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STUDY BY THE STAFF OF THE U.S.

General Accounting Office

Can More Be Done To Assist Sahelian Governments To Plan And Manage Their Economic Development?

The Sahel region of West Africa has made little progress toward its economic development goals despite more than \$13 billion in donor assistance since 1974. One reason is the Sahel governments' weakness in planning, managing, and coordinating their economic development process. This weakness is aggravated by the multiplicity of donors working in each country, the complex and varying administrative requirements accompanying their assistance, and the constraints to effective coordination of assistance from all sources. This study provides information so as to better address the issue of whether the Agency for International Development should provide more of its Sahel Development Program funds to strengthen Sahelian governments' management capability.



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PREFACE

Because of the slow pace of development in the Sahel, additional efforts must be made to find solutions to development problems and make development assistance more effective in bringing about those solutions. The Club du Sahel, of which the Agency for International Development (AID) is a member, stated that no progress has been made toward the Sahel's primary goal of food self-sufficiency. World Bank statistics indicate that real economic growth per capita has barely risen over a 20-year period. A 1984 World Bank report notes that there is a danger that "the economic and social transformation of Africa, begun so eagerly and effectively in the early years of independence, could be halted or even reversed."

This study deals with one factor bearing on Sahel development--the capability of Sahel governments to plan and manage development efforts in their countries and to administer and coordinate donor assistance. The study:

- Presents indications of weaknesses in Sahel governments' capability to plan and manage their development process.
- Highlights the administrative burden placed on these governments by the large number of donors and projects and accompanying administrative requirements.
- Discusses the need for these governments to become more actively involved in coordinating donor activities and their reluctance, as well as constraints, to their doing so.
- Points to the need for donors to individually and jointly promote better coordination among their activities and to reduce the burden of their activities on host governments, while host governments are developing the capability to coordinate and administer donor activities.
- Discusses AID's institutional development activities in the Sahel in helping the Sahel governments improve their capability to plan, manage, and coordinate the development process.

AID commented on a draft of this study. In essence, AID indicated that the study highlighted many important factors in development, which it has been addressing over the past several years in the Sahel. AID felt that in our discussions of what could be done to improve Sahel governments' management capability, we concentrated on what is desirable rather than what is doable in the Sahel.

Our study showed that AID has provided some assistance to Sahelian governments in areas that should help them to develop a capability to manage their economic development. The issue is whether more assistance is needed for this particular program area in light of the serious management problems that exist and their effect on economic development. Because of the lack of criteria as to how much assistance should be devoted to improving the Sahelian governments' management capability, we are not in a position to suggest to AID the level of assistance that should be sought for this area. We did note, however, that the International Security and Development Cooperation Act of 1985 provides that AID shall make grants to Sahel governments to enhance their capabilities to deal with the administrative requirements of donor projects and activities.

In view of the extent of development problems in the Sahel plus the extensive commentary we received on the seriousness of the management problems in this region, we are issuing this study so that individuals and organizations responsible for or concerned with development progress in the Sahel can consider the full range of arguments and the pros and cons of the issue when planning and implementing future programs in this region.



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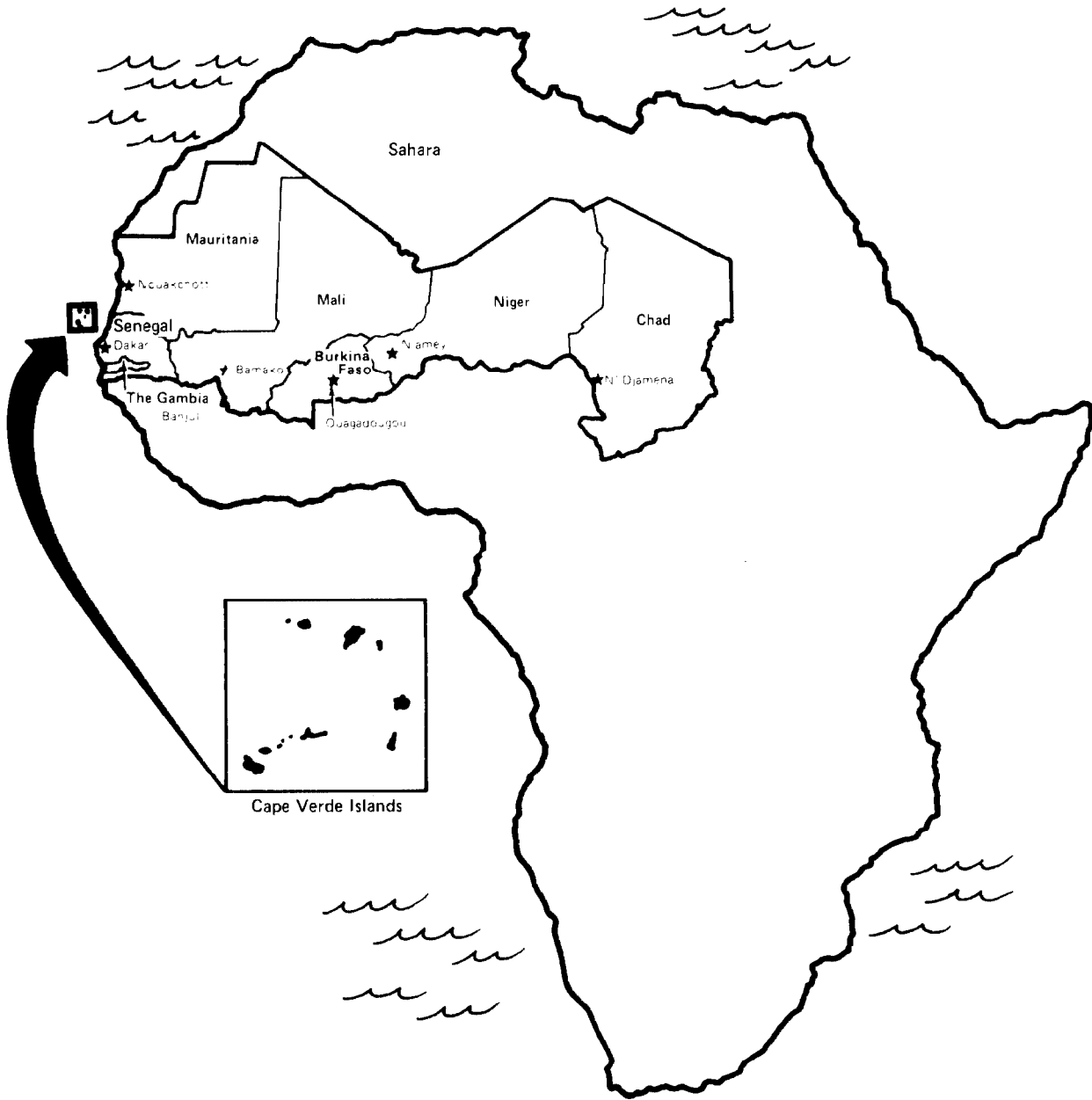
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ABBREVIATIONS

AID	Agency for International Development
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
OECD	Organization for Economic Cooperation and Development
UNDP	United Nations Development Program

THE SAHEL



CHAPTER 1

INTRODUCTION

The conditions in Sahelian West Africa challenge Sahelian governments and foreign aid donors to better use available resources for promoting the livelihood of 35 million people. Between 1974 and 1983, donors committed more than \$13 billion toward Sahelian development¹. However, economic development is stalled, and the countries of the Sahel² have not progressed toward their primary development goal of food self-sufficiency since the disastrous 1968 to 1973 drought, which killed thousands of people and millions of animals.

In recognition of the need for a united effort to counteract the impact of the 1968-1973 drought, the Sahel nations formed the Permanent Interstate Committee for Drought Control in the Sahel (popularly known by the French acronym of CILSS) in 1973. CILSS was to be the major African organization involved in long-term development planning and coordination. Its goal was to achieve regional food self-sufficiency under conditions of ecological balance and self-sustaining growth by the end of the century.

To support the Sahelian initiative more effectively, foreign aid donors formed the Club du Sahel in 1976 under the auspices of the Organization for Economic Cooperation and Development (OECD); 29 donors--15 countries and 14 multilateral organizations such as the World Bank--are members of the Club. The Club provides a forum where Sahelian countries and donors can meet to (1) marshal resources necessary to address major development constraints, (2) identify and analyze common problems, (3) agree on long-term development strategies and priorities, and (4) coordinate action plans and individual projects.

After the Club was formed, financial support to the Sahel increased substantially. Annual commitments by all donors were \$756 million in 1974, and since 1978 have exceeded \$1.3 billion. Between 1974 and 1983, \$13 billion was committed and \$9 billion of it had been disbursed through 1982. Donors, including Club members, provide assistance directly to the Sahelian countries, so each country has a large number of donors and projects.

The United States is a member of the Club du Sahel and a major contributor to Sahelian development, bilaterally and as a contributor to multilateral organizations. Through bilateral programs, the United States provided about 11 percent of total

¹Overall statistics on total donor commitments for 1984 and 1985 are not yet available.

²Burkina Faso (formerly Upper Volta), Cape Verde, Chad, The Gambia, Mali, Mauritania, Niger, and Senegal.

development assistance in 1983, making it third among Sahelian donors for that year. Since 1978, United States development assistance for the Sahel, known as the Sahel Development Program, has been a separate appropriation line item in recognition of the importance and uniqueness of the Sahelian situation. The overall program is administered by the Agency for International Development (AID) and includes programs in each of the eight Sahelian countries and a regional program. AID also provides food aid through the Public Law 480 Food for Peace program and other assistance through the Economic Support Fund, as shown in table 1.

Table 1

AID Assistance to Sahel Countries

	<u>Type of assistance</u>			
	<u>Sahel Develop-</u>	<u>Public Law</u>	<u>Economic</u>	<u>Total</u>
	<u>ment Program</u>	<u>480</u>	<u>Support Fund</u>	
	------(millions)-----			
1978	\$ 50	\$32	\$ -	\$ 82
1979	75	25	-	100
1980	75	40	-	115
1981	93	35	-	128
1982	94	27	3	124
1983	85	32	10	127
1984	107	49	18	174
1985 (estimated)	101	58	25	184
1986 (proposed)	<u>81</u>	<u>30</u>	<u>32</u>	<u>143</u>
Total	<u>\$761</u>	<u>\$328</u>	<u>\$88</u>	<u>\$1,177</u>

In October 1983, the Fifth Conference of the Club du Sahel concluded that the Sahel had made no progress toward its goal of food self-sufficiency since the CILSS and Club were founded in the mid-1970s. Per capita food production declined 1 percent between 1970 and 1977, and had not improved since then. Also, real gross national product per capita increased less than 1 percent a year between 1960 and 1982. Since Sahel economies are based largely on agriculture, poor agricultural production and weak export prices have resulted in a stagnant economy.

The Sahel's serious political, economic, social, geographic, and climatic problems hinder economic development and food self-sufficiency. It is one of the poorest and least developed regions in the world. Average per capita income is less than \$275 a year. Life expectancy is 44 years--about 30 years less than that in the United States. Poor rainfall and soil hinder agricultural development, and the Sahara Desert continues to advance into the Sahel.

The literacy rate is less than 15 percent. Under colonial rule, little consideration was given to investing in human resources, and throughout much of the post-independence period, most Sahelian governments did not consider agriculture to be an economic priority. These governments, therefore, did not develop effective policies to deal with the technical, structural, institutional, and human resource constraints which are at the heart of the region's food crisis. This contributed to the governments' limited capability to plan and manage the development process and to coordinate donor activities. An August 1984 World Bank report³ identified this capacity as

"a particularly important area for institutional reform. Basic information on aid flows is often lacking; responsibility for donor contact and negotiation is unclear; links seldom exist between the plan, the budget, [technical] ministries,⁴ project entities, and donor activities. Substantive national control over development efforts will not be obtained until these activities are strengthened and coordinated by the governments themselves."

The AID Administrator's statements in the 1984 and 1985 Congressional Presentations described institutional development as vital, stating that without "indigenous institutions to carry on, [AID's] mission cannot succeed in the long run" and "sustained development . . . requires that progress be institutionalized rather than be episodic."

Institutional development is one of AID's four priorities for development assistance. Institutional development can be defined as helping developing country institutions to become more effective and efficient and better able to sustain donor program benefits with indigenous resources.

According to AID's institutional development policy statement,⁵ effective institutions

--enhance a country's ability to marshall its human and financial resources for development;

³Toward Sustained Development in Sub-Saharan Africa, The World Bank, Washington, D.C., Aug. 1984.

⁴Government agencies which work in specific development sectors, such as the ministry of agriculture.

⁵AID Policy Paper, Institutional Development, U.S. Agency for International Development, Washington, D.C., Mar. 1983.

- give individuals opportunities to acquire the skills, resources, and services needed to increase their productivity, income, and well-being; and
- increase the likelihood that AID and host-country resources will foster development that can be sustained after external assistance is withdrawn.

Donors have provided some assistance for institutional development, including planning and managing. However, Sahelian governments still need to improve their capability to plan and manage the development process.

OBJECTIVES, SCOPE, AND METHODOLOGY

Studies by us, the World Bank, the Club du Sahel, AID, and academic institutions have focused on the constraints to development and aspects of development assistance programs in the Sahel. For example, the World Bank has called for the reform of host-government economic policies, and we have reported on economic policy reform;⁶ the Club has pointed out the need for greater recognition of recurring costs; AID has advocated the need for improved agricultural research; and we have reported on the need for better host-government financial management.⁷

We focused this review on a problem that has received less attention--the Sahel governments' weak capability to plan their development, manage their development portfolios, coordinate donor activities, and administer donor assistance. This subject is important because (1) development experts have identified the need for more capable governments, (2) the countries have received large amounts of donor assistance and must cope with a large number of donors and projects, and (3) it involves institutional development, an AID priority for development. We obtained and analyzed information regarding

- the need for improved Sahel government capability and for reduced donor administrative burden,
- current and planned donor actions to address recipient government planning and managing capability, and

⁶Africa's Agricultural Policies--A More Concerted Effort Will Be Needed If Reform Is Expected (GAO/NSIAD-83-36, Sept. 8, 1983).

⁷Financial Management Problems in Developing Countries Reduce the Impact of Assistance (GAO/NSIAD-85-19, Nov. 5, 1984).

--the need for additional donor actions.

We reviewed AID records for the Sahel program, including policy papers, directives and guidance, country strategy statements, and project documents. We obtained information from Club du Sahel reports and reviewed other organizations' reports and literature. We did work in Washington, D.C., and Paris, France and in the Sahel countries of Burkina Faso, Mali, and Senegal. These Sahel countries were selected because they were among the larger AID programs in the Sahel and according to AID officials were representative of the Sahel as a whole. A major part of this review involved extensive discussions with officials of AID and Department of State, other bilateral donors, the World Bank, CILSS, the Club du Sahel, the Development Assistance Committee of the OECD, and host governments. Our review was made in accordance with generally accepted government auditing standards.

CHAPTER 2

SHOULD AID FOCUS MORE ATTENTION ON STRENGTHENING THE SAHEL GOVERNMENTS' PLANNING AND MANAGING CAPABILITY?

The limited capability of Sahel governments to plan and manage their countries' development process, including coordinating and administering the many donor activities, is one factor in their slow or stalled economic growth and progress toward food self-sufficiency. Donors, including AID, have devoted limited amounts of assistance to this aspect of institutional development, but further improvements are essential to accelerated development progress. This chapter:

- Presents general indications of weaknesses in the Sahel governments' capability to plan and manage their development process.
- Highlights the administrative burden placed on these governments by the large number of donors and projects and accompanying administrative requirements.
- Discusses the need for these governments to become more actively involved in coordinating donor activities and their reluctance, as well as constraints, to their doing so.
- Points to the need for donors to individually and jointly promote better coordination among their activities and to reduce the burden of their activities on host governments, while host governments are developing the capability to coordinate and administer donor activities.
- Discusses AID's institutional development activities in the Sahel in helping the Sahel governments improve their capability to plan, manage, and coordinate the development process.

LIMITED PLANNING AND MANAGING CAPABILITY AFFECTS ECONOMIC DEVELOPMENT

In our 1978 and 1979 reports,¹ the Sahel's capacity to absorb large amounts of assistance was raised as a matter of continuing concern and as a principal reason why AID was having

¹The Sahel Development Program--Progress and Constraints (ID-78-18, Mar. 29, 1978) and U.S. Development Assistance to the Sahel--Progress and Problems (ID-79-9, Mar. 29, 1979).

problems implementing its projects. Weak host-government administrative capability was cited as a cause of this problem as well as lack of trained administrative and technical personnel. The reports urged caution in providing large amounts of assistance unless appropriate steps were taken to safeguard against wasteful effects of undertaking projects which countries were unable to effectively use.

Our review of pertinent documents and discussions with donor officials show that weak government planning and managing capability continues to affect economic development. The August 1984 World Bank report said that average returns on investment have declined since the 1960s in Sub-Saharan Africa² and that:

"there are serious weaknesses in the [host government] institutions on which development depends. . . The capacity to formulate and implement economic policies and programs has itself deteriorated. Donors must take some responsibility: the pressures they put on governments, the inappropriate design and selection of their projects, and the lack of coordination among themselves--have all contributed to the low rates of return on investment."

An October 1984 AID Africa Bureau strategy paper concerning development management states that inadequate government management has:

"resulted in delays in project implementation, poor accountability for funds, shortfalls in anticipated project impact, cost over-runs, communication and logistical breakdowns, inability to sustain benefits after project completion and other failures associated with programming for economic development."

A 1983 AID assessment of its Sahel program commented on the severe need for qualified Sahelians in the development program.

"The Sahelians commonly employ top-down institutional arrangements which require experienced and capable management, competent mid-level technicians and managers, trained field people and good communications between the [central government] and the provinces. Few appropriately qualified Sahelians are available to

²Sub-Saharan Africa includes 45 countries south of Morocco, Algeria, Libya, and Egypt and excludes Namibia and South Africa.

staff these organizations except at the higher levels. With hindsight, many Sahel institutions are inappropriate to the needs of the sectors they serve. . . A sufficient quantity of trained personnel of all types is not available in any country in the region."

During our discussions, donor officials made the following general comments regarding planning and managing by Sahel governments.

- Long-range development plans are often unrealistic, with ambitious goals and incomplete analyses.
- Many project plans tend to be inadequately defined due to weaknesses in government data collection and analysis capability. Data collection and analysis techniques are frequently nonexistent or very crude, and data is frequently unavailable in a usable form or is inadequate.
- Governments sometimes identify priority projects that donors consider to be economically questionable.
- Planning ministries (which formulate national development plans) operate with unreachable investment targets. Decisions on allocating available resources are often made independently of the development plan--usually by the finance ministry and generally using criteria which may not be related to plan priorities, such as competence or political power of technical ministries or foreign donor preferences.
- Governments, because of the importance of donor financing, are often more preoccupied with fund raising than structuring effective development plans. The investment budgets of Burkina Faso, Mali, and Senegal are over 95 percent donor financed. Needs in the Sahel are great, and governments tend to accept whatever donors give, regardless of whether it is consistent with a development plan. Because of the importance of fund raising, governments will sometimes solicit support for a project from more than one donor without the donors knowing of each others involvement, which can result in duplication and/or inefficient use of development funds.

--Expatriate personnel, that is personnel from other countries, commonly work as planners or managers in government ministries (in the three countries we visited, these personnel were primarily from France) and although this may result in more effective plans or projects, it may not foster the skills of indigenous personnel.

These observations indicate that weak government capability is a pervasive overall problem affecting economic development, but it is difficult to isolate the effect to specific projects. Through our discussions and review of donor reports we noted the following situations.

--Mali's development plan provides for an investment level at 156 percent greater than expected government revenues. The plan also does not give adequate attention to the recurrent costs of donor-financed projects. Recurrent costs are the expenditures of the host government needed to operate and maintain activities and facilities generated by an investment program. Only a few of the sector studies of the Malian plan recognize recurrent project costs, and no overall analysis of the total impact of these costs has been made.

--Senegal solicited support for a national electrification plan from three donors simultaneously to ensure that the effort would be funded. When it sought support from a fourth donor, the donors discovered that their efforts overlapped and each modified its support.

--Senegal solicited support from two donors simultaneously for a television link between the capital and another region of the country. When one donor discovered the duplication, it stopped its support of the project.

--Burkina Faso's rainfall and crop productivity statistics are only rough estimates.

--Burkina Faso continues to seek funds for a railroad to be built between the capital and an area with manganese deposits, even though several donors believe that the project is uneconomical because of high construction costs and low manganese prices.

--In Senegal, one donor official, referring to a hospital which his country had funded and which was being poorly managed by the Senegalese

director, commented that weaknesses in government management may result in greater reliance on expatriate managers for future projects. He added that this would not improve Senegalese management skills.

--Senegal has been accumulating utility arrears because it lacks a systematic method of paying the bills.

Strengthened capability
needed to administer and
coordinate donor activities

The increase in development assistance to over \$1 billion a year to Sahel countries was accompanied by a large number of donors and projects, as shown in table 2.

Table 2
Number of Donors and Official Development
Projects in 1983^a

<u>Country</u>	<u>Donors</u>	<u>Projects</u>
Burkina Faso	29	119
Cape Verde	24	45
Chad	21	55
Gambia	23	43
Mali	30	114
Mauritania	25	60
Niger	25	90
Senegal	28	129

^aThese projects are those to which new commitments were to be made during 1983. The total number of active projects would be significantly higher.

Source: Official Development Assistance to CILSS Member Countries in 1983, Club du Sahel, Nov. 1984.

Donor activities in each country are widely dispersed among sectors, with a large number of donors in most sectors. Table 3 shows the number of donors with projects in each sector for the three countries we visited.

Table 3

Number of Donors Active by Sector for Selected Countries
in 1983

<u>Sector</u>	<u>Burkina Faso</u>	<u>Mali</u>	<u>Senegal</u>
Non-project ^a	16	19	14
Rural development	8	6	3
Agriculture	13	16	15
Natural resources	8	13	15
Infrastructure	10	7	9
Human resources	12	12	12
Industry	4	4	4

^aBudgetary and commodity support, food aid, and emergency relief.

Source: Official Development Assistance to CILSS Member Countries in 1983, Club du Sahel, Nov. 1984.

The large number of donors and their administrative requirements place a considerable burden on recipient governments and strain their already weak administrative capability. This strain was aptly stated in the recent AID African Bureau Strategic Plan.

"Many African institutions officially responsible for planning and implementing development are saturated with development assistance, paralyzed by administrative inefficiency, staggering beneath a burden of complex and differing donor requirements, and are themselves in danger of becoming obstacles to development."

Valuable resources (e.g., stafftime) are needed to meet the many and varied needs of the donors. Donors impose administrative requirements to ensure accountability and control as well as to increase program effectiveness. The complexity of donor procedures to develop, fund, implement, and monitor activities vary according to legislative requirements, desired accountability, and type of assistance. Recipient governments are commonly required to collect information the donor needs to analyze the political and economic context of the project and its potential effects on local, sectoral, regional, and national levels. Each donor is likely to send its own project preparation team to a country and each expects to meet with senior

government officials. Also, the recipient government is customarily asked to provide a project coordinator to serve as liaison between the project and the donor, which can strain government staff resources when there are many projects. Governments may additionally be expected to follow donor procurement and/or accounting procedures, which may differ from their own. (Following each donor's procurement procedures may result in receiving equipment from several different countries, which can result in little or no standardization and in higher maintenance costs.) Host governments may also be expected to prepare periodic progress reports and/or to participate in project evaluations.

In Senegal, one ministry had 13 donors, each with its own administrative requirements. In the planning ministry, one official was responsible for working with several donors, an excessive workload for one person according to a donor official. In Mali, a large multidonor agricultural project had to establish a special unit to respond to donor visits and inquiries, and the government had to set up an accounting system different from its own to account for assistance projects. In Cape Verde, the government committed the same individual to serve as project manager for three donors' projects. In Niger, ministries may have only one or two persons who can effectively negotiate contracts with donors. In Burkina Faso, government ministers often make even the most routine decisions, and if a minister is unavailable for decisionmaking, little action will be taken.

Host governments need
to lead coordination

Effective coordination of donor activities at the country level should alleviate the burden of donor activities and improve program effectiveness. However, neither the governments nor the donors have been instrumental in achieving close cooperation and coordination at the country level.

A May 1984 AID project document made the following comment about the need for better coordination of the large number of donor projects in Burkina Faso.

"The proliferation of projects in the absence of any centralized control has resulted in a situation of inefficient investment. First, project planning alone is a myopic approach, often resulting in reduced rates of return because critical conditions to project success lie outside the purview of the project and are therefore ignored. Secondly, not only do critical voids occur but the reverse also results. In other words, there is often duplication with two or more projects having similar goals and objectives competing for

scarce resources. Thirdly, projects which are uncoordinated can be at odds with each other and/or inconsistent with policy. Finally, in the absence of clarified and coordinated criteria for investment decisions, unintended regional imbalances in growth and development can occur."

As noted previously, a similar situation existed in Senegal regarding its solicited support for the national electrification plan and the television link between the capital and another region of the country.

The need for recipient countries to become actively involved in coordination was reflected in several donor actions in 1983. In a July address to the OECD Development Assistance Committee, the AID Administrator said that developing countries and donors must find new approaches to cooperation if the development success rate is to increase. He called for developing countries to more clearly define and order development priorities and to foster common understanding among donors of these priorities. In October, the Club du Sahel approved the principle of a concerted effort to coordinate donor assistance more effectively at the initiative of the host governments. And in November, the Development Assistance Committee agreed that the recipient government must be at the center of the coordination process and initiate and sustain effective coordination arrangements.

However, according to our discussions with donor and government officials, government attitudes toward coordination vary and officials are often reluctant or unable to take a lead. Some governments perceive that donors acting together can have greater influence over government actions and policies than an individual donor can, and that coordination could result in reduced assistance. Therefore, these governments prefer to deal with donors individually or to have donors compete as, for example, happened in the Senegal electrification plan.

Burkina Faso was said to discourage donor coordination and had asked a United Nations Development Program (UNDP) representative to leave the country, because the government did not agree with his attempts to coordinate the donor community. Senegal was said to have become more tolerant of coordination efforts because of severe economic conditions. Nevertheless, an AID report casts doubt on the Senegalese planning ministry's ability to coordinate donors because it is overwhelmed by the numerous donor programs and procedures. Mali was said to lack the necessary human resources to effectively lead coordination; therefore, the World Food Program is coordinating a multidonor Cereals Marketing Project. The project, sponsored by food aid donors because of their disappointment with the performance of Mali's cereals marketing agency, will attempt to reform cereals pricing policies and to assess the need for food aid. The Mali

government realized that reform was needed, but it lacked the capability to initiate and coordinate the multidonor effort.

With the aid of donors, Sahel governments should ultimately improve their capability to plan, manage, and coordinate their development programs and to cope with the administrative burden of donor activities. Improvements, however, may come slowly.

DONORS COULD ALLEVIATE ADMINISTRATIVE
BURDEN AND IMPROVE PROGRAM EFFECTIVENESS
THROUGH BETTER COORDINATION AND COOPERATION

While aiding host governments to improve their capability to coordinate donor activities and to bear the burden of such activities, donors should minimize the strain of their activities. To reduce the burden of activities, such as that arising from the 29 donors and their 119 new project commitments in Burkina Faso, close cooperation and coordination among donors at the country level and initiatives by individual donors would be required. This may include developing a willingness and commitment by donors to coordinate at the country level, agreeing upon and arranging for donor leadership, developing creative financing arrangements, and changing donor policies and practices.

The need for donors to closely cooperate and coordinate their assistance efforts in the Sahel was addressed in our 1979 report on the Sahel program; other reports³ have highlighted the need to improve coordination in other programs.

The AID Administrator's address to the Development Assistance Committee also recognized this need. He stated that aid effectiveness is increasingly eroded in many developing countries because of differences in donor approaches. Coordination of donor assistance efforts has not kept pace with the changes in development and in the international economy of the past decade, the number of donors, and the increased volume of aid.

As noted in the following excerpt from an AID report,⁴ coordination mechanisms are not lacking, but effectiveness is.

"To say that Africa lacks donor coordination is, in at least one sense, a misstatement. There exists already more than twenty donor coordination groups dealing with individual country or regional concerns. Unfortunately

³Population Growth Problem in Developing Countries: Coordinated Assistance Essential (ID-78-54, Dec. 29, 1978) and Cooperation in Agriculture Assistance: An Elusive Goal in Indonesia (ID-80-29, June 11, 1980).

⁴Report from the Africa Mission Directors' Conference, Kigali, Rwanda, January 30 to February 3, 1984.

many of these mechanisms have proved ineffective and the coordination engendered often results in the form of lip service to the principle rather than in effective, on-the-ground coordination."

CILSS tries to coordinate the efforts of its member states to achieve food self-sufficiency and drought control. However, several factors have hampered its effectiveness. According to a CILSS official, Sahel countries suffer from frequent policy changes, weak planning capability, and a high turnover rate of government officials. Also, member states are extremely poor and have difficulty in supporting the CILSS budget. Chad, for example, has not paid its contribution to the CILSS in years. Because member states are poor, they tend to focus more on immediate rather than long-term problems and on national rather than regional concerns.

The Club du Sahel has had success in marshalling foreign aid but has been less successful in coordinating donor activity at the country level and in reducing donor burden. For example, the Club designed a document for use by donors and recipients in identifying potential projects. This document was intended to simplify and standardize the process, but most donors considered it inadequate for their complex and varied needs. Also, according to a Club official, the Club has tried to convince Sahel governments that development programs would be enhanced through improved coordination and that donor financing would increase if donors see that programs are better coordinated. The official added, however, that donors have undercut Club efforts by providing funding arbitrarily, whether programs are well coordinated or not. Nevertheless, the Club has served a useful function by publishing an annual report showing each donor's contribution; generating data regarding sectoral analysis, flow of donor money, and socioeconomic indicators; influencing the design and implementation of recent projects and programs; and prompting policy exchanges at the national level.

Because of political sensitivities, it is generally advocated that a multilateral donor rather than an individual bilateral donor should take a lead role at the country level. Multilateral donors have not done so, however, nor have donors cooperated in reducing the heavy administrative burden of the many donors and their requirements on recipient governments.

Bilateral donors often operate autonomously, according to a Club official, because each wants to establish and maintain its identity in the recipient country and does not want to give primacy to another donor. For example, France, the primary donor in the Sahel, has never had a policy of formal donor coordination and, for the most part, operates independently of other donors. An official of a multidonor organization said that in one country, even members of the organization share only minimal information about their activities with each other.

However, instances were cited of efforts by United States officials and others to share information informally.

The UNDP was identified by United States embassy officials as a possible multilateral donor to lead coordination in Mali, although previous efforts have been less than successful. According to them, the Mali government has little anxiety regarding donor coordination, but would be uncomfortable with a bilateral donor in a leadership position. A Mali planning ministry official said that leadership by a multilateral donor allows the government to remain in a more neutral political position. The UNDP has led donor roundtables, which were conceived in 1981 as a mechanism for discussing host-country development plans and the role of external aid in meeting host-country needs. However, several donor officials told us that these meetings often fail to serve this purpose and are sometimes "shopping trips" whereby donors compete for projects proposed by the government rather than rational consideration of development needs and how donors can best meet these needs.

In November 1983, the OECD Development Assistance Committee agreed that the World Bank should assume a greater leadership role at the country level. The Bank has not been eager to assume a strong role, according to a Bank official. However, with the issuance of its August 1984 report on Sub-Saharan Africa, which stresses the need for urgent action to improve the quality and quantity of aid to the region, the Bank planned to assume a stronger leadership role. Specifically, the Bank has proposed to take a lead coordination role in additional countries, to expand its staff in Africa and in its African departments at its Washington, D.C., headquarters, and to emphasize African concerns by establishing a special Africa office at headquarters.

Another coordinating mechanism--the Coordination and Development in Africa group--has not performed a role outside the context of specific projects or involved the governments in its activities. The group consists of Canada, the United Kingdom, West Germany, Belgium, Italy, France, and the United States, which provide over half the official development assistance to Sub-Saharan Africa.⁵ It is primarily interested in focusing donor support on development projects which require funding beyond the capacity of any one donor and/or are especially appropriate for coordination among donors, African countries, and regional organizations. Working groups are organized around specific subjects, such as agriculture, energy, transportation, human resources, and tropical diseases, with different donors handling different problems.

⁵This group, unlike the Club du Sahel, is involved with Sub-Saharan Africa and not just the Sahel region.

AID actions which may mitigate administrative burdens

Actions that AID has taken to reduce the administrative burden on its own staff may also reduce the burden on Sahel governments. AID may be able to take such actions to a greater extent throughout the Sahel, focusing specifically on ways to lighten the administrative load on host governments. AID has concentrated its Mali program in fewer sectors and regions and has reduced new project starts in Senegal. These actions should make the programs less burdensome on the governments and should reduce the number of staff needed to monitor and/or help implement AID projects. AID is also conducting seminars in Senegal to improve Senegalese understanding of AID procedures.

Cofinancing projects with other donors is another way to minimize burden on host governments. Cofinancing refers to any formal arrangement under which AID funds are associated with funds from other donors in financing a particular activity; two methods of cofinancing are parallel and joint financing.

AID usually participates in parallel financing, under which each donor finances different goods and services or distinct parts of a project in accordance with its own administrative procedures, criteria, and preferences. This arrangement, however, may not reduce the administrative pressure on host governments, since they are required to deal with the differing criteria and operational procedures of a number of donors at the same time. Under joint financing, the host government interacts only with a lead donor and its procedures. Other donors share project costs in agreed proportions but do not interact with the host government.

AID was considering the feasibility of jointly financing rehabilitation of 100 miles of road between Bamako and Bougouni in Mali with the World Bank. The World Bank would supervise the project, which would minimize the management burden on the AID staff and on the Malian government. Concerns had been raised within AID, however, of whether its procurement regulations can be satisfied with World Bank project implementation.

AID procurement policies and regulations, according to a May 1983 AID Policy Paper on Cofinancing, are major considerations in cofinancing arrangements. AID's source/origin and other procurement rules and regulations are better suited to parallel financing, but its policy presumes that with careful design and prior planning, AID can participate in joint financing without having to waive its procurement regulations.

The policy notes that developing countries' prefer joint financing under a single lead agency, which they view as administratively simpler than parallel financing. AID should be prepared to provide technical assistance to developing countries to enhance their capacity to deal with complex administrative

undertakings, particularly those directly related to managing cofinancing arrangements.

According to AID officials, the potential for using cofinancing arrangements has not been adequately assessed, although the policy statement has called for such assessments in each country.

While AID has taken these actions primarily to reduce the administrative burden on its own staff, its program planning has not given high priority to reducing the burden on Sahelian governments. Each year, AID prepares or updates a country strategy to address major development problems; although AID officials recognize that donor administrative burden is a serious problem, AID strategies for Sahel countries do not generally emphasize the need to reduce this burden. The February 1985 Senegal strategy, for example, does not address the donor burden problem.

CAN AID DO MORE TO ASSIST SAHEL GOVERNMENTS TO PLAN AND MANAGE THEIR ECONOMIC DEVELOPMENT?

AID's 1986 Congressional Presentation characterized institutional development as one of four basic components of its long-range development strategy. Many of AID's projects in the Sahel have components relating to institutional development. Most of these efforts, however, appear to be unrelated to strengthening the host-governments' capability to plan and manage their economic development. Because of the stalled economic development in the Sahel, the pervasive weaknesses in those governments' capability to plan and manage their development, and the acknowledged effect that this weakness has had on their development as well as on their future prospects, it is not clear that AID has devoted adequate attention to strengthening this capability.

AID had 112 active projects in the Sahel in 1984. Some aspects of many of these projects relate to institutional development. (In its comments on this study, AID said there were over 60 such projects.) Most of these projects are related to aspects of institutional development other than that of improving host-government capability to plan, manage, and coordinate their countries' economic development. For example, a project in one country seeks to develop village level agriculture producer groups; other projects in several countries seek to improve host-country agricultural research capability. Appendix I further describes these projects.

Through our discussions with AID personnel and reviews of project documents, we identified 12 projects having one or more components that may improve Sahel government capability to plan and manage economic development and to coordinate donor activities. These projects are described in appendix II. As of September 1984, AID had disbursed about \$46 million on these

12 projects, which represents about 12 percent of expenditures on all 112 projects. Because several of the 12 projects have multiple objectives, the specific amount devoted to improving host-government planning and managing capability was not determined.

One of these 12 projects is paying for 16 Senegalese students to obtain advanced degrees at United States universities, and 6 students are enrolled in study areas related to improving planning, managing, and coordinating skills. A project in Mali seeks to improve management of the livestock sector through establishing a unit to develop planning and management systems. Another project seeks to improve the planning and analytical skills of a Senegalese agency responsible for planning, coordinating, and controlling agricultural development in one region.

Indicative of the kind of efforts that can be undertaken to improve Sahelian planning and managing skills were two projects in Burkina Faso--one included in the 12 projects and the other proposed.

The first project--Strengthening Health Planning and Management--seeks to strengthen the capacity of the health ministry to analyze health needs and resources, to develop health strategies and programs, and to contribute to national planning. It will train health ministry personnel in health management, health planning, program evaluation, statistical analysis, planning, programming, and documentation. It will also establish an information system to gather and maintain data on health status, health service activities, and donor and private voluntary organization activities.

The second project--a proposed 5-year agricultural development support project--seeks to strengthen the Rural Development Ministry's capacity to use resources more efficiently in the agricultural sector. Among its goals is to improve management, planning, and information flows by strengthening the policy analysis and project evaluation capabilities of the Ministry.

The two projects in Burkina Faso exemplify the type of assistance that AID can provide to technical ministries. Technical ministries are essential to the overall planning function. They are responsible for sectoral analyses and plans which are directed to the planning ministry to be synthesized and integrated into the national development plan. However, sector plans are often inadequate, as in (1) Mali's agricultural plan, which according to AID documents, does not include analyses of such key issues as producer price policies or the economic cost of food self-sufficiency goals or (2) Burkina Faso, where no national level agricultural sector planning has been done and the national planning process has been historically weak.

It may be more feasible for AID to provide assistance to technical ministries than to planning ministries. Several donors are already providing assistance at the planning ministry level. For example, the World Bank is operating a \$6 million technical assistance project in Senegal to strengthen the government's ability to manage its portfolios of development projects. This project has provided three technical assistants to the planning ministry. A UNDP project is helping Mali's planning ministry and is also providing three technical assistants. French technical assistance at the planning level is prevalent throughout the Sahel, particularly in Senegal, where seven technical assistants are working in the planning ministry.

Although the need may exist for additional assistance at the planning ministry level, two reasons were cited during our review that may affect the feasibility or extent of AID assistance at that level. First, national development planning is a highly political process. Sahelian ministerial officials indicated that, due to the sensitive nature of development plans, host governments prefer multilateral rather than bilateral assistance. A Malian planning ministry official said that the government is concerned about maintaining a balance in its relations with Western and Eastern bloc nations and, therefore, prefers assistance from a multilateral donor, such as the World Bank or the UNDP, for structuring the national development plan. Second, Americans lack experience with central planning because it is contrary to the development process used in the United States. These reasons were not indicated to be factors at the technical ministry level.

CHAPTER 3

CONCLUSIONS AND AGENCY COMMENTS

CONCLUSIONS

Sahel governments' underdeveloped management capability is one factor in their slow economic progress, and it needs to be strengthened. This need exists even though donors have committed over \$13 billion in development assistance since 1974. In light of the stalled economic growth in the Sahel and the low level of capability on the part of Sahel governments to administer their economic development, we believe it important that donors give attention to (1) improving host governments' capability to plan and manage their countries' economic development process, (2) coordinating assistance programs among donors, especially at the country level, and (3) minimizing the administrative burden of donor programs on the governments.

We believe improvement in Sahelian governments' capability to plan and manage their development programs, including coordination of donor activities, is a necessary step toward improving development. AID has done some work in this area, but at issue is the extent of its efforts. We are not advocating that AID deemphasize its current efforts to address the Sahel's many needs, but only that these efforts adequately consider the capability of Sahelian countries to plan and manage their development programs and projects. We believe that improving planning, managing, and coordinating skills can be accomplished with programs and projects aimed at meeting human needs, as indicated by the agriculture and health projects in Burkina Faso cited in chapter 2.

Host governments should be at the center of coordination efforts and should be helped to develop the necessary capability. However, building this fundamental capability will be a long-term process; in the meantime, donors need to more closely coordinate on their own. We have noted in several reports that lack of effective coordination was a problem. AID has recognized the seriousness of the problem, yet it continues to exist. The United States, as a major contributor of foreign aid, should be in a position to take more positive actions to achieve coordination among donors. AID should continue to promote better coordination, such as encouraging multilateral donors to take a stronger lead role and taking the lead itself in those sectors (e.g., agriculture) where it is a key donor.

Similarly, host governments should be helped to develop the capability to carry the administrative burden of donor programs. In the meantime, AID and other donors should work to reduce the administrative burden on host governments of the multiplicity of donors and programs.

AGENCY COMMENTS AND OUR EVALUATION

AID commented on a draft of this study. (See app. III.) These comments agreed in many instances with our description of existing situations in the Sahel. In some instances where questions were raised regarding the factual information presented, we have clarified the study as appropriate. However, AID had concerns about what might be done, stating that:

"The draft report highlights many important factors in development which require continuing attention and which AID has been addressing over the past several years in the Sahel. However, the report concentrates on what is desirable without sufficient thought to what is possible in the real life situation in the Sahel. We have learned the hard way that you must have a clear understanding of what is 'doable' in the Sahel if you are to avoid unsuccessful programs."

In support of this position, some information is presented regarding the difficulties in achieving better coordination and reducing administrative burden--difficulties which are recognized in the study.

AID acknowledged deficiencies in governments' planning capability and said it is attempting to work more with Sahel governments in this area, but there are limits as to what can be done, particularly at the overall national plan level. AID's activities in this area are discussed in more detail in chapter 2.

Our views regarding needed actions agree with those expressed by major foreign aid donors, including AID, and are in harmony with some actions AID has taken as well as those it plans to take. For example, the fiscal year 1986 Congressional Presentation for Africa states that AID is working to enhance its impact by working toward closer collaboration with multilateral institutions and other donors and is encouraging recipient countries to take a more active role to assure coordination.

Improvements in host-government planning and managing capability may be crucial to attaining other objectives, such as policy dialogue, which is another of AID's basic programmatic components. Through policy dialogue, AID hopes to bring about reform of host-government policies deemed to be detrimental to economic development. The success of these efforts may hinge upon the government's planning and managing capability to analyze and implement the reforms.

AID agreed that donor administrative requirements place a serious burden on host-country ability to manage donor assistance, but said that easing administrative procedures is

difficult, given the legitimate concerns over accounting, procurement, and design requirements. As cited in chapter 2, AID has taken some action to reduce burden, although it has not fully explored additional actions to alleviate burden. For example, the feasibility of cofinanced projects has not been adequately assessed, despite AID policy guidance calling for such assessments.

AID also agreed that donor coordination can be improved, but that success in doing so depends on receptivity of host governments, attitudes of other donors, and the personal leadership quality of the local multilateral agency representative. AID cited Senegal as an example of excellent donor coordination on agricultural reforms and Mali as an example of outstanding donor coordination on national cereals policy reform. In other Sahel countries, donor coordination is less formalized.

We found that donor coordination varies in the Sahel. For example, coordination in Burkina Faso is generally regarded as informal and irregular. Even in Senegal, we found through discussions with donor officials that although coordination may be effective at a policy level, it is not consistently good at a project level--as demonstrated by the electrification system and television system examples cited in the study. Also, a February 1985 AID document on the Senegal program says that coordination remains inadequate, although improvements are being made. Both examples cited by AID in its comments are responses to particular situations. Senegal has a serious balance-of-payments problem and the major providers of balance-of-payments assistance--the International Monetary Fund, France, and AID--have worked closely on this problem and related policy reform matters. The Mali example also involves donor coordination to meet a particular need. But coordination remains spotty and depends on the initiative of individual donor officials. Systematic coordination has yet to be achieved.

The AID Administrator, the African mission directors, and the World Bank all have emphasized the need for better donor coordination. The World Bank report discusses at length the link between donor coordination and effective aid.

Donor coordination and administrative burden are difficult problems, but donors must heighten their resolve to find solutions. Ideally, as discussed in the study, host governments should have the capability to coordinate and administer programs. The difficulties that donors have in effectively coordinating their programs and in reducing the administrative burden of their programs accent the host governments' need for greater capability to coordinate and administer programs.

Regarding other matters, AID stated that the study appears to use a very restrictive definition of "institutional development," and for this reason identifies only 12 projects having one or more components to improve Sahelian government administrative capability. According to AID, institutional development

should be defined as "helping developing country institutions become more effective and efficient and better able to sustain donor program benefits with indigenous resources," and over 60 of its projects meet this definition. We used the same definition in the study and indicated that many of AID's projects have institutional development components. However, our study focused on one aspect of institutional development--the improvement of Sahel government capability to plan, manage, and coordinate the development process. Only 12 of those projects having institutional development components were related to this aspect of institutional development. We have revised the study to make this distinction clearer.

AID commented that our study, in stating that per capita food production has declined in the Sahel despite billions of dollars of donor assistance, omits the fact that the Sahel has continued to experience droughts which "greatly contributed" to declining food production. We agree this has had an effect. In this regard, however, the Secretary of State, in a February 1985 statement prepared for delivery before the House Committee on Foreign Affairs, made the following statement.

"Public attention has focused on the immediate drought crisis, but it is apparent that Africa's economic difficulties have a profound origin that goes back many years. Drought has aggravated the problem, but it is not the principal cause of Africa's economic crisis."

He went on to cite poor host-government economic policies as a major cause.

AID commented that its program in Burkina Faso, one of three countries in which we performed fieldwork, has been "essentially suspended" since fiscal year 1983 and therefore, "is not, as the report states, 'representative.'" We discussed which countries we should visit with AID officials, and at that time, Burkina Faso was considered representative of Sahel countries; it traditionally has had one of the largest AID programs in the Sahel and as recently as October 1984, the AID "pipeline" (the difference between obligations and expenditures) was the fourth largest in the Sahel.

In summary, we believe the Sahel governments' capability to plan and manage their countries' development and donor assistance is an area needing continuing attention. As shown by this study and AID comments, AID has done some work in the area. The issue is whether AID should devote more of its resources for this particular program area. However, because of the lack of criteria as to how much assistance should be devoted to improving the Sahelian governments' management capability, we are not in a position to suggest to AID the level of assistance that it should devote to this area. Thus, we are not making recommendations. However, this is a problem that will continue to affect

not only AID but all donors' assistance and, therefore, must continue to be considered by AID and others in their efforts to find solutions to Sahelian problems and to use foreign aid most effectively in realizing those solutions.

DESCRIPTION OF THE INSTITUTIONAL
DEVELOPMENT PROJECTS REFERRED TO
IN AID COMMENTS

AID comments on this study (see app. III) noted that it had identified over 60 projects related to some aspect of institutional development in the Sahel. We subsequently obtained a list of 62 projects from AID. This list contained 10 of the 12 projects that we identified as related to improving the Sahel government capability to plan and manage the economic development process and coordinate donor activities (the aspect of institutional development that we reviewed). The list also included a project in Gambia begun after we initiated fieldwork that is related to this aspect of institutional development. The other 51 projects relate to other types of institutional development activities.

- Sixteen projects relate to improving the operation of specific institutions, such as helping the National Seed Service in Burkina Faso to produce and distribute higher quality seed and aiding the Public Works Department in Chad to restart its activities.
- Ten projects are aimed at improving the skills of technical workers, such as forestry agents, agricultural extension agents, or health workers.
- Ten projects seek the improvement of agricultural research capabilities.
- Nine projects are designed to provide certain technical capabilities to Sahel institutions. A project in Mali aims to help Mali compile and evaluate information on its natural resources, and a project in Senegal is trying to upgrade the quality of fishery stock assessment data.
- Six projects seek to establish or improve village level organizations; self-managed village organizations are being established in Niger in the hope of increasing food production on a sustaining basis.

AID PROJECTS RELATED TO SOME ASPECT OF IMPROVING
PLANNING, MANAGING, AND COORDINATING CAPABILITY

1. Burkina Faso - Strengthening Health Planning and Management (project number 686-0251). Purpose:¹ To strengthen the capacity of the Health Ministry to analyze health needs and resources, to develop health strategies and programs, and to contribute to national planning.
2. Gambia - Mixed Farming and Resource Management (project number 635-0203). Purpose: To strengthen the planning and evaluation capability of the Agriculture Ministry.
3. Gambia - Soil and Water Resources Management Unit (project number 635-0202). Purpose: To establish a management unit in the Agriculture Ministry to develop national policies and programs for soil and water resources.
4. Mali - Development Leadership Training (project number 688-0221). Purpose: To improve Mali institutional capabilities by providing advanced degree training to 60 Malians in management, public and business administration, finance, economic and educational planning, programming, and evaluation.
5. Mali - Livestock Sector II (project number 688-0218). Purpose: To improve livestock sector management through establishing a unit to develop planning and management systems.
6. Niger - Forestry and Land Use Planning (project number 683-0230). Purpose: To establish a unit within the Water Resources and Environment Ministry to evaluate past and direct future land use planning activities, which would include analyzing project proposals and developing long-term plans.

¹Describes only those aspects related to planning, managing, and coordinating capability. Some projects also have components related to other aspects of institutional development or to development unrelated to institutional development.

7. Niger - Evaluation Assistance (project number 683-0229). Purpose: To establish a program evaluation unit in the Planning Ministry to improve collaboration between it and the technical ministries and to improve the design and implementation of development activities.
8. Senegal - Casamance Regional Development (project number 685-0205). Purpose: To improve the planning and analytical skills of a Senegalese agency responsible for planning, coordinating, and controlling agricultural development in the Casamance region.
9. Sahel Region - Sahel Manpower Development (project number 625-0936). Purpose: To provide short-term and long-term training to Sahelians in areas related to AID goals and Sahel development plans. Not all training is related to improving planning, managing, and coordinating capability.
10. Sahel Region - Sahel Manpower Development II (project number 625-0960). Purpose: To alleviate critical development constraints in institutions having an impact on the success of AID projects; not all training is related to improving planning, managing, and coordinating capability.
11. Sahel Region - Gambia River Basin Development (project number 625-0012). Purpose: To assist the agency responsible for implementing the multidonor Gambia River Basin Development program by improving its planning and coordinating capability.
12. Sahel Region - Niger River Basin Planning (project number 625-0944). Purpose: To develop an institutional capability in the Niger River Authority for coherent river basin development planning and to identify rational development projects.

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT
ADMINISTRATOR

March 11, 1985

Mr. Frank C. Conahan
National Security and International
Affairs Division
United States General Accounting
Office
Washington, D. C. 20548

Dear Mr. Conahan:

I have received the General Accounting Office (GAO) draft report titled "Limited Sahelian Government Capabilities to Administer Economic Assistance Affects Their Economic Development", and have a number of comments to make on this subject.

I would first like to point out that the U.S. Government places a high priority on assisting the eight nations of the Sahel in their development programs. We have in the past and are now providing large amounts of Development Assistance, Economic Support Funds and P.L. 480 both for long-term development as well as short-term emergency activities. Based on lessons learned, we are concentrating our project and program assistance in food production, policy reform, health and family planning, training and infrastructure. Working in coordination with other donors, we believe that we have helped to achieve numerous accomplishments, not the least of which is the forestalling of further famine related deaths of the magnitude that occurred in the Sahel during the early 1970's and as are now occurring in other parts of Africa. There also have been marked improvements in the Sahel in policy reforms, numbers and types of people trained, introduction of irrigated agriculture, increased health services, crop research and diversification, and road construction, all of which should provide a foundation for greater economic growth in the future.

I believe the draft report highlights many important factors in development which require continuing attention and which A.I.D. has been addressing over the past several years in the Sahel.

However, the report concentrates on what is desirable without sufficient thought to what is possible in the real life situation in the Sahel. We have learned the hard way that you must have a clear understanding of what is "doable" in the Sahel if you are to avoid unsuccessful programs.

We all agree that in the ideal world we would greatly reduce bureaucracy and "red tape". However, attainment of the report's objectives in this regard are complicated by our own legislative requirements (and realities), host government attitudes and sensitivities, and other donor attitudes or restrictions. What A.I.D. would like to do in reducing the administrative burden of donor programs and in promoting donor coordination at the country level and what it can do are often two different propositions. Put another way, it is much easier said (in the report) than done. Before dealing further with these subjects and the report's recommendations, some general comments on the report are in order.

The draft correctly states that per capita food production declined 1 percent between 1970 and 1977 and has not improved since then, even though donors committed more than \$13 billion to the Sahel between 1974 and 1983. (Note: it would be helpful if you included the statistical data on assistance - obligations versus disbursement - because as written the report implies that the funds have already been spent). The report also omits reference to the important fact that during the time period cited in the report, the Sahel region continued to suffer from continuing, periodic droughts. Obviously in a region where 95 percent of agriculture depends upon rainfall, this factor greatly contributed to declining per capita food production.

The report appears to use a very restrictive definition of the term "institutional development". Evidently it is for this reason that the report states on page 28 that only 12 projects in the Sahel have one or more components that sought to improve Sahelian government administrative capabilities. Our definition of "institutional development" is "helping developing country institutions become more effective and efficient and better able to sustain donor program benefits with indigenous resources." With this broader, more realistic definition we have identified over 60 projects which contribute to improving the administrative capabilities of governmental entities in the Sahel.

I agree with the report's general observations about certain deficiencies in Sahelian governments' planning capabilities. These include: preparing unrealistic long-range plans, poor data collection and analytical capabilities. A.I.D. is attempting to

work more with Sahelian governments in these areas through increased policy dialogue, training and studies. What A.I.D. can do, however, is limited particularly at the overall national plan level. As the report points out, due to political sensitivities, it may be inappropriate for A.I.D. or other bilateral donors to participate in development of a national plan per se. Multilateral agencies such as the World Bank, the UNDP or the IMF should and frequently do assist Sahelian governments in this key area. A.I.D. does, however, play a key role at the sectoral planning level - particularly in key sectors such as agriculture.

As the report states, expatriate personnel, financed by some donors, work as planners or managers, i.e., in operational rather than advisory roles, in some Sahelian government ministries. All such A.I.D.-funded personnel assigned to ministries assume an advisory role and work directly with a designated local official so as to develop the latter's skills. Therefore, there is a balance reached in fostering the skills of indigenous personnel while at the same time trying to get the job done in a timely way. Moreover, this expatriate assistance is sometimes needed to fill gaps when key personnel are away on long-term training in the U.S. or elsewhere.

Donor administrative requirements do place a serious burden on host countries' abilities to manage donor assistance. However, easing administrative procedures is difficult given the legitimate concerns over accounting, procurement and design requirements. As an example, under Section 121(d) of the Foreign Assistance Act (FAA), host countries utilizing Sahel Development Program (SDP) funds must maintain an accounting system, different from their own, to properly account for U.S. funds. This clearly is an added administrative burden, but one which I, and the Congress, feel is necessary. A.I.D. does, however, lessen the burden by providing financial management training, which the GAO has extolled in another report.

The report states that donor procurement requirements may result in equipment from several different countries which leads to little or no standardization and higher maintenance costs. This is again true, but unless the majority of bilateral donors, including the U.S., eliminates tied assistance (i.e., commodities and services coming from the country providing the financial assistance) little can be done about it. .

I agree with the report's view that donor coordination can be further improved in the Sahelian countries, and has in fact recently been markedly improving in several of them. As the

report points out, because of political sensitivities most bilateral donors would prefer that multilateral organizations, e.g., the World Bank or UNDP, take the lead in donor coordination. Whether these multilaterals do in fact play an assertive role depends on a variety of factors, such as the receptivity of host country governments to coordination, attitudes of other donors to coordination and the personal leadership quality of the local multilateral agency representative in individual countries. A.I.D. does stress donor coordination in all Sahelian countries, with the degree of success dependent on the factors cited above.

In Senegal, as an example, donor coordination has been excellent since October 1983, when meetings were first held among that country's major donors - the World Bank, the French and U.S.-to identify reforms which were needed in the agricultural sector. Subsequent formal meetings were held approximately every three to four months throughout 1984, with others such as the IMF, EEC and UNDP, also attending these meetings. These periodic donor sessions were preparatory to a Consultative Group meeting on Senegal held in Paris in December 1984, attended by eighteen major and minor donors.

In other Sahelian countries donor coordination is less formalized and less of an all-inclusive variety as is the case in Senegal. A.I.D.'s coordination with other donors in the agricultural sector is good in all Sahelian countries, and this is understandable since approximately 75 percent of Sahel Development Program (SDP) funds are in support of agricultural related activities. In Mali, for instance, there has been outstanding donor coordination in national cereals policy reform. In other countries, A.I.D. officials maintain now and will continue to encourage donor coordination in individual countries and through the multilateral organizations.

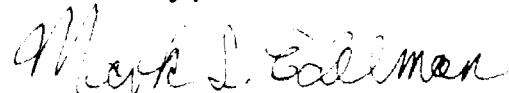
A.I.D. has already taken steps to reduce the administrative burdens of economic assistance programs for Sahelian governments. These include reducing the number of new projects to one or two per year; scheduled phase out of existing projects; concentration in one or two sectors or areas of a country; and providing more non-project assistance, which meets the countries' macro-economic needs and is less management intensive than project assistance. We are also increasing funding for training to provide academic, technical and managerial training in fields considered to be in a severe shortage category in the Sahel.

Finally, I wish to point out an inaccuracy in the report which states that Burkina Faso is among the larger A.I.D. programs in the Sahel. Our A.I.D. program in Burkina Faso has been essentially suspended since FY 1983 with less than \$500,000 in project obligations during FY 1984. Therefore, our program in Burkina Faso is not, as the report states, "representative."

In conclusion, I agree with the spirit of some of the report's statements about what is desirable, but I strongly disagree with the conclusions about what might be done in view of the realities of the situation in the Sahel. I also believe that insufficient credit is being given to many of the improvements and accomplishments evident in the U.S. assistance program in the Sahel.

My staff and I would be pleased to discuss this with you further, but in any event I request that our views be included in your final report.

Sincerely,



Mark L. Edelman
Bureau for Africa

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