

PN-ABE-115

ISA 9185

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IMPROVING NON-PROJECT ASSISTANCE THROUGH BETTER  
SOCIAL AND INSTITUTIONAL ANALYSIS

SUGGESTIONS FROM AFRICA BUREAU EXPERIENCE

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SOCIAL/INSTITUTIONAL ANALYSIS WORKING PAPER NO. 1

Office of Development Planning

Bureau for Africa

March, 1988

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## EXECUTIVE SUMMARY

This report reviews and assesses the frequency and quality of social and institutional analysis in Africa Bureau non-project assistance. The assessment is based on a review of documents for African Economic Policy Reform Programs in 14 Sub-Saharan African countries.

The African Economic Policy Reform Program (AEPRP) was authorized by the President in 1984, and program implementation began in 1985. The genesis of this program was the realization that the protracted state of poor economic performance in many Sub-Saharan African nations was due to existing policies which hindered economic growth, and that USAID projects were unable to address these larger structural problems in the economy. The EPRP's are often in support of IMF and/or World Bank structural adjustment and policy reform programs, and were designed to lessen the political difficulties experienced by countries undertaking these reforms.

Evolving concerns over the social and institutional effects of structural adjustment and economic policy reform programs have resulted in movements by the World Bank, the ILO, and major donors around the world to more carefully analyze social and institutional impacts from these programs. A major effort is underway by the World Bank and the UNDP to collect baseline data in 17 Sub-Saharan African countries which will be utilized to measure actual impacts during and after program implementation.

Furthermore, congressional legislation is being developed which shows strong concerns over the social and institutional effects of USAID assistance to Africa, and will require the Agency to demonstrate how well assistance is meeting these concerns.

Hence, the purpose of this review is to assess the current frequency and quality of social and institutional analysis reflected in non-project design, as this type of assistance is growing most rapidly. The report also discusses how this type of analysis can enhance program success and sustainability, and prevent negative impacts from occurring.

The primary assumption of this report is that good social and institutional analysis, along with good economic analysis, enhances the likelihood of feasible designs, the probability of successful implementation of policy reform efforts, and sustainability of benefits for target populations.

A major finding of this review is that the existing guidance for social and institutional analysis for non-project assistance lacks the level of

specificity needed for good program design, and does not cover important features that characterize this type of aid, and in particular, economic policy reform programs. It specifically does not provide guidance for institutional analysis of entities that are most frequently tasked with policy reform implementation (i.e., ministries).

Accordingly, measures for social and institutional analysis were created for this review to assess non-project assistance programs. These measures are based on a review of existing guidance found in Handbooks 1, 3, and 4; from social and institutional impacts reported in assessment studies undertaken in five African countries currently undergoing policy reform programs; and other related documents. A rating system was designed to accompany these measures which judges the level and quality of analysis in the programs that were reviewed. These measures and the scores that programs received are found in Annex 2. Annex 1 provides a list of the 17 program designs that were reviewed.

### Conclusions

Some of the major conclusions of the review are as follows:

1. Existing evidence points to the fact that institutional capability is crucial to successful program implementation. While all of the programs reviewed evinced an awareness of institutional issues; the quality of analysis of institutional capability is low.
2. Existing evidence also shows that success of policy reform programs is often ultimately determined at the local level; and that social and institutional data at the local as well as the national level are thus essential for program monitoring and evaluation to ensure program success.
3. The frequency and quality of social and institutional analysis in the documents reviewed is insufficient.
4. Particular weaknesses are shown in the analysis of capability of private sector institutions in programs including significant privatization reforms; equity issues related to access to services designed to enhance economic productivity; and in projecting impacts on target populations below the national level.
5. Based on the documents reviewed, it is not possible to test the hypothesis that social and institutional analysis, along with economic analysis, enhances program design, implementation, and the likelihood that

program goals and objectives will be reached. Most evaluations and program impact assessments have not examined specific features of EPRP's in relation to social and institutional measures at the local level.

### Recommendations

The following are several of the major recommendations based on the findings and conclusions listed above:

1. Missions should be required to undertake social and institutional analysis, together with economic analysis, for designing non-project assistance programs. These analyses should not only constitute a separate annex or section in program design documents, they should also inform program design. A professional social science analyst should be included in the design team.
2. The draft guidelines provided in Annex 3 should be reviewed, refined, revised, and adopted as interim guidance for conducting social and institutional analysis for non-project assistance. The existing guidance for conducting social soundness analysis should be utilized while these revised guidelines are under review.
3. Programs should regularly include a clear monitoring and evaluation plan and funding for the collection and analysis of baseline data in instances where these are lacking. These data should be analyzed on the local as well as national level during the life of program implementation, as well as at its conclusion.
4. Future impact assessment studies of economic policy reform programs should regularly include examinations of social and institutional issues and impacts, related to all features of these programs, at the local as well as national level as a means of informing future program design.

## 1.0 INTRODUCTION: THE CONTEXT OF THE REPORT

This report examines the frequency, quality, and utility of social and institutional analysis in Africa Bureau non-project assistance to Sub-Saharan Africa as revealed in a study of USAID documents. In as much as it has been established that attention to social and institutional factors are often major keys to the success of development assistance, at issue is the extent to which Africa Bureau and Mission programs have incorporated an analyses of these factors.

### 1.1 The Genesis of the African Economic Policy Reform Program

Since the mid-1970's, U.S. assistance to Sub-Saharan Africa has been increasing in recognition of the severe economic problems experienced by countries of this region. Of significance to this report, is that since 1980 non-project assistance in the form of food aid and economic support funds may approach as much as 50% of all U.S. assistance to Africa (Johnston et al., 1987). Non-project assistance is often utilized to support policy reform dialogues based on the belief that a major underlying cause of the problems experienced in Africa has been the unsound economic policies followed in many African states. Development projects are typically unable to address the structural issues which underlie economic problems, and thus their objectives are not easily attained.

The African Economic Policy Reform Program (AEPRP), announced by the President in 1984, is now the centerpiece of U.S.A.I.D.'s assistance effort to help African governments restructure their economies. The goal is to achieve economic growth with equity through policy reforms including such measures, for example, as privatization, liberalization, or decentralization. The countries in which EPRP's have been implemented are those in which a commitment to reform has already been demonstrated, and these programs are often in support of structural adjustment programs promulgated by the World Bank, IMF, other international donors, or the nation itself. Attempts have been made to design EPRP's to lessen the political strains of economic adjustment and debt repayment.

In their brief history thus far, EPRP's have utilized ESF resources to provide cash grants and/or commodities depending on the critical needs of the target country. These resources are usually trached and their release is dependent on the fulfillment of certain conditions that entail implementing one or more policy reform measures. Local currency generated from the

EPRP's is programmed to fund specific development activities that are in support of the economic reforms being undertaken through the program.

## 1.2 Programs Underway

Economic Policy Reform Programs for 14 countries have been implemented or planned since 1985 as of this review. A brief synopsis of each of these programs that was reviewed for this report is found in Annex 1. The table below presents a list of EPRP countries and their major policy focus. Note that three of the programs listed (highlighted with an asterisk) are not part of this program. However, they do contain designs which entail economic policy reforms.

| <u>COUNTRY</u>                | <u>COST (Millions)</u> | <u>POLICY FOCUS</u>           |
|-------------------------------|------------------------|-------------------------------|
| <u>Fiscal Year 1985</u>       |                        |                               |
| Mali                          | 18                     | Public Finance                |
| Malawi                        | 15                     | Fertilizer Subsidies          |
| Zambia                        | 25                     | Agricultural Marketing        |
| Rwanda                        | 12                     | Industrial Incentives         |
| Mauritius                     | 5                      | Trade Policy                  |
| <u>Fiscal Year 1986</u>       |                        |                               |
| Malawi*                       | 10                     | Parastatal Divestiture        |
| Guinea                        | 10                     | Agriculture Input Marketing   |
| Togo                          | 7.85                   | Export Liberalization         |
| Zambia*                       | 15                     | Foreign Exchange Auction      |
| Senegal                       | 15                     | Tax and Tariff Reform         |
| Zaire                         | 15                     | Trade Reform                  |
| <u>Fiscal Year 1987</u>       |                        |                               |
| Gambia                        | 6                      | Agricultural Marketing        |
| Tanzania                      | 12                     | Ag. Production and Marketing  |
| Cameroon                      | 9                      | Ag. Input Supply (Fertilizer) |
| Zambia*                       | 9                      | Foreign Exchange Auction      |
| <u>Proposal Stage in 1988</u> |                        |                               |
| Uganda                        | 15                     | Marketing and Trade Reform    |
| Niger                         | 19                     | Agric. Marketing and Export   |

## 1.3 Preliminary Assessment of Results

Preliminary impact assessments have been conducted on economic policy reforms in Zaire, Senegal, Mali, Somalia, and Zambia. While none of these specifically focus on the African Economic Policy Reform Programs, or indeed A.I.D. programs, the Zaire, Zambia, and Senegal studies include assessments of reforms supported by the EPRP's. Some of the major findings of these studies in regard to social and institutional issues are briefly reviewed below along with their implications for the related EPRP (as appropriate) or for policy reform programs in general. Each review is preceded by a synopsis of the EPRP.

### 1.3.1 Zaire

The Zaire EPRP (1986) supports reforms to promote efficient private investment in agro-industry. These reforms include the maintenance of liberalization programs for the exchange rate, and for the pricing of agricultural and industrial products, and for imports. It also includes provisions for tariff rationalization and reduction; streamlined control procedures for exports and elimination of export taxes; and the establishment of refined petroleum product prices that permit full cost recovery.

This EPRP is a commodity import program which gives private sector firms access to agreed upon imported agro-industrial products to promote the growth of the industrial sector. The currency generated from local firms which purchase these imports will be used for infrastructure and agricultural development projects. The program is designed to increase demand for local industrial inputs, which in the case of Zaire are primarily agricultural. It is assumed that this increased demand will result in increases of agricultural prices, thereby encouraging production, investment in agriculture, adoption of improved agricultural techniques, increased use of labor on farms, and increases in rural incomes.

The preliminary assessment of the impact of Zaire's economic liberalization program focuses on the agricultural sectors and thereby many features of the Zaire EPRP such as the impact of CIP imported agro-industrial goods or of tariff reforms, are not addressed. The assessment focuses on several reforms including the removal of inter-regional trade restrictions and the liberalization of producer prices and crop marketing. The study showed continuing stagnation of the production of industrial crops and agricultural export crops despite continuing depreciation of the currency and price liberalization.

A major conclusion of the team is that these disappointing responses to policy reforms are directly due to ineffective implementation. At the time

of the study in the summer of 1987, there still existed a multiplicity of export taxes and administrative interventions and regulations which were stifling inter-regional and export marketing and the investment of the private sector in agro-industrial firm development.

Another major problem cited was the overlapping lines of administrative authority pertaining to agriculture which resulted in uneven application of economic liberalization policies at the local and regional level. The team cited several examples where zonal and regional authorities fixed agricultural prices in 1987, and one particular case where a governor announced mandated sanctions against farmers and traders who failed to adhere to them. In some regions, the lifting of inter-regional trade constraints were ignored by officials who set up numerous road blocks to extract taxes from small traders. In still other regions, extremely poor road conditions prohibited farm to market place transport of crops in spite of price and market liberalization policies.

The team noted that in regions where the liberalization policies were fully supported by the governor, and where infrastructure was adequate, the volume of crop production and trade increased, and in those regions, farmer incomes did experience small increases. The major conclusion of the team is that success of policy reform in the agricultural sector appears to be closely linked to effective implementation of price and marketing liberalization at the regional and local level.

There are several implications of this preliminary assessment for the Zaire EPRP. One is that the use of local currency generated from the sale of commodities under the CIP for infrastructure repair is a crucial contribution to ensure movement of agricultural export crops from rural areas. Second, and more importantly, price liberalization policies and export tax policies supported by the EPRP, the IMF, other donors, and the GOZ itself, will not be adequate to stimulate private sector agro-industrial growth unless the issues of overlapping authorities at the local and regional authorities are addressed and resolved. In countries where regional authorities have strong control, policy implementation cannot be successful until political issues concerning the relationship of local and regional authorities to the center are addressed.

### 1.3.2. Zambia

The Zambia (1985) EPRP was designed to provide assistance in accelerating the GRZ's agricultural development and economic diversification objectives. The Commodity Import Program under this EPRP was designed for the purchase of fertilizer raw materials, agricultural machinery and spare parts, and ox-drawn equipment. Policy reforms to be implemented under

the program were designed to encourage: 1) efficient marketing by allowing Cooperative Unions to sell agricultural commodities across provincial borders and agro-processors to buy from their preferred sources of supply; 2) more efficient transportation by eliminating subsidies to hauling parastatals and requiring that they charge full cost pricing; and 3) more efficient market allocation by allowing licensed private trading in all agricultural commodities. The agreement also supports previous measures which eliminate subsidies on fertilizers and on consumer maize meal, and continues the policy of producer price liberalization. These reforms are supportive of structural adjustment programs developed by the IMF and the World Bank.

The 1987 Zambian agricultural sector policy impact assessment did not assess the impact of imported commodity goods under the EPRP, but did examine the effects of policy reforms listed above. The report asserts that a combination of progressively good weather coupled with price liberalization was successful in encouraging an overall increase in maize production, particularly by small farmers. The country experienced a 31% increase of maize marketing in 1986 which has strained the country's storage and transport facilities. The team members conclude that rural incomes are up based on a 63% increase in the value of the 1987 maize crop over the previous year.

Local level data to confirm rural income increases were not collected and analyzed under this assessment. However, local level data are crucial to understanding the effectiveness of policies which increase or liberalize producer prices as a means to increase production and rural incomes. A separate assessment of the impact of producer price and related agricultural policies was conducted based on analysis of data collected over five years from the Monitoring and Evaluation Unit of the British ODA-funded Integrated Rural Development Program operating out of the Northern Province (Warren 1986). This analysis concludes that the training of District and Ward Level officials and representatives of government ministries to improve their management and development skills enabled them to more effectively carry out new functions under the local government act. This training specifically improved local level ability to implement a wide variety of infrastructural development activities including construction, rehabilitation, and maintenance. These activities facilitated crop storage at depots and crop transport to markets, and along with the introduction of oxen for land preparation, resulted in major increases of maize production by small farmers in the study areas.

The data analysis indicates that in this case, setting the right producer price, while a necessary condition, is not sufficient in itself to achieve

increases in increase agricultural production and farmer incomes. Rather, improved producer prices in concert with oxen traction, improved infrastructure, and improved skills in management and planning of local administrative districts, together resulted in dramatic increases in farmer productivity and incomes.

The team for the Zambian agricultural sector policy impact assessment found that there were major problems in the planning and implementation of reforms to deregulate maize prices and to change the point of subsidization from marketing parastatals and coops to mills. The overlap of responsibilities between the national agricultural marketing parastatal and farmer's cooperative unions over who would implement and regulate these reforms led to significant delays in making this change and to lack of assurance concerning the delivery of subsidy payments to millers. As a result millers purchased insufficient supplies of maize for processing for meal, a basic consumer staple item, which led to severe shortages in availability.

These shortages, followed by a 120% increase in the price of maize meal in 1986, led to rioting in which at least 15 people were killed. In response, the government nationalized private milling enterprises and halted the deregulation of consumer maize meal prices. The report provides other examples of problems which arose on the management and implementation of reforms concerning agricultural credit, distribution of fertilizer, purchase of maize, evacuation of the crop from rural areas, and storage. While the problems associated with the implementation of these reforms were not as severe as those associated with deregulation of maize prices, they have diminished the overall successes of economic restructuring required by the IMF and the World Bank.

The findings of the team who conducted this assessment provide powerful arguments for the importance of a thorough institutional analysis in policy reform programs. This case studies bears directly on institutional questions in regard to the capability and willingness of government institutions to implement and monitor reforms, to make decisions on timing and sequencing the implementation of specific elements of policy reforms, and to coordinate implementation when several institutions are directly involved in decision making.

### 1.3.3. Senegal

The FY 1986 Senegal EPRP provides a grant in support of tax reforms designed to: 1) remove disincentives to savings and productive investment by reducing customs tariff and direct tax rates; 2) increase the equity of the

tax system by widening the tax base and reducing evasion; and 3) reinforce the thrust of the overall economic reform effort aimed at reducing government interventions and at providing incentives for the growth of a competitive private sector.

Among the intended impacts from these reforms were a lowered cost of labor and a lower cost of operating a business. These impacts were expected to encourage the formation of new enterprises and a greater use of labor. These features of the EPRP are in support of World Bank and IMF efforts to help the GOS achieve tax reforms as part of the government's New Industrial Policy. The first disbursement of funds took place in October, 1986 following GOS adherence to the tariff reform and import quota reduction timetable.

A study to assess the impacts of Senegal's donor-supported structural adjustment program conducted in the summer of 1987, focuses primarily on reforms undertaken in the rural sector rather than those undertaken under the EPRP in support of the New Industrial Policy. In regard to these latter reforms, the study team concludes that given the very early stages that these revisions are in, it is impossible to evaluate its success. Although gains in employment are expected over the medium and long term, evidence was found that in the meantime there has been a negative impact on employment as a result of lowering tariff walls which consequently reduced protection of local industries.

In the agricultural sector, gains have been realized from policy reforms which have positively effected incomes for farmers and traders, particularly women traders, from increases in producer prices and the liberalization of the millet, sorghum, and maize trade. Privatization of seed delivery and the import and distribution of fertilizer and rice were also undertaken under the New Agricultural Policy.

The team's examination of privatization processes reviews the evidence for the effectiveness of village agricultural cooperative institutions in their newly expanded role for seed and fertilizer credit delivery. These coops are to constitute part of the new private sector in response to the withdrawal of parastatal agencies from agriculture under the New Agricultural Policy. The coop membership was dominated by village administration council members and contained no female membership although women play a large role in Senegalese agricultural production. Men with high socioeconomic and political status within the community were receiving disproportionate shares of peanut seed credit in both the 1985-86

and 1986-87 planting years, and the same persons received seed credit both years although there was an 82% increase in the volume of credit.

One of the conclusions of the study is that women are continuing to receive little support for agricultural production from GOS agricultural policies, not having been served by the previous practice of parastatal distribution of inputs either. Thus, the level of women's agricultural production has changed very little and income has probably been negatively affected relative to men's.

These findings provide a cogent example of the necessity for careful assessment of private sector alternatives, particularly in regard to achieving the objectives of raising rural incomes and growth with equity. Impact assessment of privatization (and other) reforms on population groups need to disaggregate these data beyond the level of smallholders to examine the differential impact on men and women.

#### 1.3.4 Mali

The Mali EPRP (1985) seeks to provide an environment conducive to economic growth in the private sector and to reduce the burden of the public sector on the economy while increasing its efficiency. Policy changes being enacted under this EPRP include: 1) tax reform and reduction to improve private sector initiatives; 2) reduction of civil service payroll to increase funds available for non-wage expenditures; 3) revision of the commercial code; and 4) relaxation of price controls. The EPRP provided budgetary support to compensate the GRM for revenues lost through tax reduction. The voluntary early departure program of civil servants has begun. Additional funding has been requested for the program.

The impact assessment of economic policy reform in Mali focuses again on the agriculture sector, and in particular, its cereals sub-sector. There is no assessment yet which is focused on private sector growth as stimulated by the Mali EPRP.

Under the cereals marketing liberalization program, policy reforms were undertaken to legalize private sector marketing of grain offered for sale by farmers, and official producer prices for sorghum, millet, maize and rice paddy were periodically raised according to a set schedule over six years beginning in 1981. Specific objectives of these reforms were to increase farm output and income, and to increase food security of staple grains for consumers.

The study showed that gains were achieved in greater market efficiency by reducing the transaction costs for producers and consumers through the legalization of private cereals trade, thus decreasing difficulties previously faced by consumers in acquiring grain. This reform has had the most positive and significant impacts. However, the team was unable to establish a link between increases in cereal production and policy reforms. The report concludes that farmers' incomes probably increased, but that it is not possible to verify whether these increases were the result of price incentives or major improvements in weather following the end of the drought years.

A third conclusion of the study has important implications for the ability of institutions to sustain reforms. A policy was adopted which provided that the state grain marketing board (OPAM) would purchase domestically produced cereals at an official support price. With recovery from the drought in 1985/86, domestic surpluses of grain overwhelmed OPAM and it was unable to sustain its buying operations which called for pan-territorial and pan-seasonal pricing. Storage costs increased and OPAM was unable to sell under prevailing price policies under its National Security Stock Program.

The assessment team recommended that as long as the GRM chooses to support producer prices that a more limited and flexible intervention be designed. Official prices should be determined based on available financial resources and reflect both seasonality and region of origin, and that prices of maize be set separately from the prices of millet and sorghum. This flexibility to adjust prices would enable OPAM to remain financially viable and continue its functions in providing producer incentives in the face of changing environmental and economic conditions. In support of this recommendation, the team advised that the GOM must improve its data collection and analytical capability to redefine options and evaluate the potential effects of public investments.

### 1.3.5 Somalia

While there is no Somali EPRP, USAID has contributed to policy reforms in support of IMF programs and other reform efforts since 1982 through Commodity Import Programs (CIP's), Cash Sales programs, and PL 480 Title I arrangements. Major reforms have been in support of promotion of private sector growth through the rationalization of parastatal enterprise, liberalization of import and export licensing, and elimination of price controls for many crops. Civil service reform has also been encouraged under Title I. The policy of guaranteeing civil service jobs to high school graduates has been discontinued.

Reported impacts include dramatic increases in grain production since liberalization of cereals marketing, and rises in farmer income. Private sector small and medium scale enterprises are proliferating, consumer goods and production inputs are becoming more readily available. With agricultural wages now higher than those received for government service, a reverse rural exodus has begun. The report states that most of the impacts reported for these reforms were obtained through interviews with a wide number of individuals from ministries, parastatals, the business sector, pvo's, and other donor reports and assessments and are thus anecdotal. Basic data are still unavailable in many sectors, and the team strongly recommends that USAID mount an extensive data collection effort in the context of an institutional development process.

The assessment team makes further comments on the state of institutional capability related to the GOS's ability to promote any future private sector economic growth. Specifically, Somalia has not yet enacted a set of procedures and regulations for foreign or national investors which would encourage them to participate in the development of production activities in the private sector. The report concludes that this failure to enact and publicize useful codes and procedures is indicative of the failure of reform programs to address institutional capability issues for reform implementation.

No ministry has the power to control interference in major decision-making regarding development policies and programs from other ministries, businessmen, parastatals, or donors. Thus, there is no power to coordinate and regulate structural reform processes between organizations, and the report concludes that this inability is one of the most serious weaknesses in the national reform program. This conclusion also points out the necessity for conducting political analyses to determine government ability to gain political support for major reforms.

#### 1.4 Emerging Concerns

While assessment of the actual effects of the African Economic Reform Policy Program is only recently underway, other evaluations as well have been conducted in various countries around the world on the impacts of policy reforms and structural adjustment programs designed by the World Bank and the IMF. Regrettably, there have been some unintended impacts which have exacerbated the health and economic conditions of some of the poorest groups in these countries and in particular, poor women and children (see for example, the Sri Lanka case study in Hood et al., "The Socioeconomic

Impact of Macroeconomic Adjustment," 1988). Other aspects of these programs have created severe pressures on governments as people in urban capitals protest or riot against the cessation of raises or hiring in public sector jobs, the reduction or elimination of subsidies on basic goods, or the reform of tax policies. These impacts have jeopardized the movement of reform implementations and have resulted in governments moving back from the "policy dialogue table (see Bing, "The Bank, the Fund, and the People of Africa," 1987)."

The growing concern regarding the social and institutional effects of such programs is evinced in efforts to implement measures which would lessen the adverse "short term" impact of reforms on people until the positive effects of overall economic growth on all population groups can be achieved, a major assumption of all policy reform programs (see for example, USAID, "Impact of the World Recession and Adjustment Programs on AID Target Groups: Implications for Food Aid," 1987; and World Bank, "Protecting the Poor During Periods of Adjustment," 1987).

More importantly for U.S.A.I.D. is the evolving Congressional legislation concerning assistance to Africa. It includes language that directs A.I.D. to broaden the policy dialogue to include discussion of policies that safeguard human welfare; to use assistance to meet more directly the needs of the poor majority in Africa; to make development assistance available to African women; and to insure that funds made available result in a process of long-term development that is equitable, participatory, and environmentally sustainable.

In light of these growing concerns, it becomes all the more important to anticipate impacts on human beings to the fullest extent possible, to understand the social and political context of policy reform in each targeted country, and to fully analyze the capabilities of the institutions that will be implementing measures under these reforms. To the degree that impacts can be anticipated, specific measures can be taken to mitigate negative effects. Many African nations lack basic socio-economic data on both their urban and rural populations that would assist these countries and their donors not only to assess probable impacts, but also to test assumptions that program reforms will lead to income growth for the poor.

Major efforts are underway by the World Bank and UNDP to conduct baseline socio-economic studies in 17 African nations to address this lack of data and to aid the systematic inclusion of social issues in the design of structural adjustment lending programs (see World Bank, "Social Dimensions of Structural Adjustment in Sub-Saharan Africa: Project Summary," 1988).

Other donors, including USAID, are moving in this same direction. Guidance has been developed on information planning for policy reform programs (Herman, 1986), and a number of EPRP's either include funds for gathering socio-economic data or point to related country projects in which surveys for baseline data are underway.

A major lacuna in this movement to assess social, political, and institutional issues involved in policy-based program assistance, is specific guidance for analysis in the design phase. EPRP's commonly fall under the category of program sector assistance, although they may encompass as well aspects covered in Handbook 4 regarding "non-project assistance." Handbook 4 directs program designers to follow the guidance for analysis found in Handbook 3, Project Assistance, yet this guidance does not cover several important features which are germane to policy reform programs and non-project assistance in general. Specifically, it lacks guidelines for conducting institutional analysis on the level of large public or private sector entities, or parastatals. It is these entities that are normally charged with program implementation, monitoring, analysis, and evaluation; or are targets of policy reform themselves. It also lacks guidance for the analysis of social and institutional issues related to privatization and liberalization reforms, which are central to many programs.

Program sector assistance guidance found in Handbook 1 requires an assessment of social costs and benefits of the sectoral program on different beneficiary groups; and an assessment of the host country's financial, political, and institutional capability for carrying out the sector strategy. What is lacking is guidance on the level of specificity needed for the assessment of these issues to ensure good design in support of the objectives of economic policy reform programs.

### 1.5 Purpose of the Review

The purpose of this report, to reiterate once again, is to review and assess the current status of social and institutional analysis in non-project assistance to Sub-Saharan Africa, and to suggest where these analyses can be improved to meet both the growing concerns for the social impacts of these programs and their intended objectives. A final objective is to draft recommendations for improving social and institutional analysis in non-project assistance based on this review and assessment.

## 2.0 METHODOLOGY

### 2.1 Measures for Social and Institutional Analysis in Non-Project Assistance

The measures utilized to assess USAID's African Economic Policy Reform Programs (AEPRP's) were based on a careful reading of a variety of source materials. These include: 1) program sector assistance guidance (Handbook 1); 2) non-project assistance guidance (Handbook 4); 3) project assistance guidance (Handbook 3); 4) evaluation guidelines for CIP's; 5) impact evaluation of five African countries undergoing major economic policy reforms; 6) impact evaluations of Food Aid programs; 7) various issue papers authored by contractors and donors on program assistance and structural adjustment programs. (See Annex 3 for a complete list of these sources.)

The impact assessment studies (reviewed under Section 1.3, Preliminary Assessment of Results), contracted and published by the Agency, and other studies listed under Annex 3, were utilized as sources of information regarding the range of possible social and institutional impacts and issues related to structural adjustment and policy reform programs. The findings from these studies and the issues raised in these and other documents, are clearly not generalizable to all such programs. While none of these studies specifically focus on the Agency's economic policy reform programs, their importance and their use in this study was in their utility for beginning to frame criteria for social and institutional analysis in non-project assistance.

The measures discussed below were specifically designed to assess social, political and institutional issues that are germane to effective non-project assistance, and in this case, particularly to economic policy reform programs. The experience of USAID and other international donors offers ample proof that programs and projects which consider, assess, and address such issues are often essential for enhancing the effectiveness and success of development assistance. In particular, USAID experience with social soundness analysis for project design suggests it should also be a key part of non-project assistance, and as such, the measures designed for this report began with the guidelines for social soundness analysis in project assistance.

This report also provides a review and some analysis of what some of these issues in non-project assistance are, and how an examination of social, political and institutional issues in the design phase of program sector assistance can help to anticipate and correct for potential problems that could otherwise lead to program collapse, or less dramatically, to not achieving important goals and objectives of the program. It is in this spirit that the review below was conducted.

To give just one example, a rapidly increasing concern within The Agency is the sustainability of development assistance beyond the life of the actual program. More recent evidence demonstrates that sustainability is often related to institutional issues (see Devres, 1987; Cernea, 1988). Sustainability of programs is in part incumbent on the host country institution/s's ability to analyse, implement, monitor, evaluate, and readjust these programs as necessary. These activities - analyze, implement, monitor, evaluate, and readjust - are component parts of the "black box" often labeled as institutional capacity. It is only when the components of this black box are unpacked and individually assessed that capacity of the client institution to successfully implement and maintain program policies can be analyzed (see DPMC and IDMC, 1987, for a recent analysis of these capabilities as related to sustainability). Based on this assessment, the program design team may elect to incorporate technical assistance and training into the overall program as a means of addressing identified institutional weaknesses.

This report reviews and assesses the status of social, political, and institutional analysis of African Economic Policy Reform Programs and other macroeconomic programs in 14 Sub-Saharan countries under several categories of issues based on an examination of the Program Assistance Approval Documents (PAADs) and Program Assistance Identification Proposals (PAIPs). These categories include: 1) issues related to an overall understanding of the impact populations; 2) a disaggregation of impacts from specific program elements on population subsectors; 4) political factors; 5) institutional issues, 6) lessons learned from similar programs; and 7) data requirements for monitoring and evaluation.

The astute reader will realize that a number of the measures that are discussed below may overlap the arenas related to, for example, both political and institutional issues. However, for the sake of clarity and specificity, judgements were made as to which "category" of issue a measure should be placed under. To assist the understanding of the utility of these measures under specific issues, a rationale is provided for each one of those identified. The programs are then summarized for the average score received under each measure included in that category. Examples of particularly effective program analyses are provided where these have been identified.

## 2.2 The Rating System

The rating system utilized for the review of social and institutional analysis in the PAADs is provided in Annex 2, Table 4, followed by the score

received under each measure for each AEPRP that was reviewed (see Annex 2, Tables 5, 6, and 7). The ratings themselves were designed to assess the quality of analysis under each issue identified. Not all of the documents reviewed contained a section or annex of social and/or institutional analysis findings. Therefore, the entire document (both PAIPs and PAADs) was subjected to these criteria and the rating system for any reflections of a social and institutional analysis found within the body of that document.

A good PAAD was one that was able to provide not only a full analysis of a particular issue and its implications for the program, it also provided some level of guidance or recommendation for addressing the issue as a means of contributing to the effectiveness of the program and of creating more positive impacts. Briefly, the programs were given numerical ratings in which 0 - no mention of issues; 1 - brief mention of issue, but no analysis; 2 - intermediate level of analysis of issue and its implications for the program; and 3 - full analysis of issue and some identified means of addressing it (i.e., providing alternatives, recommendations to mitigate negative impacts).

The highest total score a PAAD could receive under this rating system is a 48. However, if a PAAD does not specifically target the agricultural sector, and does not include reforms which would entail privatization of the economic functions of a public sector organization or parastatal, the top possible score is a 42 as two of the measures relate to these issues. A program could also have a top score of 45, if it pertains to either the agricultural sector specifically, or entails privatization reforms. Scores for these measures are indicated as "N/A" in programs where these do not apply.

The review of program designs as reflected in the Program Assistance Identification Proposals (PAIPs) was based on a slightly different rating scheme (see Annex 2, Table 1). It is not expected that these documents should include a full social, institutional, and political analysis. However, to the extent that they do, there is more assurance that these issues will be adequately addressed in the PAAD design.

A good PAIP was one that was able to indicate where further information and analysis should be conducted in the design phase. Eight PAIPs were available for review during the time period that this assessment was conducted. Briefly, proposals were given numerical ratings in which 0 - no mention of issues; 1 - identification of issues on a general level for examination by the program design team; and 2 - identification of specific issues for examination by program design team and some preliminary

analysis to indicate its importance for the program. These ratings are found in Table 2 in Annex 2.

The highest total score a PAIP could receive under this rating system is a 26. In instances where a proposal does not address the agricultural sector or include a privatization component, the top score would be a 22. However, if either one of these components do apply, the top possible score is then a 24.

The total scores received are not indicative of the complexity of policy reform programs. Rather they are indicative of the level and quality of the analysis which was carried out. For example, a lower total score does not correlate with greater relative complexity of a reform program or that a thorough analysis was not appropriate. It may instead indicate a decision not to undertake such analyses, for whatever reason. One reason for not conducting a thorough analysis of social and institutional issues is the lack of specific guidance for analyzing these issues in the design of economic policy reform programs (this was discussed earlier in the report). Conversely, a high total score does not correlate with a policy reform program which is comparatively less complex in its objectives.

The author would like to hypothesize that a high total PAAD score would allow us to predict a successful program implementation and a successful response to the program as measured by its goals and objectives. This hypothesis should be tested in future impact assessments of these programs.

## 3.0 EXAMINING SOCIAL AND INSTITUTIONAL ANALYSIS

### 3.1 Understanding the Impact Population

The assumption underlying this measure is that in order to design a policy reform program that effectively addresses constraints to productivity, one needs to understand how these constraints currently effect productive behavior of the engaged population group/s, and who these people are. With greater understanding of the impact populations, targeting of specific reforms to address these constraints, and/or to enhance their existing advantages, can accordingly become more precise. The second part of this measure asks specifically for characterization of rural populations if the program is designed to address constraints in the agricultural sector.

#### 3.1.1 Constraints Affecting Target Populations

The average score received under this measure was 1.4. Nine of the 15 program designs reviewed received a score of 1, while six received a score of 2. Those programs which received scores of 2 gave some characterization of the major population group that will be impacted by the reform beyond the level of "farmer groups," or "private entrepreneurs" and provided some understanding of the policies or conditions that are constraining productive behavior which the overall policy reform will address.

One program design that received a score of 2 is the Togo Cereals Trade Liberalization EPRP, which aims to increase exports of maize in the region while concurrently assuring for Togo's food security. It identifies smallholders as the predominant producers of maize and discusses constraints which affect their ability to increase maize production and place more grain for sale on the market, as well as the constraints on private traders who would seek more involvement in purchasing maize for export.

The Mali Economic Policy Reform Program seeks to strengthen the economy by improving conditions for fostering private sector activity. It identifies and characterizes constraints to "formal sector" entrepreneurial activity which have promoted the educated population in that country to seek public sector employment, and others to operate enterprises either on a very small scale and/or in the informal economy.

### 3.1.2. Constraints Affecting Agricultural Sector Populations

Eight of the 15 programs were specifically designed to address constraints in the agricultural sector, and the average score of these was 1.4. Of these eight programs, three received scores of 0, one received a score of 1, two received a score of 2, and two received a score of 3.

One of the programs that received a score of 3 for its characterization of the rural sector is the Cameroon Fertilizer Reform Program. This EPRP seeks to increase cereal production through privatization of fertilizer importation and distribution. It fully characterized the smallholder producers who constitute the major proportion of agricultural producers in the country, including a discussion of how economic trends promoting urban migration are lowering farm productivity due to the essentially labor intensive production methods utilized on the majority of farms. It also discusses the nature of the existing fertilizer marketing and distribution system that constrains smallholder fertilizer utilization. The program seeks to improve this system in order to increase the use of fertilizer which would help to raise productivity in lieu of labor inputs.

Through an identification of the major producer group in the agricultural sector and an analysis of the various dynamics (including policies) that are effecting its behavior, the design team was able to construct a program with elements which specifically targeted those constraints. This degree of analysis and specificity should enhance the likelihood of overall policy reform program success.

### 3.2 Disaggregating Impacts

This measure looks for how well the program disaggregates impacts on population subsectors from the various elements included in the overall policy reform program. In economic policy reform programs, these impacts derive from specific reforms that the host government is called on to implement as part of the conditions precedent to disbursement of cash or commodities.

Some of the more common measures enacted under these programs are the reduction or elimination of subsidies on certain food commodities or inputs for agricultural production; the reduction of workforce in public sector agencies; changes in pricing systems, export taxes, import taxes, investment codes, income taxes; and the reduction or elimination of government or parastatal marketing boards, input suppliers, credit suppliers. Specific elements of these programs will have varying effects on different groups in the population, either directly or indirectly. Other impacts will derive from the expanded availability of foreign exchange or credit; or from commodities brought in under CIP programs.

Some of these impacts will only be short term in their effects, while others will be of a long term or more permanent nature by intention. Problems can arise from ignoring impacts on groups that are that may be assumed to be too insignificant or short term in nature to worry about. Often times those groups with no political voice, for example women and children in the informal sector of urban areas or in remote rural areas, can suffer unduly from specific reforms relating to price or availability of basic food commodities. To the degree that a program can predict in the design phase what these impacts will be on what peoples, and of what duration, it can also design interventions to mitigate suffering or in other instances, to prevent political unrest that could destroy all of that country's economic reform efforts. These are some of the issues that underlie the rationale for this measure.

The average score under this measure was 1.6. Of the 15 programs reviewed, two received a score of 0; three received a score of 1; eight

received a score of 2, one received a score of 2.5; and one received a score of 3. This review recognizes how difficult it is to anticipate and account for all impacts, both direct, indirect, short, and long term on all possible population subgroups for every element of a given policy reform program (which would yield a score of 3) in the design phase. Accordingly, for this measure, a 2.5 score was also considered.

The program design that received a score of 3 is the 1987 amendment to the FY 1986 Zambia Auction Support Program which provides additional foreign exchange for Zambia's weekly foreign exchange auction. The program seeks to promote economic diversification in the private sector away from copper through an allocation of scarce foreign exchange to the more productive sectors of the population. The program design team identified urban sector large scale industrialists as the most positively and directly impacted population group in Zambia. These individuals were able to obtain foreign exchange through the auction to import needed machinery, spare parts, and raw materials to increase plant capacity and productivity to their direct economic benefit.

Although the program does not specify who the other urban beneficiaries are, it does mention that urban dwellers are benefitting indirectly as a result of new employment opportunities resulting from this expanded industrial capacity. Negatively impacted were owners of smaller scale enterprises. These firm owners are experiencing difficulties in affording the price of imported industrial inputs as prices for these increased because of depreciation of the exchange rate through the foreign exchange auction system.

Commercial farmers have benefitted from the program because of the resulting increase in prices for agricultural exports, and the greater availability of imported inputs. The price for needed agricultural inputs has increased, but because of this group's access to, and ability to afford credit, they are still experiencing a rise in income. Smaller scale and subsistence farmers were identified as experiencing difficulties affording these inputs as they have less access to credit than commercial farmers. As a result, USAID/Zambia is funding a rural cooperative agricultural credit scheme for small farmers to increase their ability to obtain agricultural inputs for production.

This program document included the fullest discussion of impacts, however it is an extension of an existing program and therefore the design team had the benefit of learning from earlier evaluations who the impacted

populations were. Nonetheless, this information was well utilized for the design of the amended program.

The Mali EPRP attempted to consider both short term and long term impacts from all of the components of the program for different population groups. To cite just two examples from the analysis included in the PAAD, there is a discussion of immediate and future impacts from the program's tax reform component which was designed to help increase private sector growth. The reform includes a provision for a reduction of the payroll tax, will have a positive impact on private entrepreneurs and current business owners who were previously taxed for each employee on the payroll. Eventually this should lead to increased employment for individuals in the urban sectors.

This program also considered negative impacts. For example, as a means of decreasing overly burdensome public sector salary expenditures, a voluntary early departure program was created. A forced retirement program with severance pay and pension guarantees was seriously considered, but joint discussions with the GOM on the negative political impacts from a forced retirement policy led to the proposed program. The program also includes a loan guarantee fund to help early retirees set up their own businesses, and a credit guarantee fund to cover 50% of the risk banks would incur in lending to these program participants.

### 3.3 Political Issues

Together, the three measures under the category of political issues are designed with the assumption that an assessment of political climate and political will to carry out reforms is essential to ultimate success and survival of any major policy reforms. Furthermore, because one of the intentions underlying the purpose of the African Economic Policy Reform Program is to reduce political costs associated with policy changes in support of government efforts to enact reforms for the improvement of their economies, it is important to fully assess the relevant political issues in the design phase. These measures will be reviewed and discussed separately.

#### 3.3.1. The Current Political Climate

This measure examines how well the program characterizes the current political climate and factors that are affecting it. This question assumes that an analysis of the political climate can indicate how well the program will be supported, or conversely, what political factors will constrain or destroy the chances of program successes. The average score under this measure was 1.7. Two of the 15 programs received a score of 0;

four programs received a score of 1; six programs received a score of 2; and three programs received a score of 3.

Programs which received a 3 gave a full discussion of the current political climate and factors that are affecting it, how this might affect program success, and also described how elements of the program will attempt to mitigate potential social and political problems arising from adverse economic situations (or enhance positive political support in favor of economic reform). For example, the Zambia Auction Support Program (FY 86) discusses the factors that have promoted rapid urban population growth and rural-urban migration, the large income differentials between various sectors of this population, the growing unemployment rate, and the impacts of political power held by union workers from Zambia's copper mines. As a means to redress the dominance of copper in Zambia's economy and the severe problems experienced by its society from the rapid drop in copper prices, the program focuses specifically on diversification and growth of the private sector economy.

### 3.3.2. Host Government Reaction to Conditionalities

This measure examines how well programs consider host government reactions to conditionalities and covenants which are attached to the tranching of program cash grants or commodities. The rationale behind this measure is that such conditions must be politically tenable to the host government in order to assure full compliance with the program. The average score under this measure was 1.3 with five of the 15 programs receiving a score of 0; three receiving a score of 1; four receiving a score of 2; and three receiving a score of three.

Those programs which received a score of 3 under this measure gave some analysis of government concerns over possible negative impacts and incorporated these into the design of the conditionalities. One example is the Tanzania EPRP which is designed to support the government's primary concern of increasing agricultural input by requiring them to direct resources toward the rehabilitation of transportation infrastructure and to competitively award contracts for this activity to the private sector as well as to government and parastatal agencies. The program designers briefly discuss the historically socialist tradition of the GOT since independence and mention the ongoing political debate in the country over the process of privatization, and note statements made by GOT representatives that the government already feels "tranching to death" from reforms enacted under IMF and World Bank programs. The program thus leaves the timing for the accomplishment of increasing private sector participation in road rehabilitation flexible and subject to discussion with USAID/Tanzania as the

program progresses in regard for GOT concerns over the rapidity of such changes and subsequent political reactions.

The Malawi 1986 program concerns the divestiture of agro-industrial firms owned by the Agricultural Development and Marketing Corporation (ADMARC), which is a major parastatal impacting Malawi's economy. The program designers acknowledge the GOM's concerns about the political and economic implications of increased foreign control and participation in their economy with the divestiture of ADMARC's function as investors in agricultural related industries without a parallel expansion in Malawian participation as a counter-balance since the formal private sector of the economy is not well developed. Therefore, the design included a provision for technical assistance to identify means of promoting greater participation of the private sector in agro-related industries.

### 3.3.3. Public Responses to Policy Reform Measures

This measure examines how well program designs anticipate possible unrest as a result of policy reform measures. To the extent that this can be anticipated, a program can be designed to mitigate negative impacts that would otherwise foment unrest and lead to program failure. The average score received under this measure was a .93. Of the 15 programs reviewed, 6 programs received a 0; 4 programs received a score of 1; two programs received a score of 2; and two programs received a score of 3.

The two programs that received a score of 3 gave a full consideration of which groups in the population were likely to react most negatively to specific policy reform elements and the reasons why. These programs went further in as much as they provided recommendations to lessen the possibility of unrest or incorporated these into the program design. For example, the Mali EPRP identifies students (and their parents) as an important pressure group who were not afraid to openly challenge the former military regime. Since independence, all college graduates were guaranteed jobs in the public sector and most of these jobs were in the capital of Bamako; yet the EPRP supports freezes on hiring in all but key public sector positions.

In recognition of potential unrest associated with this aspect of the EPRP, the program designers recommend improving working conditions and incentives to work in the public sector agencies in the interior where educated employees are still needed. It also recommends means to improve college education to increase its relevancy to private sector jobs in addition to improving the quality of training for public sector jobs.

The Tanzania EPRP notes strong disagreement over privatization among political party members and mentions the possibility of collapse of the whole recovery program if these political issues are not taken seriously. As a means of gaining political support for the privatization of transport infrastructure rehabilitation, provisions have been made for a joint GOT-USAID/Tanzania assessment of those rural roads rehabilitated or constructed at the conclusion of this program to determine the comparative quality, timeliness, and cost effectiveness of work performed through private vs public entities.

### 3.4 Institutional Issues

#### 3.4.1. Institutional Culture

This measure assesses how well the program design reflects an understanding of the primary host country institution/s that will be involved in implementing the program. An understanding of the means of communication between key departments and offices, of which departments or positions have full authority to implement policy changes or to make changes in the program as needed, as well as the incentives for enacting changes can be key for gaining program support and ensuring its final success. This review fully acknowledges that understanding the political and organizational culture of host country counterpart institutions has never been a requirement for program or project design, but argues that the extent to which the Agency can become aware of and more fully understand the functioning of these institutions, the more successful it can be in negotiating complex policy reform programs. Therefore, it is not surprising that the average score under this measure is .66. Nine of the 15 programs reviewed received a score of 0; three received a score of 1; two received a score of 2; and one received a score of 3.

The Mali EPRP was unusual in its characterization of the civil service entry program and the institutions that govern it as part of its analysis underlying some of the public sector budgetary problems. It characterizes where in the government the budgetary decisions are made regarding annual allocations for filling new positions in the Civil Service, where and how decisions are made to determine the number of new posts for the various ministries and their departments, how new recruits are chosen, and the socio-political factors which have kept this system intact. This analysis, which received a score of 3, was undoubtedly key for constructing the voluntary early departure program and gauging the extent of political support this program would have.

#### 3.4.2. Institutional Capacity

This measure reviews the PAAD's assessment of institutional capability for program implementation, policy research and analysis, and for monitoring and evaluating program impact (see Moore, 1987 for a presentation of issues on institutional capability in relation to implementation of policy reforms). Subsequent measures look at how well these programs examine specific aspects of institutional capability in regard to implementation, but 3.4.3 looks for an overall analysis of capability. The major premise of this measure is that institutional capability is a major key to program success. The average score under this measure was 1.6. Of the 15 programs reviewed, only one received a score of 0 by providing no analysis; six received a score of 1; six received a score of 2; and two received a score of 3.

Those program designs receiving scores of 3 attempted to analyze the implementation, analysis, and/or evaluation capability of the major institutions involved in implementing program reforms. In addition they provided either recommendations and/or program provisions for strengthening any institutional weaknesses that were identified. For example, one of the major objectives of the Malawi program (FY 86) is the divestiture of the parastatal Agricultural Development and Marketing Corporation (ADMARC) of its firms managed by its Development and Investment Division, and the reduction of the agency's functions to agricultural marketing activities. The program designers assess ADMARC's staff capability to manage the divestiture process and recommends means to finance short-time technical assistance to support those who have the primary responsibility and is complementary to that provided by the World Bank. It also defines specific means to increase the capacity of ADMARC to perform and improve its agricultural marketing operations.

#### 3.4.3. Institutional Coordination for Program Implementation

This measure examines the extent to which program designs have taken into account issues that may arise when several host government institutions must be involved in implementing the program. Many of the EPRP's contain program elements that span the jurisdiction of several ministries and agencies, and any significant changes will necessitate agreement among several or all of these. Both for practical reasons and for reasons of gaining full government support, the actual implementation often must be coordinated among several institutions.

The average score received under this measure was 1.3. Two of the 15 programs reviewed received a score of 0; ten received a score of 1; three one received a score of 2; and one received a score of 3.

The Mali EPRP, which received a score of 3, provides for the establishment of a Program Coordination Unit within the Ministry of Finance. It fully details the responsibilities of the Unit which include liaison activities between USAID/Mali and all ministries and offices responsible for carrying out implementation of the EPRP and related policy reform programs, and overseeing implementation and monitoring of all phases of the program. In recognition of program complexity and its politically sensitive provisions, it includes specific roles for the Unit in program modification decisions and redesign. It also provides full budget, personnel, and supply allocations in support of this scope of work.

#### 3.4.4 Program Sequencing Issues

This measure examines the extent to which the program designs have assessed the institution's ability to implement the various aspects of the program in the sequential order originally established. This question recognizes the political unpopularity of many reform measures and the resulting pressures governments may feel. External factors that the government has no control over, such as declines in prices for key export commodities on the international market, may also change the rationale for sequencing the implementation of specific reforms in a certain order. Accordingly, host country governments may make decisions to change the order of program implementation with possible ramifications for overall program effectiveness and success. Again, the extent to which program designers can explore these possibilities with the institutions responsible for implementing policy reforms, the greater the chance of overall program success.

The average score received under this measure was .53. Of the fifteen programs reviewed, eleven received a score of 0; one received a score of 1; two received a score of 2; and one received a score of 3.

The Mali EPRP received a score of 3. It gives a full discussion of the issues of sequencing relating to the Voluntary Early Departure program for the civil service. The program provides for policy reform in the commercial investment and tax codes as a means of improving the climate for private enterprise. Since many of the early retirees from civil service are expected to begin their own businesses, the issue of when to "release" the first group of employees into the private economy in relation to the implementation of changes in the tax and commercial investment codes which would better enable them to begin businesses is discussed. The implications for releasing individuals too early in the overall reform program are also discussed, and the issue is partly resolved through the flexible program design which allows

for midcourse adjustments in implementation based on a review of the early experience of the program.

#### 3.4.5. Program Timing Issues

This measure examines the extent to which program designs have assessed the timing or speed with which institutions can implement various reform elements (see Herman, 1986 for a fuller discussion on policy reform implementation progress). For example, impacts from earlier reforms undertaken under the program may affect a decision on the part of the institution to delay implementing subsequent pieces of the reform package or necessitate the reformulation of specific aspects of the overall program. Changes in the economy due to factors beyond government control may also necessitate changing the timing of implementation. If the program includes provisions for acquiring technical assistance for implementation or mid-term evaluations, the time needed to acquire these services will also affect the speed with which implementation can take place. Program designs that assign specific dates for disbursement of funds based on fulfillment of conditionalities which do not take these issues into account may be doing so at the risk of angry host country reactions, negative societal impacts, or failure of reform to achieve expected outcomes.

The average score received under this measure was .93. Eight of the 15 programs received a score of 0; two received a 1; three received a 2; and two programs received a 3.

The Malawi 1986 PAAD provides an example of a program which received a score of 2. One of the conditions precedent to disbursement of cash grant funds in the program, is the recruitment of long-term and short-term technical assistance experienced in financial and corporate management, divestiture and investment promotion to assist the Agricultural Development and Marketing Corporation and the GOM with the required divestiture process. In recognition of possible delays in obtaining such expertise, the program states that the condition will be satisfied if the process of recruitment is underway.

The Tanzania EPRP received a score of 3. As mentioned above in this review, the PAAD provides for joint GOT and USAID decisions on timing of privatization and transfer of funds in the GOT budget for infrastructure repair based on political considerations although it is recognized that significant delays in implementation will lessen the intended overall impact of this program.

#### 3.4.6. Public/Private Transitions

Many policy reform programs are designed to eliminate or reduce government interventions in the economy. This often entails dismantling or reducing the functions of public or parastatal marketing and distribution agencies, government banks who provide credit for the agricultural sector, etc, in favor of private institutions. In other instances services for the provision of credit, inputs, or for marketing of goods, etc., may be transferred to a mix of public and private entities (for a discussion of issues related to public/private transitions, see Morrison, 1986). This measure examines the extent to which the alternative private institutions are identified and characterized, and the capacity of these alternatives to take over service functions.

This review found that often times institutions or groups of individuals to take over these functions were not identified, and the "private sector" is assumed to be a more capable, economic, and efficient service provider. Yet recent work in field work in Honduras which attempted to test these assumptions held by some proponents, did not bear this out (see Moore and Lim, "Privatization in Developing Countries: Ideal and Reality, 1987), indicating that more information and additional interventions may be needed to attain the desired outcomes of privatization.

This measure did not apply to six of the programs that were reviewed. In the analysis of programs in which alternative arrangements for service provision were necessary as a result of policy reforms, the average score received was .4. Of the nine programs reviewed, six received a score of 0; two received a score of 1; and one received a score of 2.

The Cameroon EPRP, which received a score of 2, seeks to improve the efficiency of fertilizer marketing and thereby increase agricultural productivity and rural incomes through privatization of fertilizer importing and distribution. The program designers point to active trucking enterprises and importers who can take over the function from the Ministry of Agriculture for importing fertilizer and transporting it in to rural areas. The program discusses the possible role of existing rural cooperatives for the distribution of fertilizer to farmers, and will utilize an existing study of the cooperative movement and its future role in providing services and managing resources to determine capacity. However, program success depends on the ability of distributors, truckers, and importers to organize themselves into marketing and distribution network enterprises before they are eligible for bank credit for these activities; and this issue is not discussed.

The Malawi 1986 EPRP received a score of 1. It was unusual in that it pointed out that it is not adequately known who the private sector entities are that could alternatively invest in the agricultural sector; and provides for technical assistance to assist in the identification and location of possible private investors.

#### 3.4.7. Equity Issues

This measure is designed to assess to what extent the program design takes into account issues of equity of access in cases where, for example, new arrangements or alternative entities for service provision are part of the program; or in the institutional arrangements for access to expanded credit funds or for the distribution of imported commodities provided under a CIP program. To the extent that any development assistance seeks to improve incomes of a country's poor and avoid furthering economic disparities between and within rural and urban areas, equity of access to services and/or goods must be addressed in the design phase of a program.

Fourteen of the 15 programs involved some type of new arrangement for service provision or a new resource to be provided through existing institutional arrangements. The average score received under this measure was .71. Eight of the 14 programs reviewed received a score of 0; two received a score of one, and four received a score of 2.

The Malawi 1986 Parastatal Divestiture program points out a serious equity concern which arises from the sale of firms owned by ADMARC (Agricultural Development and Marketing Corporation) which is a major agricultural sector parastatal in Malawi. Since there are few private firms in the country that are large enough to purchase these, both USAID/Malawi and the GOM are worried about further concentration of capital and subsequent monopolistic practices.

This program also increases the amount of credit available to the banking system for lending to private borrowers which would assist the purchase of divested firms. The designers have pointed out the bias of the banking system in favor of larger entities which can result in these few large firms acquiring a disproportionate share of credit to further their advantage and decrease private sector competition. The program designers thus state that it is critical that the GOM does not grant potential buyers of divested firms additional rights, but the program itself does not address the biases in the banking or credit sectors. The Malawi FY 1986 program, which received a score of 2, does however fund a capital market study which will begin to address this problem.

### 3.4.8. Sustainability Issues

As mentioned earlier in this report, increasingly the evidence shows that sustainability of development assistance is strongly linked to institutional issues. Some of these issues are discussed in 3.4.2. above in regard to "capacity." Evidence also shows that the extent to which an institution participates in formulating program elements (in this case perhaps criteria in fulfillment of conditionalities), there will be a greater sense of ownership and investment in the program, and therefore a greater investment in sustaining it beyond the period of development assistance from the donor. Sustainability can also depend on the institution's ability to maintain political support for a given program. This admittedly broad measure examines the extent to which the program design has assessed the ability of the host country government and the institutions involved in the program to sustain policy reform measures. Although the majority of program designs reviewed in this report do not use the term "sustainability," many have incorporated measures that enhance program sustainability which give evidence of a growing awareness of this issue.

The average score under this measure was 1.3. Five of the 15 programs reviewed received scores of 0; three received a score of 1; four received a score of 2; and three programs received a score of 3.

The Tanzania EPRP again provides a good example, in this case in its attention to sustainability issues through measures to increase government participation in critical implementation decisions and evaluations. The program designers discuss the political problems of privatization in this socialist country and thus leave the timing for when certain conditions that would further this process must be met open to joint decisions between USAID/Tanzania and the GOT. As mentioned earlier in this review, the designers, as a means of gaining support for the program and perhaps a continuation of privatization measures, arranges for the joint evaluation of private vs. public entities contracted for infrastructure repair.

One of the stated goals of the Togo EPRP is to develop Togolese institutional capacity to conduct marketing research as a means of informing their own policy reform decisions for the agricultural sector. The program provides funding and technical assistance in furtherance of that goal. Both of these programs received scores of 3.

### 3.5 Lessons Learned

This measure examines the extent to which program designers are incorporating experience from policy reforms which entail similar changes as

a means of enhancing program sustainability, enhancing positive impacts, or mitigating negative impacts in respect to social, political, and institutional issues. One of the rationales behind the formulation of this measure is that in the absence of socio-economic and private sector data, (which is frequently the case in SubSaharan Africa), experiences of other countries undergoing major economic policy reforms can help guide design.

The average score received under this measure was .4. Twelve of the 15 programs reviewed received a score of 0; one received a score of 1; one received a score of 2; and one program received a score of 3. It is possible that program designers may be incorporating "lessons learned" relating to social impacts from other economic policy reform programs without explicitly stating this in the PAAD and as such a score of 0 may be unjust in some cases.

The Mali EPRP received a score of 2 for its explicit attempt to benefit from lessons learned elsewhere. The program designers discussed how they tried to examine other civil service employee reduction programs in the region for the design of the Mali Voluntary Early Departure program, but could find no other comparable programs. The Zambia Auction Support Program Amendment (FY 87) received a score of 3, largely because its design was able to benefit from evaluation data collected during the program in FY 86.

### 3.6 Data Requirements for Monitoring and Evaluation

This measure examines the extent to which program designers are identifying the need for socio-economic and institutional data for program design itself, and in order to test the assumptions of the program, monitor its progress, and undertake final evaluations. Of course the specific types of data needed vary according to the type of reforms that will be undertaken, but some basic socio-economic and institutional data are needed for most programs (again, see Herman, 1986 for guidance on information planning needs for policy reform programs). For example, a stated goal of program sector assistance provided in the guidance found in Handbook 1 is to increase the incomes of the poor. Even where this goal is not explicitly stated, there is an assumption that the benefits of macroeconomic level policy change will raise not only overall productivity, but incomes as well.

Baseline data which would allow one to measure success in reaching these overall goals, or to judge any program impact, is most often non-existent. To the extent that programs can identify specified data sets that are needed for program monitoring and possible midcourse adjustment in

the design phase, it can also provide the necessary funds and technical assistance for data collection and analysis. As a result, the intended impacts of the reforms have a much better chance of being realized. Thus, there is a need for explicit monitoring and evaluation plans that would include the collection of baseline data where these are lacking.

The majority of programs evidenced a realization of the need for socio-economic and institutional data, but the degree to which they specified the kinds of data needed and made provisions for its collection and analysis varied. The average score received under this measure was 1.8. Only one of the 15 programs reviewed received a score of 0; two received a score of 1; eleven received a score of 2; and one received a score of 3.

The Togo EPRP, which received a score of 3, seeks reforms to effect the liberalization and privatization of the cereals export trade. Through these reforms it is intended that in time that the farmgate prices will increase and stabilize, and that increases in cereals production and export earnings will also be realized. The PAAD notes that the implementation and success of the program will be determined at the local level, and lists a number of hypotheses the program expects to test about how farmers and traders will react to the liberalization of the maize export market. Program money is allocated to the Office of Development Studies and the Office of Agricultural Surveys and Statistics to collect specified data sets at time periods coinciding with the maize production cycle; and assistance is planned for data analysis.

This is one case where local level data on producer behavior are key to program success. These data will form an important component of the food security monitoring system which determines how many maize export licenses will be issued in a given year.

## 4.0 CONCLUSIONS

Given the assumption that a well designed project or program increases the chances of successfully achieving its goals and objectives, it is axiomatic then that attention to program features impinging on social, institutional and political issues must be part of the analysis incorporated into that design. Good social and institutional analysis, along with good economic analysis, enhances the likelihood of feasible designs, the probability of successful implementation of policy reform efforts, and sustainability of benefits for the target population.

This report reviews the design of African Economic Policy Reform Programs as they appeared in 15 PAADs (Program Assistance Approval Documents) and 8 PAIPs (Program Assistance Identification Proposals) for the presence and level of these types of analyses; and the conclusions of five impact studies that were conducted of countries undergoing economic policy reform programs. Three of the 15 PAADs reviewed were not part of the African Economic Policy Reform Program, but their designs promoted economic policy reforms (Malawi FY 1986, Zambia FY 1986 and 1987). The following points represent the major findings of this review.

1. The existing guidance for social and institutional analysis for non-project assistance lacks specificity and does not cover important features that characterize this type of aid. Handbook 4 on non-project assistance guidance directs program designers to follow the social soundness analysis guidelines found in Handbook 3 for project assistance, yet this guidance does not cover several important features which are germane to policy reform programs. Specifically, it lacks guidelines for institutional analysis on the level of large public or private sector entities, or parastatals. It is these entities that are normally charged with program implementation, monitoring, analysis, and evaluation; or are targets of policy reform themselves. It also lacks guidance for the analysis of issues related to privatization and liberalization reforms which are central to many programs. Program sector assistance guidance found in Handbook 1 requires an assessment of social costs and benefits of the sectoral program on different beneficiary groups; and an assessment of the host country's financial, political, and institutional capability for carrying out the sector strategy. However, it provides no meaningful rationale for the importance and utility of these assessments; or guidance for the level of specificity needed for good program design.

2. Existing evidence points to the fact that institutional capability is crucial to successful program implementation. The Zambia agricultural sector policy impact assessment reviewed in this report provides a powerful argument for the necessity of analyzing institutional capacity to implement, monitor and evaluate economic policy reform programs. All of the programs reviewed evinced an awareness of institutional issues; however, the quality of analysis of institutional capability is low.

3. Success of policy reform programs is often ultimately determined at the local level. The Zaire impact assessment concluded that disappointing responses to marketing and producer prices liberalization were directly due to uneven reform implementation at the local and regional level. An assessment of agricultural reforms designed to increase farmer production in Zambia indicates that managerial and implementation skills of district level civil servants to implement complementary infrastructure repair projects may have been just as crucial to farmer responses as were increases in producer prices. These are just two examples in support of the conclusion that local level social and institutional data for program monitoring and evaluation are essential for program success.

4. Programs which require the transfer of specific economic functions from the public to the private sector must analyze the capability of the private sector to conduct those functions. Nine of the 15 programs reviewed require the reduction or elimination of public sector involvement in activities such as commodity marketing or agricultural input distribution, yet six of these programs did not identify private sector alternative institutions or groups of people who would take over these activities. Three programs identified private sector alternatives, but only one gave some analysis of capability. The "private sector" has become another black box in need of examination.

5. Equity issues must be analyzed in programs involving new private sector arrangements for the provision and distribution of goods, or in instances where a new or expanded resource is being provided under an existing institution. The Mali impact assessment report of cereal price and marketing reforms provides a cogent example of how private sector institutions at the local level cannot be expected to guarantee equity of access in cases where they are taking over service functions of parastatals. Of the 14 programs involving such cases, 8 do not include any mention of equity issues. Four of the programs do mention equitability of access as an issue, but do not identify what population groups are of concern, and do not provide recommendations which address this issue.

6. There is an incomplete analysis of projected impacts from the reforms, goods and services that will be implemented under Economic Policy Reform Programs. The majority (13 out of 15) of the program designs have not undertaken analyses of both negatively and positively affected populations for short-term and longer-term impacts. Yet this information is crucial for lessening the effects of negative impact during interim stages of program implementation; and for lessening the chances of civil unrest or cessation of political support for these programs.

7. The frequency and quality of social and institutional analysis in the documents reviewed is insufficient. For example, of the 15 PAAD's reviewed, only five included an institutional analysis under a program feasibility section and/or in a separate annex. Yet of those five documents that did include a distinct institutional analysis, the average score received was only 11 (ranging from 6 to 18) out of a possible 21 or 24 total point score in the rating system developed for institutional analysis (see Annex 2, Table 3). However, those 10 documents that did not specifically include an institutional analysis section received an even lower average total score of 5.2, ranging from 2 to 10.

8. Based on Agency experience with social soundness analysis in project assistance, there is solid indication that a full analysis in the design stage of probable impacts on all possible population groups, and of institutional capability to implement, manage, analyze, monitor and evaluate programs, is a necessary component for enhancing successful implementation and continued political support. However, at this point the hypothesis that good social and institutional analysis enhances program design, increases the probability of successful implementation of non-project assistance, and the sustainability of benefits for the target populations, cannot be proven based on the policy reform impact assessments reviewed for this report. Most of the EPRP's are too recent for evaluation, and those countries undergoing reforms which have been assessed thus far have for the most part not focussed on reforms implemented under EPRP's. In order to fully test this hypothesis, future program designs will have to include and incorporate social and institutional as well as economic issues; and future impact studies will have to specifically examine social and institutional impacts at the levels indicated by the rating system utilized for this review.

## 5.0 RECOMMENDATIONS

The above paragraphs summarize some of the major findings on the state of social and institutional analysis in economic policy reform programs.

While not all the evidence is in, it can be argued that the information obtained from these analyses during the design phase will enhance the probability that some of the major stated goals for these reforms will be achieved: lessening the political difficulties of implementing major economic reforms, raising the incomes of the poor, and ensuring for more equitable access to the means of achieving economic growth. The following recommendations are made in that spirit.

1. Missions should be required to undertake social and institutional analyses, in concert with economic analysis, for designing non-project assistance. A professional social science analyst should be included in the design team.
2. The draft guidelines provided in Annex 3 should be reviewed, refined, revised, and adopted as interim guidance for conducting social and institutional analysis for non-project assistance. The existing guidance for conducting social soundness analysis in project assistance should be utilized while these revised guidelines are under review.
3. Future social and institutional analyses should not only constitute a separate annex or section in program design documents, they should also inform program design.
4. Impact studies of economic policy reform programs and other forms of non-project assistance should include examinations of social and institutional impacts below the national level. These data should be disaggregated for impacts on appropriate sub-population groups and by gender as one means of implementing mid-program adjustments and as a means of informing future program design.
5. Programs should include a clear monitoring and evaluation plan, and funding for the collection and analysis of baseline data in instances where data are lacking from which to predict and/or assess social and institutional impacts. These data should be analyzed on the local as well as national levels during the life of program implementation as well as at its conclusion.

## ANNEX 1

## 1985-1987 PROGRAMS REVIEWED

FY 1985 Programs

1. Malawi (\$15,000,000) The goal of the program is to support the program of structural adjustment which the Government of Malawi is currently undertaking. The objective of the program is to rationalize fertilizer policy in order to promote efficient diversification of smallholder agriculture. Policy changes include: 1) the reduction of fertilizer subsidies; and 2) a shift from low nutrient, high cost fertilizers to high nutrient, low cost fertilizers.
2. Mali (\$18,000,000) The goal of the program is to support long-term sustainable growth. The objectives of the program are to provide an environment conducive to expanded economic growth in the private sector; and to reduce the burden of the public sector on the economy while increasing its efficiency. Policy changes include: 1) tax reform and reduction to improve private sector initiatives; 2) restructuring expenditures to begin reduction of civil service payroll and increase funds available for non-wage expenditures; 3) revision of commercial code; and 4) relaxation of price controls.
3. Zambia (\$25,000,000) The goal of this program is to provide assistance in accelerating the GRZ's agricultural development and economic diversification objectives. The objective is to liberalize agricultural marketing in maize and fertilizer, the two major commodities still controlled by the government, in order to create the right incentive structure for agricultural development. Policy changes include: 1) elimination of subsidies on maize and fertilizer; 2) introduction of regional pricing for maize and fertilizer; and 3) allowing private sector marketing in maize and fertilizer.
4. Rwanda (\$12,000,000) The goal of this program is to support the GOR's adopted plan for economic recovery by stimulating industrial production and employment. The objective is to create an improved environment for the development of small and medium scale private enterprises in the manufacturing sector. The policy changes being enacted to meet these goals include: 1) liberalizing price controls; 2) examining the entire tariff structure for future changes; and 3) creating incentives and credit guarantees.
5. Mauritius (\$5,000,000) The goal of this program is to assist the GOM by providing foreign exchange and budgetary support to ease the burden of

policy reforms needed to continue economic structural adjustment. The objective of the program is to aid the government in its reform of its industrial incentive system. Policy changes include: 1) imposing a ceiling of 100% on all tariffs; 2) reducing marginal personal tax rates; and 3) improving export incentives.

#### FY 1986 Programs

6. Malawi (\$10,000,000) The goal of this program is to facilitate the resumption of sustained economic growth in Malawi. The objective of the program is to encourage and assist the divestiture of the Agricultural Development and Marketing Board's estate and non-marketing assets to the private sector to ensure a more efficient utilization of resources. Policy changes include the transfer of parastatal firms to the private sector. This program does not fall under the African Economic Policy Reform Program.

7. Guinea (\$10,000,000) The goal of this program is to support and consolidate Guinea's structural adjustment program with primary emphasis upon balance of payments support and those elements of the reform which seek to liberalize and privatize trade in rural areas. The objective is to revitalize private sector agricultural marketing in Guinea through elimination of marketing parastatals and the provision of credit. Policy changes include: 1) elimination of four parastatals in agricultural marketing; and 2) elimination of all agricultural input subsidies.

8. Senegal (\$15,000,000) The goal of this program is to support the Government of Senegal's tax reform package as part of the structural adjustment process. The objectives are to increase the efficiency of investment by rationalizing the trade regime, and to begin a major review of tax policy. Policy changes include: 1) rationalization of tariffs; and 2) reduction of import quotas.

9. Zaire (\$15,000,000) The goal of this program is to support the adoption and implementation of a series of policy reforms designed to promote efficient private industrial investment and to re-initiate the growth of per capita incomes. The objective is to rationalize the tariff regime. Policy changes include: 1) reduction of import controls; and 2) narrowing of tariff bands to between 30% and 60%.

10. Togo (\$7,850,000) The goal of this program is to further the structural adjustment and policy reform process agreed to by Togo and the IBRD. The objectives of this program are to promote trade in grain between Togo and surrounding food deficit countries, to increase and stabilize farmgate prices,

and increase both cereals production and export earnings. Policy changes include a gradual elimination of export controls on grains, especially corn, through the establishment of an export licensing system.

11. Zambia (\$15,000,000) The goal of this program is to support a restructuring of the Zambian economy to a more diversified base. The objective is to assist in the establishment and implementation of the foreign exchange auction system. The major policy change is to allow market forces to determine the kwacha value and the distribution of available foreign exchange. The Foreign Exchange Auction program is not an African Economic Policy Reform Program.

#### FY 1987 Programs

12. The Gambia (\$6,000,000). The goal of the program is to help create a more stable and equitable financial system. The objective of the program is to support GOTG efforts to create a financial policy and institutional environment which encourages and promotes greater and more equitable access to markets for private entrepreneurs. A major GOTC policy reform supported under the program is the establishment of uniform practices for both private and public institutions concerned with finance and credit

13. Tanzania (\$12,000,000) The goal of this program is to support the GOT's Economic Recovery Program and its objective of increasing agricultural output by directing resources toward rehabilitating the infrastructure of the country. The objective of the program is to assist the GOT to reduce or eliminate transportation constraints to increased agricultural production and marketing. Policy changes include: 1) increasing resources allocated to transportation through its National Development Budget; and 2) awarding contracts for road rehabilitation and construction on a competitive basis.

14. Cameroon (\$9,000,000) The goal of the program is to increase efficiency and growth of the agricultural input supply system. The objective of the program is to improve the efficiency of fertilizer marketing through privatization of fertilizer importing and distribution. Policy changes include: 1) privatization of fertilizer importing and distribution; and 2) reduction of the fertilizer subsidy.

15. Zambia (\$12,215,000) This program is an amendment of the 1986 Zambia Auction Support Program discussed above. The goal and the objectives remain as listed above. The amendment seeks to continue Agency support of the foreign exchange auction system as originally formulated under the 1986 program.

### FY 1988 Programs Reviewed in Proposal Stage

16. Uganda (\$15,000,000) This program was reviewed in the proposal stage (PAIP). If approved, the goal of the program is to support the GOU's four year Rehabilitation and Development Plan through creating a comprehensive export strategy with complimentary trade policies. Objectives of the proposed EPRP are to provide funding for marketing and trade studies, for designing an intra-regional trade strategy, and for improving institutional capacity to formulate policies in support of increasing trading activities with member countries of the Preferred Trade Area; and to provide foreign exchange to facilitate intra-regional trade and to finance import items in support of increasing agricultural production through an AEPRP line of credit to the Bank of Uganda. Policy changes in export trade will be considered based upon studies financed by this program.

17. Niger (\$19,000,000) This program was reviewed in the proposal stage (PAIP). If approved, the goal is to support the efforts of the GON to increase private enterprise, and to increase rural incomes through stimulating diversification and increased marketing and export of agricultural production. The program objectives are to expand access to marketing channels by private agents. Suggested policy reforms include: 1) streamlining of export regulations; 2) eliminating export tariffs on key agricultural products; 3) continuing price liberalization; 4) revising investment and commercial codes; 5) publicizing international and domestic market information, and 6) reducing overlapping controls on market activities.

## ANNEX 2

## TABLE 1

RATING SYSTEM FOR PROGRAM ASSISTANCE IDENTIFICATION PROPOSALS  
(PAIPs)  
MEASURES OF SOCIAL AND INSTITUTIONAL ANALYSIS FOR  
ECONOMIC POLICY REFORM PROGRAMS

- I. UNDERSTANDING THE IMPACT POPULATION
- A. As a background to any discussion of impacts, does the proposal identify and/or characterize the constraints affecting the relevant target populations?
- 0 - no identification other than sectoral level
  - 1 - identifies relevant populations for analysis in PAAD
  - 2 - as above (#2) plus some preliminary assessment of major constraints affecting productivity
- B. If primarily a proposal addressing agricultural sector, does it identify the relevant farming and marketing systems and associated social organization of populations engaged in these activities?
- 0 - no identification
  - 1 - identification on aggregate level for analysis in PAAD
  - 2 - some preliminary identification of agricultural subpopulations and constraints affecting productivity
- II. DISAGGREGATING IMPACTS ON POPULATION SUBSECTORS FROM PROGRAM ELEMENTS (Positive and Negative; Direct and Indirect; Short term and Long term)
- A. Urban: 1) impoverished groups, women and children in particular; 2) middle income groups; 3) wealthy; 4) civil servants; 5) others
- B. Rural: 1) estate owners; 2) large land holders; 3) middle size land holders; 4) small holders; 5) renters; 6) landless laborers; 7) traders; 8) shop owners, small manufacturers; 9) herders; 9) others Particularly women and children in 3-9
- 0 - impact on sectoral level
  - 1 - indicates groups that may be impacted for further examination in PAAD
  - 2 - indicates possible range of impacts (positive, negative, short

term, etc.) for various elements of program on different sub-groups for further analysis in PAAD

### III. POLITICAL ISSUES

- A. Does the proposal characterize the current political climate and factors that are affecting it (i.e., internal or external economic or political events) that could either support or constrain program?
- 0 - characterizes macroeconomic issues only
  - 1 - brief characterization of events affecting political climate for further examination in PAAD
  - 2 - above (#2) plus some preliminary analysis on how this could affect the program
- B. Does the proposal account for possible negative host government reaction to conditionalities attached to disbursement schedules?
- 0 - no discussion
  - 1 - identifies possibility for further examination in PAAD
  - 2 - some preliminary analysis of host country concerns
- C. Does the proposal anticipate any civil unrest as a result of policy reform measures proposed under the program among:
- 1) impoverished groups; 2) middle class; 2) trade unions; 3) political party members; 4) military; 5) religious groups; 6) university groups (students, professors); 7) upper class, wealthy; 8) other
- 0 - no mention
  - 1 - identifies possibility for further analysis in PAAD
  - 2 - above (#2) plus preliminary analysis of which groups may be involved

### IV. INSTITUTIONAL ISSUES

- A. Does the proposal assess institutional capability for a) implementation, b) policy research and analysis, or for c) monitoring and evaluating program impact (as appropriate)?
- 0 - no mention
  - 1 - brief indication for analysis in PAAD
  - 2 - above (#2) plus some preliminary analysis of weaknesses and strengths of institutions that will probably be involved in the program
- B. Does the proposal anticipate issues of institutional implementation capability related to timing and sequencing

of reform measures?

0 - no mention

1 - indicates that these issues may be of concern for analysis in PAAD

2 - above (#2) and some preliminary assessment

C. Does the proposal identify/characterize alternative institutions in the private sector that can take over functions of public institutions (i.e. parastatal agencies for distribution, marketing, etc.)?

0 - no mention other than "private sector"

1 - identifies possible alternative institutions for further analysis in PAAD

2 - above (#2) and some preliminary assessment of their capabilities to perform functions taken over from public sector

D. Does the proposal anticipate equity issues under a) new institutional arrangements; or b) in regard to institutional arrangements for distributing goods under CIP programs?

0 - no mention

1 - indicates equity issues may be of concern and recommends further analysis in PAAD

2 - above (#2) and some preliminary assessment of issue

E. Does the proposal anticipate the institution/s's ability to sustain program measures?

0 - no mention

1 - indicates there may be some sustainability issues which PAAD should examine

2 - above (#2) plus some preliminary analysis of sustainability issue

## V. LESSONS LEARNED

A. Does the proposal discuss any lessons learned from similar program reforms regarding social and/or institutional issues?

0 - no discussion

1 - some mention of similar reforms which may be germane to proposed program for further analysis in PAAD

2 - above (#2) plus some preliminary discussion of how this experience can be utilized for proposed program

## VI. MONITORING AND EVALUATION

A. Does the proposal incorporate provisions for collecting social and institutional data for monitoring and evaluating program and/or for design of PAAD?

0 - no mention

1 - indicates types of social and institutional data the program will need for further exploration by design team

2 - above (#2) plus preliminary discussion of specific data needs for program design and later monitoring and evaluation

TABLE 2  
SCORES FOR PROGRAM ASSISTANCE IDENTIFICATION PROPOSALS (PAIPs)

|                              |      | Mali/85 | Zaire/86 | Malawi/86 | Gambia/87 |
|------------------------------|------|---------|----------|-----------|-----------|
| target pop                   | I A  | 2       | 0        | 0         | 1         |
| agric pop                    | B    | N/A     | 1        | N/A       | N/A       |
| impacts                      | IIA  | 1       | 1        | 0         | 0         |
| political<br>climate         | IIIA | 0       | 1        | 0         | 0         |
| gov<br>reaction              | B    | 0       | 0        | 1         | 0         |
| civil unrest                 | C    | 0       | 0        | 0         | 0         |
| institutional<br>capacity    | IVA  | 2       | 1        | 2         | 1         |
| sequence<br>and timing       | B    | 0       | 0        | 1         | 0         |
| private sector<br>transition | C    | 0       | 0        | 0         | N/A       |
| equity                       | D    | 0       | 0        | 0         | 0         |
| sustainability               | E    | 0       | 0        | 0         | 0         |
| lessons<br>learned           | V A  | 0       | 0        | 0         | 0         |
| data for<br>m&eval           | VI A | 1       | 0        | 0         | 0         |
| TOTAL SCORES                 |      | 7       | 4        | 3         | 3         |

Rating System 0 = no mention, or identification only at sectoral levels. 1 = identification on a general level for examination by program design team. 2 = identification of specific issues for examination by program design team and some preliminary analysis to indicate its importance for the program

TABLE 3  
SCORES FOR PROGRAM ASSISTANCE IDENTIFICATION PROPOSALS (PAIP'S)

|                           |      | Tanzania/87 | Niger/87 | Uganda/87 | Cameroon/87 |
|---------------------------|------|-------------|----------|-----------|-------------|
| target pop                | I.A  | 1           | 1        | 0         | 1           |
| agric pop                 | B    | 0           | 2        | 1         | 2           |
| impacts                   | IIA  | 1           | 2        | 0         | 1           |
| political climate         | IIIA | 2           | 1        | 1         | 0           |
| gov reaction              | B    | 2           | 2        | 0         | 1           |
| civil unrest              | C    | 2           | 0        | 0         | 1           |
| institutional capacity    | IVA  | 2           | 2        | 1         | 0           |
| sequence and timing       | B    | 2           | 0        | 0         | 0           |
| private sector transition | C    | 1           | 0        | 0         | 2           |
| equity                    | D    | 2           | 2        | 0         | 0           |
| sustainability            | E    | 2           | 1        | 0         | 0           |
| lessons learned           | V.A  | 0           | 1        | 0         | 0           |
| data for m&eval           | VI.A | 2           | 1        | 1         | 0           |
| TOTAL SCORES              |      | 19          | 15       | 4         | 8           |

Rating System 0 = no mention, or identification only at sectoral levels; 1 = identification on a general level for examination by program design team; 2 = identification of specific issues for examination by program design team and some preliminary analysis to indicate its importance for the program.

TABLE 4

RATING SYSTEM FOR PROGRAM ASSISTANCE APPROVAL DOCUMENTS  
(PAADs)  
MEASURES OF SOCIAL AND INSTITUTIONAL ANALYSIS FOR  
ECONOMIC POLICY REFORM PROGRAMS

- I. UNDERSTANDING THE IMPACT POPULATION
- A. As a background to any discussion of impacts, does the program identify and/or characterize the constraints affecting the relevant targeted populations?
- 0 - no identification other than sectoral level
  - 1 - identifies relevant populations and some of the major constraints which affect the sector (not the population)
  - 2 - some characterization of targeted populations and identification of major constraints affecting those populations
  - 3 - fully characterizes targeted populations and analyzes constraints affecting their productivity
- B. If primarily a program addressing agricultural sector, does it characterize the relevant farming and marketing systems and associated social organization of populations engaged in these activities?
- 0 - no characterization
  - 1 - identification on aggregate level
  - 2 - breaks down the systems into estate, smallholder, etc., identifies who traders are in marketing system
  - 3 - in addition to 2 above, raises issues affecting productive activity, i.e., social organization, labor constraints due to urban migration, scarcity of productive land, etc.
- II. DISAGGREGATING IMPACTS ON POPULATION SUBSECTORS FROM PROGRAM ELEMENTS (Positive and Negative; Direct and Indirect; Short term and Long term)
- A. Urban: 1) impoverished groups, women and children in particular;  
2) middle income groups, attention to women and children;  
3) wealthy; 4) civil servants; 5) others

- B. Rural: 1) estate owners; 2) large land holders; 3) middle size land holders; 4) small holders; 5) renters; 6) landless laborers; 7) traders  
8) shop owners, small manufacturers; 8) herders; 9) others

Particularly women and children in 3-8.

- 0 - discusses impacts only on sectoral level
- 1 - identifies direct impacts only and on short or long term without disaggregating impacts on population subgroups
- 2 - identifies and analyzes impact on at least 1-2 subgroups within rural and/or urban populations; both short and long-term
- 3 - analyzes direct and indirect impacts on all possible subgroups; both short and long term

### III. POLITICAL ISSUES

- A. Does the program characterize the current political climate and factors that are affecting it (i.e., internal or external economic, social, or political events) that could either support or constrain the program?

- 0 - no discussion
- 1 - discusses macroeconomic issues only
- 2 - provides some analysis of socio-political climate and implications for the program
- 3 - full analysis of political climate relevant to program and considers how program can enhance this or take steps to mitigate negative political fall-out as a result of program implementation

- B. Does the program account for possible negative host government reaction to conditionalities imposed which are attached to disbursement schedules?

- 0 - no discussion
- 1 - mentions the possibility
- 2 - analyzes reasons behind possible negative reactions and/or reasons why none expected
- 3 - fully analyzes possible reactions and includes provisions or recommendations for incorporating host government concerns into program design

- C. Does the program anticipate any civil unrest as a result of policy reform measures among groups such as:

- 1) impoverished groups; 2) middleclass; 2) trade unions;
- 3) political party members; 4) military; 5) religious groups;
- 6) university groups (students, professors) 7) upper class, wealthy;

## 8) civil servants; 9) others

- 0 - no mention
- 1 - mentions possibility
- 2 - analyzes reasons underlying possible reaction under 1 or more subgroup
- 3 - full analysis of possible reaction and provides recommendations for addressing these (i.e., building flexibility into program in regard to sequencing or timing of reforms; or suggests ways to reduce negative impacts through some form of assistance)

## IV. INSTITUTIONAL ISSUES

- A. Does the program characterize the institution's organizational and political culture, in regard to: a) authority structures; b) communication systems; c) incentive systems d) political factions, of the institution/s that will be involved in implementing and monitoring the program elements?
- 0 - no mention
  - 1 - provides brief description
  - 2 - provides some analysis and consideration of how the institution's organization could impact program effectiveness
  - 3 - full analysis of institution's organizational culture and its possible impact; provides recommendations on how to work with the organization to mitigate against negative program impacts or enhance positive impacts
- B. Does it assess what institutional capability there is for: a) implementing the program; b) policy research and analysis; c) monitoring and evaluating program impact?
- 0 - no assessment
  - 1 - brief mention, states that technical analysis or prior experience will be sufficient, no analysis to back up assumption
  - 2 - some analysis of weaknesses and strengths of one or more institution involved in implementing program
  - 3 - fully analyzes each institution involved in program and provides recommendations for strengthening capacity where necessary
- C. Does it anticipate that the program may be implemented among several institutions thereby necessitating coordination and agreement of all of these?
- 0 - no mention

- 1 - mentions that several institutions will be involved and briefly reports on mechanism for coordination
- 2 - provides some analysis of coordination issues and of proposed institutional mechanism for coordinating program implementation, etc.
- 3 - full analysis of potential coordination problems and/or benefits and reasons why implementation must be shared among several institutions (i.e., overlapping duties, communication problems, differing political agendas); and provides recommendations and/or full provision for coordination of program implementation, monitoring, and evaluation.

D. Does the program anticipate difficulties (i.e., political pressures, changes in economic situation) that institutions may have regarding sequencing the implementation of various aspects of the program?

- 0 - no mention
- 1 - mentions possible difficulties
- 2 - provides some analysis of issue related to decisions of sequencing and consequences for program
- 3 - provides full analysis of sequencing issues and recommends means for addressing these at the institutional level

E. Does the program anticipate issues of timing, speed with which institutions can implement various sections of the program?

- 0 - no discussion
- 1 - mentions that this may be a concern but provides no analysis
- 2 - analyzes possible problems or benefits related to speed with which institution can implement the program and the possible causes of delays
- 3 - full analysis of potential problems, benefits, causes and their implications for program success; recommends means for addressing these issues at the institutional level

F. Does the program a) identify/characterize alternative private institutions and that can take over the functions of dismantled marketing boards, cooperatives, etc. or b) any reduced functions of these institutions (public or parastatal) and c) provide some analysis of its capacity as alternative service providers?

- 0 - mentions that the "private sector" will take over and assumes capacity
- 1 - identifies specific institutions
- 2 - identifies specific institutions and provides some analysis of their capabilities as alternative service providers
- 3 - 2 above plus examines the evidence that these institutions would be better service providers than public/parastatal institutions or suggests possible means for institutional strengthening if identified as necessary

G. Does the program anticipate any equity issues regarding a) alternative institutional arrangements for provision of credit, inputs, services, etc; b) access to any new resources provided through the program such as expanded credit availability; or c) equity of access in the institutional mechanisms in place for distribution of imported commodities if a CIP program?

- 0 - no discussion
- 1 - argues that the alternative service providers will be more efficient and equitable but equitability assumed
- 2 - provides some analysis of equitability issue, but no consideration of equity for different population groups
- 3 - analyzes subgroups that should be targeted for equity concerns and provides recommendations for improving equity of access

H. Does the program anticipate sustainability of the measures it enacts through such means as: a) increasing the relevant host country institutions managerial ability to implement, monitor and evaluate; b) incorporating changes in the program as seen necessary; c) anticipating institutional ability to maintain political support for the program; or d) stressing participation of the institution/s in formulating program elements?

- 0 - no discussion
- 1 - mentions and/or assumes sustainability without analysis
- 2 - provides some analysis of institutional capacity to sustain program; or does not analysis but provides technical assistance to strengthen managerial and/or evaluation capability
- 3 - provides full analysis of issues involved in sustainability of program related to institutional capacity, political support concern; provides recommendations for assuring sustainability

## V. LESSONS LEARNED

A. Does the program discuss any lessons learned from similar program reforms regarding social, institutional impacts (positive or negative)?

- 0 - no discussion
- 1 - mentions experience from similar policy reforms in same or other countries but no discussion of social or political impacts
- 2 - some analysis of why similar impacts may develop as have occurred elsewhere
- 3 - provides full analysis of lessons learned from other programs and gives recommendations for how these lessons might be incorporated into the present program

## VI. MONITORING AND EVALUATION

A. Does the program incorporate provisions for collecting social and institutional data for monitoring and evaluating program impacts?

- 0 - recognizes data needs but states that such data is basically unavailable under country conditions and limitations of time
- 1 - identifies broad categories of data needs for measuring impacts and testing assumptions of program; includes technical assistance and program funding for collection
- 2 - identifies types of social and institutional data needs; includes technical assistance component for data collection and analysis
- 3 - identifies and explains necessity for specific types of social and institutional data, possible existing sources, means for collecting data under the program; suggests how these types of data may be analyzed and later incorporated into possible program modifications

TABLE 5  
 SCORES FOR PROGRAM ASSISTANCE APPROVAL DOCUMENTS (PAADs)  
 FY 1985 PROGRAMS

|                            |        | Malawi | Zambia | Mali | Rwanda | Mauritius |
|----------------------------|--------|--------|--------|------|--------|-----------|
| target pop                 | I A.   | 3      | 2      | 2    | 1      | 1         |
| agric. pop.                | B.     | 3      | 2      | N/A  | N/A    | 0         |
| impacts                    | II A.  | 2      | 2      | 2.5  | 1      | 0         |
| political climate          | III A. | 1      | 1      | 3    | 0      | 1         |
| gov. reaction              | B.     | 1      | 0      | 2    | 1      | 1         |
| civil unrest               | C      | 0      | 2      | 3    | 0      | 1         |
| institutional culture      | IV A.  | 0      | 0      | 3    | 0      | 0         |
| institutional capacity     | B      | 2      | 1      | 3    | 2      | 0         |
| institutional coordination | C      | 1      | 1      | 3    | 0      | 1         |
| program sequencing         | D      | 0      | 2      | 3    | 0      | 1         |
| program timing             | E      | 0      | 2      | 3    | 0      | 0         |
| private sector transition  | F      | N/A    | 0      | N/A  | 0      | N/A       |
| equity                     | G      | 2      | 0      | 0    | 1      | 0         |
| sustainability             | H      | 2      | 0      | 3    | 0      | 0         |
| lessons learned            | V. A   | 1      | 0      | 2    | 0      | 0         |
| data for m & eval          | VI B   | 2      | 1      | 2    | 2      | 2         |
| TOTAL SCORE                |        | 19     | 16     | 34.5 | 8      | 8         |

Rating System: 0 = no mention of issue, 1 = brief mention of issue, but no analysis. 2 = intermediate level of analysis of issue and its implications for program. 3 = full analysis of issue and some identified means of addressing it.

TABLE 6  
FY 1986 PROGRAMS (PAADs)

|                            |         | SENEGAL | ZAIRE | GUINEA | TOGO | MALAWI | ZAMBIA |
|----------------------------|---------|---------|-------|--------|------|--------|--------|
| target pop.                | I. A.   | 1       | 1     | 1      | 2    | 1      | 2      |
| agric. pop.                | B.      | N/A     | 0     | 1      | 2    | N/A    | N/A    |
| impacts                    | II. A.  | 2       | 0     | 2      | 2    | 2      | 2      |
| political climate          | III. A. | 0       | 0     | 2      | 2    | 2      | 3      |
| gov. reaction              | B.      | 0       | 0     | 2      | 3    | 3      | 0      |
| civil unrest               | C.      | 2       | 1     | 0      | 0    | 0      | 0      |
| institutional culture      | IV. A.  | 1       | 0     | 2      | 0    | 1      | 0      |
| institutional capacity     | B.      | 1       | 1     | 2      | 2    | 3      | 1      |
| institutional coordination | C.      | 2       | 1     | 1      | 1    | 1      | 1      |
| program sequencing         | D.      | 0       | 0     | 0      | 0    | 0      | 0      |
| program timing             | E.      | 1       | 2     | 1      | 0    | 2      | 0      |
| private sector transition  | F.      | N/A     | N/A   | 0      | 0    | 1      | N/A    |
| equity                     | G.      | N/A     | 0     | 1      | 0    | 2      | 0      |
| sustainability             | H.      | 1       | 0     | 2      | 3    | 2      |        |
| lessons learned            | V. A.   | 0       | 0     | 0      | 0    | 0      | 0      |
| data for m. & eval         | VI. B.  | 2       | 2     | 2      | 3    | 2      | 0      |
| TOTAL SCORES               |         | 13      | 8     | 18     | 20   | 22     | 10     |

Rating System 0 = no mention of issue, 1 = brief mention of issue, but no analysis, 2 = intermediate level of analysis of issue and its implications for program, 3 = full analysis of issue and some identified means of addressing it

TABLE 7  
FY 1987 PROGRAMS (PAADs)

|                            |         | GAMBIA | TANZANIA | CAMEROON | ZAMBIA |
|----------------------------|---------|--------|----------|----------|--------|
| target pop.                | I. A.   | 1      | 1        | 2        | 1      |
| agric pop                  | B.      | N/A    | 0        | 3        | N/A    |
| impacts                    | II A.   | 1      | 1        | 2        | 3      |
| political climate          | III. A. | 2      | 2        | 2        | 3      |
| gov reaction               | B.      | 2      | 3        | 0        | 2      |
| civil unrest               | C       | 1      | 3        | 0        | 1      |
| institutional culture      | IV A    | 1      | 0        | 2        | 0      |
| institutional capacity     | B       | 2      | 2        | 1        | 1      |
| institutional coordination | C       | 1      | 2        | 0        | 1      |
| program sequencing         | D       | 2      | 0        | 0        | 0      |
| program timing             | E       | 0      | 3        | 0        | 0      |
| private sector transition  | F.      | 1      | 0        | 2        | N/A    |
| equity                     | G.      | 2      | 0        | 2        | 0      |
| sustainability             | H.      | 1      | 3        | 0        | 2      |
| lessons learned            | V. A    | 0      | 0        | 0        | 3      |
| data for m&eval.           | VI. A   | 1      | 2        | 2        | 2      |
| TOTAL SCORES               |         | 18     | 22       | 18       | 19     |

Rating System 0 = no mention of issue. 1 = brief mention of issue, but no analysis. 2 = intermediate level of analysis of issue and its implications for program. 3 = full analysis of issue and some identified means of addressing it.

## ANNEX 3

### SUGGESTED GUIDELINES FOR SOCIAL AND INSTITUTIONAL ANALYSIS NON-PROJECT ASSISTANCE

The guidelines below are recommendations for writing a social and institutional analysis in non-project assistance (CIP's, Food Aid, Cash Grants, Policy Reform Programs). They are based on the review of social and institutional analyses contained in this report, and are meant for consideration in the order outlined below. A determination should be made as to whether a separate institutional analysis is needed apart from the social analysis. The following specialists may be sought out to conduct institutional analyses for non-project assistance: sociologists, anthropologists, or political scientists.

#### 1.0 Understanding the Impact Population

1.1 What are the groups of people that are the intended beneficiaries of the proposed program? The characterization of these groups should include such features as location, approximate numbers, age and sex composition, and any other data that the analyst determines is relevant as it relates to the goals and objectives of the proposed program. What are the major constraints and incentives which affect the productivity and behavior of these groups which the program wishes to address?

1.2 If the program is one that primarily addresses the agricultural sector, the analyst should include a description of the relevant features of the farming system and the social organization of the populations engaged in it. This description should also include features such as age and sex composition, land ownership patterns, etc. for each socio-economic group that will be affected by the program (i.e., small holders, large land holders, estate owners, herders, etc.) The analyst should also identify the major issues affecting productivity in the sector such as labor constraints, poor farm-to-market roads, scarcity of productive land, credit availability, low farm-gate prices, competing economic opportunities for the producer groups.

1.3 In programs that address marketing systems, the analyst should describe the existing marketing system with attention to individuals that participate and make their living through trade and marketing, and where they originate from. This may include individual small-scale traders, small organized family groups, firms, the producers themselves, truckers, boat operators, etc. How often and where are farmer markets held for the sale of commodities being addressed under the program? What bulking, storage,

and transport methods are utilized? Where in the system is credit utilized and by whom? What are the major constraints and strengths in the system as it currently operates as expressed by different groups who operate in it (i.e., poor storage facilities, poor roads, low export or import taxes, favorable credit availability)?

## 2.0 Program Impacts

2.1 Examine the credibility of program design assumptions regarding the nature of the planned impact on targeted beneficiaries. Discuss probable short and long term, direct and indirect impacts on all possible groups. The analyst should anticipate negative impacts as well, and recommend means to mitigate these. Briefly discuss the reasoning behind impact predictions based on what is known of the livelihood and status of impact groups.

## 3.0 Political Issues

3.1 What is the current political climate and factors that are affecting it which could either support or constrain program objectives and goals? These may include internal events such as student movements, or strong public support from recent elections; and external events such as regional warfare or sudden loss of overseas markets for critical commodities produced by the country. Recommend how the proposed program can take these events into account to ensure political support for reforms.

3.2 What are the likely host government reactions to conditionalities and covenants attached to program disbursement schedules of cash grants, food aid, and/or commodities (as appropriate)? What incentives do government figures have for meeting the proposed conditions? Recommend how government concerns be incorporated into the design of conditionalities as a means of gaining support for the program.

3.3 Assess the possibility of civil unrest in response to features of the proposed program. Include attention to such groups as political party members, university students, urban poor, trade unions, rural poor, civil servants, etc. Recommend means to reduce or eliminate negative program impacts that may result in civil unrest (i.e., specially targeted food aid packages for urban poor who may be affected by subsidy removal of basic foods, job training programs for released civil servants, etc.)

## 4.0 Institutional Issues

4.1. Describe the organizational culture of host country institutions that will be involved in program implementation, monitoring, evaluation, and/or coordination. This should include lines of authority, communication systems, incentives for production, personnel advancement systems, political factions, etc. How can the relevant features of these institutions either enhance or constrain program implementation success? Recommend means for working effectively with the institution based on this analysis.

4.2 Assess the capability of available personnel of all institutions involved with the program in the areas of activity they are tasked with. These activities may include, for example: a) coordination, b) policy analysis, c) implementation, d) data collection and analysis, e) monitoring, f) evaluation, g) decision making for program readjustment. Provide recommendations for technical assistance or training that is needed to conduct program activities as identified in the assessment.

4.3 Assess the quantity and quality of financial and equipment resources available to the institution to conduct the activity it is tasked with. Recommend what additional resources may be necessary to conduct these activities.

4.4 Determine the institutions which must be involved in decision making and implementation of the program, and the necessity for coordination among these entities. If coordination is deemed necessary, what is the mechanism or institution that could provide this function? Recommend how this coordination should work.

4.5 Assess potential issues relating to the sequential ordering of program implementation when the program contains more than one measure. Will changing the order of implementation create negative social, political, or economic impacts? Briefly analyze factors which would pressure or otherwise lead implementing institutions to make changes. Recommend to the extent possible how the program could take these factors into account.

4.6 Assess the ability of the relevant institutions to implement the program under the proposed timetable. What are the possible causes of delay or "speed-up," and how might changes affect the success or failure of the program? Recommend how the program design could address these issues to the extent that they can be anticipated.

4.7 What organizations, groups of individuals, etc., are identified as alternative service providers under programs in which services of public entities are being reduced or phased out? What is the evidence that the

private sector alternatives have the capacity to provide these services? Recommend alternative organizations, or, means for strengthening the capacity of the identified organizations, as appropriate following the above analysis.

4.8 Identify equity issues related to alternative institutional arrangements for service provision under the program. In instances where services are being expanded, such as increased availability of production credit under an existing bank or coop; or for the distribution of imported commodities under a Food Aid program or a CIP, what institutional mechanisms are in place to ensure equity of access? Should any subgroups of the population be especially targeted for equity concerns (i.e., women, small-scale traders, small-scale enterprise owners, etc.)? Recommend means for increasing equity of access to goods and/or services under the program.

4.9 Assess the possibility that host country implementors can sustain the program. This should include attention to such issues as institutional capacity and political support for the program. Provide recommendations to ensure sustainability of the program as appropriate. These may include such actions as ensuring the active participation of key ministerial officials in the design of program implementation plans; providing training in policy analysis for selected personnel; etc.

## 5.0 Incorporating Lessons Learned

5.1 What information on social, political, and institutional impacts or issues from similar programs are relevant and useful for the design of the current program? What evidence is there that these impacts or issues could arise under the proposed program? Recommend how such information should be incorporated into the program.

## 6.0 Data for Monitoring and Evaluation

6.1 Assess social, political, and institutional data needs for program monitoring and evaluation, and as a means for testing program assumptions. How should such data be analyzed and incorporated into possible program modifications? Recommend potential host country organizations and/or individuals who should be employed for data collection and analysis under the program.

## ANNEX 4

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FY 1986

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Guinea Economic Policy Reform Support Program

Senegal Economic Policy Reform Program

Zaire Economic Policy Reform Program

Togo Cereals Trade Liberalization Program  
Zambia Auction Support Program

FY 1987

The Gambia Economic Policy Reform Program  
Tanzania Economic Policy Reform Program  
Cameroon Economic Policy Reform Program  
Zambia Auction Support Program

Program Assistance Identification Proposals Reviewed (PAIPs)

FY 1985

Mali Economic Policy Reform Program

FY 1986

Zaire Economic Policy Reform Program  
Malawi Economic Policy Reform Program

FY 1987

The Gambia Economic Policy Reform Program  
Tanzania Economic Policy Reform Program  
Uganda Economic Policy Reform Program  
Cameroon Economic Policy Reform Program  
Niger Economic Policy Reform Program