatly improve the effectiveness of the Cooperative Support Program. If USAID is prevented from expanding its in-house strategic management, then consideration should be given to contracting out the proposed workshop, routine evaluations, annual report/summary and so on.

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Evaluation: CHF's "Cooperative Neighborhood Improvement and Job Program for Central America", April, 1988, PD-AAX-763

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..... Project Assistance Completion Report, February, 1991, PD-ABC-792.

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..... 1998 Annual Report, February, 1999, PD-ABR-134.

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..... Work Plan, Fiscal Year, 2001, undated, PD-ABS-586.

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Agricultural Cooperative/Business Development and Training, (EUR-0024-G-00-1072-00), Participant Training Report, June, 1992, PD-ABF-416

..... Participant Training Report, September, 1992, PD-ABF-417.

..... Participant Training Report, December, 1992, PD-ABF-433.

..... Quarterly Report on Activities, December, 1992, PD-ABF-419.

..... Quarterly Report on Activities, September, 1992, PD-ABF-420.

..... Quarterly Report on Activities, June, 1992, PD-ABF-421.

..... Quarterly Report on Activities, March, 1993, PD-ABF-895.

..... Quarterly Report on Activities, December, 1993, PD-ABH-760.

..... The Gaza Strawberry Industry Study, July, 1994, PN-ABT-077

..... Quarterly Report on Activities, March, 1995, PD-ABK-763.

Egypt:

Small Enterprise Credit, (263-0228-A-00-2026-00), Final Report, September, 1995, PD-ABM-383.

..... Quarterly Progress Report, June, 1993, PD-ABH-138.

Agribusiness Linkages for Egypt (AgLink), undated, one page summary.

Small and Microenterprise (SME) Project, undated, notes. (Note: This may be the same project as Small Enterprise Credit.)

Science and Technology For Development (263-0140), Evaluation Summary, February, 1993, PD-ABF-570.

El Salvador:

Rural Electrification (519-0358-A-00-8499-00), Letter to National Rural Electric Cooperative Association (Washington, DC), August, 1988, PD-AAY-147.

..... Mid-Term Evaluation, February, 1992, PD-ABG-403.

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..... Undated Notes.

Ethiopia:

Restructuring Agricultural Cooperative in Ethiopia, undated, one page summary.

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Civil Society Strengthening Project, undated, notes.

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The Dairy Revolution, Wilfred Candler and Nalini Kumar, Operations Evaluation Department, World Bank, 1998.

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Enterprise and Trade Development Project, undated notes.

Malawi:

National Smallholder Farmers' Association of Malawi, undated, one page summary.

Mali:

Cooperative (Village Associations) Component of OHV (Upper Valley Development Project). Undated notes.

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Cooperative Bank Development (EUR-0024-G-00-1690-00), 1994 Program Performance Report, PD-ADM-435. (Note: This shares a project number with the previous project; presumably the same project, with a changed name.)

..... Quarterly Report, September, 1993, PD-ABH-483.

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Restructuring Agriculture Through Agribusiness Formation: Private Sector Program, (CCN-0006-A-00-3039-00), Quarterly Report, January, 1994, PD-ABH-759

..... Quarterly Report, February, 1995, PD-ABK-761.

..... Quarterly Report, July, 1993, PD-ABH-129.

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..... Concept Papers (CDP Extension for Institutionalization, Community-Based Jobs and Home Improvement, Union of Electric Cooperatives: Nablus, Private Sector Women's Enterprises), PD-ABE-835.

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..... Project Extension Proposal, January, 1988, PD-ABE-861.

..... Palestine Market Perspective, July, 1988, (AHE-0159-G-SS-6020-00), PN-ABB-121.

..... Final Report, January, 1989, PD-AAZ-384.

..... Women In Economic Development, December, 1990, PN-ABH-005.

..... Proposals (CDP Extension for Institutionalization, Community-Based Jobs and Home Improvement, Women's Private Sector Enterprises), May, 1991, PD-ABE-836.

..... Business Planning Systems for the Cooperative Development Project West Bank, July, 1992, PN-ABN-694

..... End of Project Report, August, 1992, PD-ABH-457.

..... Evaluation, October, 1992, PD-ABE-992.

..... Evaluation, October, 1992, PD-ABE-993.

..... Determining and Developing Interventions With Women's Cooperatives, July, 1993, PN-ABO-435

..... The Gaza Strawberry Industry Study, July, 1994, PN-ABT-077

..... Agricultural Cooperative Union and Input Supply Operational Study, July, 1994, PN-ABT-076.

..... Cooperative Laws of Palestine, December, 1994, PN-ABO-670

Studies:

Estudio De Los Componentes De Ingenieria De Proyectos Financiados Por AID, (Spanish), November, 1981, PD-AAQ-115

Overseas Cooperative Development Task Force, Background Paper Prepared for Subcommittee on Agriculture, April, 2001.

ANNEX 1 : REPORT QUALITY

1.1 The following suggestions are offered as illustrative of one way in which USAID could implement Recommendation I. Experience with these suggestions will almost surely result in their modification over time. However, it is likely that such changes will be applied across the Board, since the advantages of a consistent reporting format are likely to be generally recognized, even in the face of some disagreement as to the exact format to be used.

1.2 The following has not been discussed with a lawyer, so USAID may need to check that the wording they finally choose, will achieve their desired outcome.

1.3 The suggested provision would be something along the lines of:

"Within 3 months of project termination the contractor shall submit a Project Completion Report to USAID, describing the project objectives, implementation experience, and lessons for USAID and other developmental agencies.

This report shall include, *inter-alia*:

i) A Title Page with Project Title, Contract Number, Date of Report Submission, Author and Implementing Agency.

ii) A Table of Contents

iii) A Complete List of Acronyms used

iv) Official and Free Market Exchange Rates for each year the project was under implementation.

v) Inflation rates, official interest rates (if any) and free market interest rates for each year the project was under implementation.

vi) A Preface that identifies the project, the contractor, the value of the original contract or grant, the date it was let, any additional USAID contributions, their dates, and the termination for the project; and the cost of producing the final report, author of report and organizational affiliation.

vi) A bibliography of project related reports, original Proposal to USAID and/or USAID's Request For Proposal, Quarterly and Annual Reports, Consultant Reports financed out of the project, Evaluation Plans and Evaluation Reports and the like.

vii) The report should include an Executive Summary (ideally one page but three pages maximum).

viii) The main report should be about 20 pages (40 maximum), although Annexes may be added as needed.

ix) If a Log Frame was used in the original project proposal, this should be repeated as an Annex, together with quantitative data showing how closely project performance came to meeting the Log Frame projections.

x) If a Log Frame was not used an Annex should describe the analysis used to justify USAID's support for the project and how closely performance matches the projected outcomes.

xi) An annex should describe the original project budget, and actual use of funds.

xii) If an ERR is not calculated then at least some estimate of cost effectiveness must be presented. This may be quite *ad hoc*, as "total cost/total additional children in school", or cost per life saved, or cost per mile of road, or KW of electricity supplied, or per house connected to the grid. Wherever possible this should refer to direct beneficiary effect: "cost per child (actually) attending school" is much more useful than "cost per additional (possibly vacant) place in school".

xiii) The report should include at least the following four sections:

Background: Dealing with what the reader needs to know to understand the context of the project, and any peculiarities of project experience.

Objectives: A brief section dealing with what the project was expected to achieve.

Implementation: A section describing project implementation experience. Difficulties encountered, what went well, project strengths and weaknesses.

Lessons: Any operational lessons that pertain to the design and implementation of similar projects. This section should also answer the question: Would USAID be well advised to replicate this project? Not only should the report respond Yes/No/Maybe, but it should briefly summarize the reasons for this response."

1.4 USAID may not wish to introduce this reporting requirement in full immediately. It could be introduced in part with the balance as "desired best practice". It may be objected that this would be very expensive for contractors to implement. A well managed contractor should generate this information routinely, in which case the cost of putting it into a report should be modest.

1.5 Absent this sort of report, it difficult to know which projects are being successful, and thus worthy of replication.

ANNEX 2 : ANNUAL WORKSHOP

2.1 The recommendation of an annual workshop or conference if carried out, should serve several purposes:

i) It would force a brief period of reflection and learning. Normally, the press of immediate problems, whether in the field or Washington (emergencies know no geographic boundaries), tends to drive out time for reflection on the larger lessons being learnt. Even with e-mail it is not possible to keep in effective touch with others who may be tackling similar challenges. Bringing people to an annual conference would give them an opportunity to describe their own experiences and listen to the experiences of others. As in all such workshops, informal and social contacts can be expected to be at least as important as the formal presentations (not to downgrade the benefits of the discipline, especially on speakers, of having to make formal presentations).

ii) Time to "pause and smell the flowers". Time away from the field should re-invigorate field workers on their return.

iii) The success of USAID's Cooperative Development Program, depends on the joint efforts of the statesmen who vote the money, the USAID officials who administer it, the apex (US) cooperative organizations that oversee implementation, indigenous cooperative organizations, and the beneficiaries or cooperative members. It is highly desirable that these different groups get to tell each other, and hear, what is on their minds. Where should the movement be going? What recent successes can inspire more active support? Each group makes a contribution that cannot be supplied by others; each group need to be heard.

iv) As apex organizations are given the opportunity to make presentations, they will inevitably reflect on the operations that they want to publicize, and those are faring less well.

v) The Conference will provide the occasion for the presentation of an evaluative summary statement on projects completed during the year.

vi) The Conference should give the Cooperative Support Program visibility within USAID, and possibly beyond.

2.2 One way to decide how long to make the Conference is to think about a sensible Program. If you held it at a conference center in Virginia, you could have it start at 9.00 am, but with optional check-in the night before for people from out of town. A program might include:

Evening	Cocktail Party (Don't know how you pay for this in USAID! Hosted by Land O'Lakes?)
Day 1	
9.00 a.m.	Welcome by the Administrator of USAID (Party line that this administration is emphasizing the role of the private sector and volunteer organizations. Supports (or invented) the idea of a review of the current and potential role for cooperatives). Questions if he wants them.
10.00 a.m.	Congressional Oversight, Talk by a Congressman, (maybe chairman of the Oversight committee?). Talk of twin Ideas of support, but necessary for Congress to be assured that taxpayers money well spent. Welcomes this effort to learn from each other.
10.30 a.m.	Coffee
11.00 a.m.	Tom Carter (or other mid-level USAID official on the purpose of the Conference, and guide to the rest of the program).
11.30 a.m.	Historical Perspective. Some leading figure in the movement, reflecting how the movement has grown.
12.30 Noon	Lunch
1.30 p.m.	Rural Electrification/half-hour talk, half-hour discussion.
2.30 p.m.	Housing, same
3.30 p.m.	Coffee
3.45 p.m.	Rural Development, same
4.45 p.m.	Credit? Same
5.45 p.m.	Adjourn
7.00 p.m.	Dinner Speaker, someone associated with a really successful developing country cooperative. Dr. Amrita Patel, India's Dairy Board Chair?

Day 2

8.00 a.m.	Presentation by the other Apex organization.
9.00 to 12.00	Break up into five buzz groups to discuss, (a) our two most replicable projects, and (b) our two most difficult problems.
12.00	Lunch
1.00	Plenary Session: Each group 40 minutes: 10 on replicable projects 10 on problems 20 floor discussion
4.30	General Discussion
5.30	Adjourn.

What we do not have on this program are:

i) First hand accounts from beneficiaries,
ii) Anything on evaluation, and the new Project Completion Reports,
iii) Any discussion of a "score card" of project performance,
iv) Any contribution from indigenous implementing agencies,
v) Contributions from other donor agencies,
vi) Any discussion of USAID/Apex agency interactions, or
vii) How the efficiency of the program could be improved.

4. Who might attend?

USAID/Washington	3?
USAID/Field	8?
5 Apex @ 3	15
30 Projects @ 2	60
Other Donors	5

Other donors, I am thinking also of Foundations, who might like to take the opportunity to meet people in the cooperative sector. Congressional aids maybe?

5. Cost. Everyone would stay for one night, say 40 would stay for two, and 30 for three. Conference rooms and services would be in use for two days, say $600 per person, or $ 54,000, plus travel 60 @ $1,200 or $ 72,000, plus documents say $5,000, plus honoraria, and travel for invited speakers, say another $15,000? Say $150,000 all up. It is not clear how much of the costs would come from project funds, and how much from the Central Cooperative Support Program budget.

4. In addition, if you wanted to have a document reviewing experience with completed projects in the previous year, this report preparation, could well run into $100,000 or so.

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[1] "Should have been known" is, of course, a difficult qualification, since it is largely subjective. However, in many cases it will be clear that information was not included in the decision, that should have been. In the case of the exported strawberries, the evaluation report makes the point that nothing has been written about this experience, and the project management was unable to explain what went wrong. Management is apparently treating the experience as "water under the bridge". In fact this was a learning experience forgone, and makes it impossible to judge whether the original advice was well founded.

[2] Good evaluation practice requires that where there are alternative views (or indeed different factual estimates) both (or all) be included, thus giving the reader the opportunity to decide which view or estimate is the more plausible.

[4] Cooperative Development Project, (ANE-0159-G-6020-00), Consultation Report "Recommendations on Cooperative Education Program for the West Bank and Gaza", September 1986, PD-AAW-731.
..... Concept Papers (CDP Extension for Institutionalization, Community-Based Jobs and Home Improvement, Union of Electric Cooperatives: Nablus, Private Sector Women's Enterprises), PD-ABE-835.
..... Concept Papers (Extension, Marketing, housing and Community Improvement, and Electric Operations), October, 1988, PD-ABE-862.
..... Project Extension Proposal, January, 1988, PD-ABE-861.
..... Palestine Market Perspective, July, 1988, (AHE-0159-G-SS-6020-00), PN-ABB-121.
..... Final Report, January, 1989, PD-AAZ-384.
..... Women In Economic Development, December, 1990, PN-ABH-005.
..... Proposals (CDP Extension for Institutionalization, Community-Based Jobs and Home Improvement, Women's Private Sector Enterprises), May, 1991, PD-ABE-836.
..... Business Planning Systems for the Cooperative Development Project West Bank, July, 1992, PN-ABN-694.
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..... Evaluation, October, 1992, PD-ABE-992.
..... Evaluation, October, 1992, PD-ABE-993.
..... Determining and Developing Interventions With Women's Cooperatives, July, 1993, PN-ABO-435.
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..... Agricultural Cooperative Union and Input Supply Operational Study, July, 1994, PN-ABT-076.
..... Cooperative Laws of Palestine, December, 1994, PN-ABO-670.

[5] It seems to the author that both the project, and the American contribution to the peace process would have benefited from a *closer* relation of the project to the peace process. On several occasions the Israeli civil administration (CIVAD) was dilatory and bureaucratic to a degree. First hand experience of this could have strengthened the American arguments for better treatment of civilians in the occupied territories, and focus of peace process attention on obstructionist behavior by the civil administration should have resulted in faster action and a better outcome for the project. Reading the evaluation report, one cannot but conclude that at least some of the Palestinian grievances were real: Thus it took two years for CIVAD to agree to admitting a list of new members to the Beit Lahia Cooperative, and not only was the Union of Electric Cooperatives required to re-apply for cooperative status after a period of inactivity, but CIVAD took 18 months over its re-approval process. A sister USAID supported project ANERA (American Near East Refugee Aid), used its clout support the Ramallah cooperative: "During the time our team was in the West Bank, for example, a bulldozer purchased under ANERA program for Ramallah cooperative was impounded by Israeli troops because it was plowing a farmer's field 'too close' to an Israeli settlement. Through ANERA's intervention, the Israeli's released the bulldozer one week later.", (*Evaluation of West Bank/Gaza Cooperative Sector Projects*, October, 1992, page 3.). Unfortunately, when the project is seen as connected to U.S. foreign policy, it is support of Israel, rather than promotion of the peace process that comes to Palestinian minds: "Some Palestinians view American aid as having little to do with development and more to do with serving the aims of U.S. foreign policy. They see American policy as being biased towards Israel, and some believe that the U.S. money spent on WB/G (West Bank and Gaza) as intended to pacify the people rather than bringing about real development". (*Ibid*, page 21). Such views make the sort of intervention just references particularly valuable, since it demonstrates willingness to confront Israel, albeit in a small way, in the interests of Palestinian development. This problem was driven home to the author when he showed a draft of the report to a colleague. I had referred to "the occupying (Israeli) administration", and she said: "USAID will have a fit, if you put that in." Accordingly, I have dropped the term Occupying and (not knowing the current official euphemism for this) have omitted the primary reality of the West Bank from my report. The disadvantage of the close tie to US foreign policy could not be more graphically illustrated.

[6] End of Project Report, August, 1992, pp. 3 to 5.

[7] This is a very difficult situation, not only in the context of USAID and the present project, but in development agencies generally. If the agency has over-riding objectives (say obtaining the next years budget or the next round of multi-national funding) that dictates a project be undertaken. The potential contractor may well be told: Look we know this is not going to be an ideal project, but we do need to go ahead, please give us the best project you can manage in the circumstances. If the contractor accepts the challenge, then the first necessary step in project design may be *to find a project rationale that finesses the real reason the project is to be undertaken.* In such a case it is not really fair to evaluate the project in terms of its stated rationale, especially if the real rationale is known.

[7a] *Project Extension Proposal*, January, 1988, page 25.

[8] *End of Project Report*, August, 1992, p.7.

[8a] *Project Extension Proposal*, January, 1988, page 25.

[9] Page 1.

[10] Page 59. This conclusion is at variance with the summary of "What Development Assistance Should Cover", in the same authors' companion report *Evaluation of West Bank/Gaza Cooperative Sector Projects*, of the same date (October 12, 1992), page 19.

[10a] There is, of course, also the possibility that the author felt it would be tactless/not well received to remind his audience of the last consultant's attempts to help.

[11] Rural Electrification III (388-0070), Project Paper, June, 1986, PD-AAU-158.
..... Bangladesh Rural Electrification: Preliminary Assessment: Final Report, November, 1989, PN-ABE-557
..... Mid-Term Evaluation Report, December, 1993, PD-ABI-460.

[12] Of course, the ERR of the *earlier* project, will have been *adversely* affected by failing to extend service to customers who could be reached at relatively low cost. RE III's high ERR likely reflects a lower ERR for RE I or RE II.

[13] This 0.80 deflation is known technically as the Standard Conversion Coefficient, and reflects an estimation of the over-valuation of the domestic currency. The shadow price on labor reflects the fact that the "opportunity cost" of employing labor that would otherwise be unemployed is taken to be less than the actual wages paid. These are absolutely standard techniques used by all analysts in calculating Economic Internal Rates of Return. Indeed the text cites the World Bank and Asian Development Bank in justification for the rates used.

[14] "Appears" since the present author recognizes that the fault may be in his reading of the relevant sections, rather than any fault in the report itself.

[14a] USAID was in good company. All other major donors supported the project, evidently unaware or unworried by its implied need for long-term recurrent subsidy.

[14b] See also: Bangladesh Rural Electrification: Preliminary Assessment: Final Report, November, 1989, where extensive date (Annex III) is provided on the financial position of supported PBSs, with a relatively positive conclusion; but no mention of the subsidies, explicit and implicit, needed to ensure this relatively good performance.

[15] One should perhaps be concerned that in a highly inflationary environment 2.9% may prove inadequate, even with a 14% interest rate. However, in the mean time the BPSs are avoiding an immediate financial crisis.

[16] Evaluation: Cooperative Neighborhood Improvement and Job Program for Central America, (LAC-0131-A-005046-00), April, 1988, PD-AAX-763.

..... Background on the Evaluation Plan for Self-Help Housing Cooperatives and Preliminary Analysis of Baseline/Evaluation Data for COVIDEPROL a FEHCOVIL Self-Help Housing Cooperative Funded by the Cooperative Housing Foundation (CHF), January, 1990, PD-ABA-550.

..... Page Project Assistance Completion Report, February, 1991, PD-ABC-792.

..... Quarterly Report, June, 1990, PD-ABE-484.

..... Project Completion Report, January, 1991, PD-ABI-160.

[16a] The project provided smaller houses, at about the same cost per square foot. 1 bedroom instead of two, and row housing rather than duplex, etc).

[16b] Such project tend to be capital intensive, need to be carried out on a large scale, interact with services to other communities, and often require intensive interaction with planning authorities, licensing, and sometimes the regularization of title.

[16c] Page 9.

[17] A *caveat* should be entered that this account is what the reviewer gathered from the document, it may vary in detail from what the document actually intended to describe.

[18] As is characteristic of the documents examined, the evaluation does not provide information on exchange rates or rates of inflation. So beyond knowing that the mortgage would have taken between a third and a almost half their earnings, it is difficult to tell to what extent this represented low-cost housing.

[19] The text says "... Twenty-two percent (22%) of the 63 members who finally moved into the COVIDEPROL project were added....during the time of the field work (April to July of 1988)."(Page 31). It is *possible* that there were 45 members of the cooperative at the start of field work, that rose to 63 by completion of the field work. It is also *possible* that cooperative members moved physically into their own (mortgaged) houses, and that the rental question refers to the last accommodation before moving into their own home within the cooperative. Neither of these possibilities can be resolved from the text. (The discussion of water quality sampling implies that the respondents are not yet living in cooperative housing, curious and curiouser). Page 53 lists a very wide range of occupations for the cooperative members, suggesting that membership had spread well beyond the bakery.

[20] The exact phrase is "All members had to have their documents in order in order to be eligible for a house", page 13. Presumably this refers to land title deeds, not passports or birth certificates.

[21] The project originally included Panama, but initial experience was discouraging, and Panama was dropped, with its funds reallocated to the other five countries.

[22] The report mentions a 15% rate of inflation in Guatemala, but nowhere is there any mention as to the financial conditions attached to the loans. Are they repayable in dollars? Are repayments in real or money

terms? Loans, grants and repayments are reported in dollars. It is not clear if this is for the convenience of the reader, or if all transactions are actually denominated in dollars.

[22a] Note that this differs from the 1988 evaluation that reported that administration was 50% of project cost. It is not clear if this is an improvement since 1988, or whether different definitions of administration are being used.

[22b] Note this judgment differs from the 1988 evaluation, that remarked that such schemes were unsuitable for delivery by PVOs. No cross reference is provided to the earlier evaluation.

[22c] Again this is very different to the emerging arrears problem reported in the 1988 evaluation.

[22d] India: The Dairy Revolution, Wilfred Candler and Nalini Kumar, Operations Evaluation Department, World Bank, 1998.

[23] This question pertains not only to USAID funded reports as the following story illustrates. Some years ago the Operation Evaluation Department of the World Bank carried out an unintended experiment. One of its Project Completion Reports was entered into a word processor for final and minor changes to a table. The change was checked, and had been made correctly. However, unbeknownst to anyone, the word processor had been in a playful mood, so every third or fourth paragraph (in no consistent pattern) it would simply stop at the end of a line, skip the rest of the paragraph and start again at the beginning of the next paragraph. This fault was immediately obvious within even a page. The Project Completion Report was widely distributed to the Board of Directors, and the responsible operational department. The punch line? It was 9 months before anyone asked for the complete report,..... and that was from a paid consultant commissioned to draw lessons from all completed projects for the annual review of project performance. In the present case, the 1988 *Evaluation* report provided (para 4.3) a very perceptive list of problems encountered or highlighted by the first three years of project implementation, yet when the later reports are read there is little evidence that these problems were seriously addressed.