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Project Evaluation: Consulting Assistance on Economic Reform

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Project Evaluation: Consulting Assistance on Economic Reform

Abstract

[Excerpt] The Consulting Assistance on Economic Reform Project (CAER) was designed to help AID and developing country governments to design, implement, monitor and evaluate economic policy reform. The project has provided AID access to economists and social scientists with extensive practical experience and outstanding educational credentials. CAER has been implemented by the Harvard Institute of International Development (HIID) since its inception in July 1989 and is scheduled to operate through June 25, 1994, with total authorized funding of up to $10.5 million. The CAER contract presents the project's objective as follows:

AID is increasingly involved in assisting developing nations to introduce and maintain appropriate economic policies at the macro, sectoral, and project levels. The purpose of the AID contract is to obtain economic consultant and advisory services that will enhance AID's capacity to provide such assistance to developing nations.

Keywords
Consulting Assistance on Economic Reform, CAER, development, reform, social science, evaluation

Comments
Suggested Citation
Project Evaluation

CONSULTING ASSISTANCE ON ECONOMIC REFORM

AID Project #940-0001

August 1993

Presented to:

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Contractor Team:

Management Systems International
(lead contractor)

Abt Associates Inc.
Development Associates, Inc.

United States Agency for International Development
Bureau for Research and Development
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### List of Acronyms

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<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AID</td>
<td>Agency for International Development</td>
</tr>
<tr>
<td>AID/W</td>
<td>Agency for International Development/Washington offices</td>
</tr>
<tr>
<td>AIRD</td>
<td>Associates for International Resources and Development</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>CAER</td>
<td>Consulting Assistance on Economic Reform, AID/PRE project</td>
</tr>
<tr>
<td>CDIE</td>
<td>AID’s Center for Development Information and Evaluation</td>
</tr>
<tr>
<td>DAI</td>
<td>Development Alternatives, Incorporated</td>
</tr>
<tr>
<td>EAGER</td>
<td>Equity and Growth through Economic Research, AID/AFR project</td>
</tr>
<tr>
<td>EPZ</td>
<td>Export Processing Zone</td>
</tr>
<tr>
<td>FVA</td>
<td>AID’s Office of Foreign and Voluntary Assistance</td>
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<tr>
<td>HIID</td>
<td>Harvard Institute for International Development</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IQC</td>
<td>Indefinite Quantity Contract</td>
</tr>
<tr>
<td>JICA</td>
<td>Japanese International Cooperation Agency</td>
</tr>
<tr>
<td>IMCC</td>
<td>Interamerican Management Consulting Corporation</td>
</tr>
<tr>
<td>ICEG</td>
<td>International Center for Economic Growth</td>
</tr>
<tr>
<td>IPC</td>
<td>Implementing Policy Change, AID/R&amp;D project</td>
</tr>
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<td>IPR</td>
<td>Institute for Policy Reform</td>
</tr>
<tr>
<td>IRIS</td>
<td>Institutional Reform and the Informal Sector, AID/PRE project</td>
</tr>
<tr>
<td>LAC</td>
<td>AID’s Latin America and Caribbean Bureau</td>
</tr>
<tr>
<td>LRJ</td>
<td>Legal, Regulatory and Judicial</td>
</tr>
<tr>
<td>MSI</td>
<td>Management Systems International</td>
</tr>
<tr>
<td>PIO/T</td>
<td>Procurement Implementation Order/Technical Services</td>
</tr>
<tr>
<td>PRE</td>
<td>AID’s Bureau of Private Enterprise (PRE)</td>
</tr>
<tr>
<td>PRE/SMIE</td>
<td>AID/PRE’s Office of Small, Micro, and Informal Enterprise</td>
</tr>
<tr>
<td>PPC</td>
<td>AID’s former Bureau for Program and Policy Coordination</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>AID’s Bureau of Research and Development</td>
</tr>
<tr>
<td>REDSO</td>
<td>AID’s Regional Development Services Office</td>
</tr>
<tr>
<td>SOW</td>
<td>Statement of Work</td>
</tr>
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<td>UNICEF</td>
<td>United Nations International Children’s Fund</td>
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<td>WID</td>
<td>AID’s Office of Women in Development</td>
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</tbody>
</table>
EXECUTIVE SUMMARY

A. Project Description & Background

The Consulting Assistance on Economic Reform Project (CAER) was designed to help AID and developing country governments design, implement, monitor and evaluate economic policy reform. CAER has been implemented by the Harvard Institute of International Development (HIID) since its inception in July 1989 and is scheduled to operate through June 25, 1994, with total authorized funding of up to $10.5 million. Four subcontractors assist HIID in CAER’s implementation: Associates for International Resources and Development (AIRD), Interamerican Management Consulting Corporation (IMCC), Development Alternatives, Inc. (DAI), and Williams College.

The CAER project was designed, contracted and initially supervised by AID’s Office of Economic Analysis in the Bureau for Program and Policy Coordination. However, in October 1991 AID was reorganized, PPC abolished, and CAER management shifted to the Bureau of Public Enterprise’s Office of Small, Micro and Informal Enterprise (PRE/SMIE).

CAER’s purpose is to "obtain economic consultant and advisory services that will enhance AID’s capacity to provide such assistance to developing nations." The project’s budget has been divided according to core and buy-in costs. Core costs were intended to be used for project management and administration as well as to support research that would be of wide interest to AID policy makers. The core component was supplemented with buy-in authority to enable AID missions or Washington offices to purchase economic consulting services to support or advance their development agendas.

At the time of this evaluation, 51 buy-ins have been completed for a total of $6.2 million and 24 separate activities have been completed using $916,000 of core funding. Illustrative of the types of activities and studies undertaken by CAER are: identification of lessons from Asia’s development for Africa; a Costa Rica capital markets study; an examination of the social costs of macro-economic structural adjustment in Africa and Latin America; recommendations for Central Bank reforms in the Philippines; and a study on tax and pension reform in Hungary.

B. The Evaluation

This evaluation requested an assessment of the project’s various components as follows: the degree to which the project’s objective has been achieved; overall performance and effectiveness; dissemination of the project’s technical learnings; and project management and operations, including the project’s structure. Also requested was a recommendation as to whether or not there should be a follow-on project and, if so, to suggest design modifications.

The project evaluation took place from April to June 1993 under PRE/SMIE’s direction and was funded through a PRE buy-in to the Bureau of Research and Development’s Implementing Policy Change Project, for which Management Systems International (MSI) is the prime contractor. A three-person MSI/Abt team conducted the evaluation. Information
on the project's performance was collected through interviews, document and file reviews, and through analysis of responses from a questionnaire sent to field missions which had executed buy-ins.

C. Project Performance

The evaluation team was impressed by CAER's management, by both PRE and HIID, and with the quality of the work completed to date. Without question, the project has been successful in achieving its objective of enhancing AID's capacity to provide economic policy assistance to developing nations.

The CAER project has proven itself a valuable resource for AID field missions and Washington Bureaus, and it is strongly recommended that a follow-on project be designed. This recommendation is drawn from the following major conclusions: CAER has done an excellent job of enhancing AID's ability to undertake economic policy reform activities; the project has generated higher than anticipated demand for services from Washington Bureaus and field missions; and, the amount of economic policy reform activity undertaken by AID field missions has increased substantially over the past several years.

General conclusions and recommendations follow.

Conclusions

- The project has been well managed by both AID/PRE and HIID. Both organizations were repeatedly praised for running the project in a client-oriented and professional manner.

- The quality of the work conducted under CAER has been consistently rated as excellent. This closely parallels the conclusion that HIID has done an exceptional job of identifying and fielding top quality technical assistance teams, including teams drawn from its consortium partners.

- HIID has done an outstanding job of developing a useful publication series for disseminating project products, including both the CAER Discussion Paper series and the CAER Briefing Note series. In addition to publications, presentations have been useful for conveying lessons-learned to interested AID staff.

- Buy-ins from AID/W bureaus have been used to undertake economic policy studies of broad interest to AID—the types of activities which were envisioned to be supported through the use of core funds. This has had the positive result of ensuring that the research agenda has been demand driven and has kept technical oversight within the funding bureau, two aspects which have enhanced the quality of final products and ensured a high degree of client responsiveness by technical assistance teams.
One of the project’s strengths has been its ability to be a quick-response economic assistance mechanism to deliver clearly defined products through short-term technical assistance. The evaluation team, despite attentiveness to the issue, was unable to identify any demand for CAER to field long-term resident advisors.

CAER has defined and filled an important niche, both for applied analytical work for AID/W bureaus and for advisory services to field missions. There is no significant redundancy between CAER and other AID projects, and for many of the activities funded through CAER it has been the only logical contracting mechanism available.

**Recommendations**

- The CAER project does not require, nor would its effectiveness and utility benefit from, any significant design modifications. Likewise, no significant changes in the management of the CAER contract are recommended.

- CAER could—and perhaps should—be given a more direct role in helping to inform and support the Agency’s overall economic policy reform agenda. Independent confirmation of the importance of AID’s economic reform agenda, particularly by an institution having Harvard’s stature, could be used as a mechanism to influence or confirm economic policy directions and lend additional credibility to Agency operations.

- Core funds should be increasingly used for all contracting institutions to undertake dissemination activities, both written and oral. In particular, funds should be used to encourage project subcontractors to develop and present topic-specific synthesis papers which convey lessons-learned from multiple countries or regions. In addition, dissemination of written products beyond AID and U.S. academic audiences should be increased.

- The ceiling for individual buy-ins should be raised from the present level of $250,000, perhaps up to $600,000. Increasing the ceiling on individual buy-ins will be especially important to permit what is expected to be a continuing demand for large buy-ins from NIS and Eastern Europe.

- Greater avenues should be explored for collaboration with related AID projects. Exchange of publications and cross-participation in selected conferences and or workshops could be beneficial for enhancing the effectiveness of AID-supported economic policy reform technical assistance.
I. INTRODUCTION

A. Project Description

The Consulting Assistance on Economic Reform Project (CAER) was designed to help AID and developing country governments to design, implement, monitor and evaluate economic policy reform. The project has provided AID access to economists and social scientists with extensive practical experience and outstanding educational credentials. CAER has been implemented by the Harvard Institute of International Development (HIID) since its inception in July 1989 and is scheduled to operate through June 25, 1994, with total authorized funding of up to $10.5 million. The CAER contract presents the project’s objective as follows:

AID is increasingly involved in assisting developing nations to introduce and maintain appropriate economic policies at the macro, sectoral, and project levels. The purpose of the AID contract is to obtain economic consultant and advisory services that will enhance AID’s capacity to provide such assistance to developing nations.

The Project was designed to address a broad range of economic reform issues and several illustrative examples were provided in the CAER project’s Statement of Work (SOW). These included:

- "The relationships between economic policies and economic performance both economy wide and more specific in focus.

- How changes in the internal and external environment facing particular countries, regions, sectors result from—or indicate the need for—economic policy reform.

- Lessons from individual and comparative case studies of the consequences of incorporating particular policies and/or policy changes in particular countries."

More examples were listed but, in short, the project’s design provided no criteria that would exclude any economic policy related topic from being addressed. In practice, the only criteria that have limited the use of CAER have been AID management’s "guiding principles" that buy-ins should be in the range of $25,000 - $250,000, activities should not extend beyond a one-year time frame, and a clear set of deliverables must be articulated for each activity. All assistance provided has been short-term as CAER does not authorize the contracting of long-term resident advisors.

The project’s budget has been divided according to core and buy-in costs. Core costs were intended to be used for project management and administration as well as to support research that would be of wide interest to AID policy makers. The core component was supplemented with buy-in authority to enable AID missions or Washington offices to purchase economic consulting services to support or advance their development agendas. Core allocations require only the approval of CAER’s AID project management whereas buy-in funding also requires the Agency’s contracts office’s approval and funding comes from the budgets of the sponsoring mission or office.
B. Evaluation Statement of Work and Methodology

This project evaluation took place from April to June 1993 under the direction of the Bureau of Private Enterprise’s (PRE) Office of Small, Micro, and Informal Enterprise (PRE/SMIE), the office charged with management of the CAER Project. The evaluation of CAER was funded through a PRE buy-in to the Bureau of Research and Development’s Implementing Policy Change Project, for which Management Systems International (MSI) is the prime contractor. A three-person MSI/Abt team conducted the evaluation: David Callihan, an MSI management specialist (Team Leader), Gary Fields a Cornell University economics professor and Abt consultant; and Joan Parker an independent economist and Abt consultant. Abt Associates is a subcontractor to MSI under the IPC project.

The evaluation requested an assessment of the project’s various components as follows: the degree to which the project’s objective has been achieved; overall performance and effectiveness; dissemination of the project’s technical learnings; and project management, including the project’s structure and implementation processes. The SOW also requested the evaluation team to make a recommendation as to whether or not there should be a follow-on project and, if so, to suggest design modifications. A complete Statement of Work is included as Annex A.

The evaluation team’s methodology for collecting information to assess CAER was as follows:

- Interviewed a wide range of persons involved with the project, including: economists from each of AID’s geographic bureaus; PRE staff, including the project’s current and former managers; all HIID project management and contract support staff, including former and current project directors; staff representing all four project subcontractors; several HIID and subcontract staff involved on technical assistance assignments; and a variety of AID staff who have been involved with the project or who are potential users of a follow-on project. A complete list of persons interviewed is included as Annex B.

- Analyzed questionnaire responses from USAID missions which have executed CAER buy-ins. Eight missions returned questionnaire responses. These responses represent 42 percent of the number of all mission buy-ins undertaken by CAER and 53 percent of all mission buy-in funding. PRE and R&D reviewed the questionnaire prior to its distribution and both offices were instrumental in suggesting improvements to sharpen and clarify its content. A copy of the questionnaire sent to USAIDs is attached as Annex C.

- Reviewed a sampling of fifteen CAER technical reports. Report review, together with AID and contractor interviews, was the basis for the development of activity case study briefs. These briefs were used to analyze the project’s overall effectiveness and are included as Annex D. The case study briefs were selected to represent the range
of activities undertaken by the project and were chosen against the following criteria: large and small activities, activities undertaken by each of the five organizations involved in the CAER contract, a mixture of core and buy-in activities, and activities representing broad geographic coverage. Only activities already completed were selected for case study analysis.

The evaluation team expresses its gratitude to all who generously shared their experiences of CAER’s performance and provided ideas for its future operations and structure.
II. PROJECT MANAGEMENT

This section documents how the project operates, analyzes expenditures to date, and assesses project management. Subsequent sections comment on the quality of the project's technical assistance.

A. Project Funding

The CAER project was approved in June 1989 as a three year project with an option to be extended for an additional two years, subject to AID approval. The project's initial budget was $5.1 million and was divided between core funding of $1.9 million and buy-in authority of up to $3.2 million. Because of the high demand for project services, AID extended the project for an additional two years, through June 1994--this increased overall funding to $8.9 million; $3.3 million for core funding and $5.6 million in buy-in authority.

In March 1993 PRE requested an increase in funding levels and an adjustment in allocations to increase the project's buy-in authority relative to core funding in order to accommodate the continuing high demand for buy-in services. This has resulted in the project's current budget allocation levels of $2.1 million for core activities and buy-in authority of $8.4 million. The following table illustrates the project's authorized expenditure levels over its history.

**Project's Authorized Expenditure Levels.**

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<thead>
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<tbody>
<tr>
<td>Core contract-</td>
<td>1.9 million</td>
<td>3.3 million (+1.4)</td>
<td>2.1 million (-1.2)</td>
</tr>
<tr>
<td>Task Orders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy-in ceiling</td>
<td>3.2 million</td>
<td>5.6 million (+2.4)</td>
<td>8.4 million (+2.8)</td>
</tr>
<tr>
<td>Total</td>
<td>5.1 million</td>
<td>8.9 million (+3.8)</td>
<td>10.5 million (+1.6)</td>
</tr>
</tbody>
</table>

While the five-year level of effort ceiling has remained unchanged at 11,440 days, the project's overall expenditure ceiling was permitted to increase by $1.6 million to accommodate greater-than-expected buy-in activity. This was allowed because the project was written as a "Z" contract, which is calculated according to overall level of effort rather than expenditure ceiling. By switching level of effort from the core to buy-ins, overall costs increased because buy-in activities are inherently more expensive due to travel and per diem costs. Without the $1.6 million budget increase, CAER would not have had the funds to reach its originally approved level of effort ceiling.

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1 The A.I.D. Office of Contracts informed the evaluation team that Z contracts are no longer being written but have been replaced by Core + Requirements contracts (Q contracts). These new contracts provide a fixed level of core funding along with unlimited buy-in authority.
B. AID Project Management

The CAER project was designed, contracted and initially supervised by AID’s Office of Economic Analysis in the Bureau for Program and Policy Coordination (PPC). The mandate of PPC included helping to inform and formulate the Agency's overall strategy.

In October 1991 AID was reorganized, PPC abolished, and project management shifted to PRE/SMIE. The project was not relocated under AID’s current Policy Directorate because of a decision to free the Policy Directorate of project management responsibilities. Thus CAER, particularly because of its buy-in component, was not seen as an appropriate project to be under the supervision of the policy office. Since the 1991 reorganization CAER has remained under PRE/SMIE and has been under the supervision of three different project managers, one of which acted in a caretaker capacity on two occasions. CAER’s current Project Officer, Forest Duncan, has been managing the project since April 1992. A chronology of CAER management is included as Annex E.

C. The CAER Contract Consortium

CAER is implemented by HIID along with four subcontractors: Associates for International Resources and Development (AIRD), Interamerican Management Consulting Corporation (IMCC), Development Alternatives, Inc. (DAI), and Williams College. The intended roles of the consortium partners were as follows:

HIID: to provide overall management control and intellectual leadership; to be the project’s primary implementor of broad-gauged economic research; and to undertake field assignments according to its particular expertise, e.g., assistance in the areas of tax reform, health care financing, and macroeconomic policy issues.

AIRD: primarily to respond to buy-in requests, with a focus on the environmental and agricultural sectors, particularly in Africa.

DAI: to conduct a limited amount of core research and be responsive to a wide-range of USAID buy-in requests.

IMCC: to respond to mission buy-in requests, particularly financial sector requests and buy-ins emanating from the Caribbean and Central and South America.

Williams College: to function primarily as an intellectual research center.

Each consortium member was brought into the relationship with an understanding of their primary roles, as stated above. However, HIID stated they have not excluded any subcontractor from assuming roles beyond the identified organizational strengths upon which the consortium was organized.
HIID has primary responsibility for overall project management and as of April 1993 had been authorized $861,320 in project management and administrative expenses. DAI has been the only subcontractor authorized by HIID to expend any significant level of management funds: their authorized allocations as of April 1993 have been $38,986. Both IMCC and Williams college have been allocated less than a thousand dollars each for management costs and AIRD has not received any core funds.

Core administrative funds have been allocated on a year-to-year basis under Umbrella Fund Task Orders. (See Annex F for a complete listing of core and buy-in allocations.) Four such tranches have been disbursed to HIID totalling $901,718. with 95.5 percent of these funds used by HIID. Authorized administrative tasks allowed under the contract include:

- "the routine work of project managers and administrative support staff;
- administrative travel, including visits to AID/W and to missions to discuss project progress and plans;
- photocopying, communications, and printing; and
- joint meetings of the contractor and subcontractors."

In addition to these primary project activities, the following additional "small substantive" activities are also authorized: writing and consultation to assist AID to formulate task orders; consortium staff participation in seminars or workshops; and other miscellaneous tasks as requested by the AID project officer. Core administrative funds cover HIID's project management costs including four months salary for the project's director and a full-time administrative officer.

HIID has viewed its primary contract management responsibility as screening requests for CAER services, working with missions or AID/W offices to clarify statements of work, then selecting the most appropriate consortium member or team to undertake the activity. Once a team has been selected to undertake the assignment, and approved by the mission or Bureau, HIID then leaves technical implementation responsibilities to the selected team, or subcontractor. HIID receives copies of all final reports and selects a limited set of reports to publish and distribute as Discussion Papers.

HIID also assumes responsibility for all of CAER's administrative monitoring and reporting requirements. These tasks include quarterly financial reporting, preparing annual budgets, managing all financial and technical relationships with its subcontractors and tracking task order and buy-in completion dates to ensure buy-in completion extensions are requested as necessary.
D. Project Management: Core Funding (Non-Administrative)

D.1. Selecting and Approving Task Order Activities

The CAER contract is vague in addressing how task order funds were to be used but it seems to have been the project design's intent that non-administrative core funds were for responding to economic policy issues of broad interest to the Agency and to assist PPC in pursuing its mandate of providing the Agency strategic programmatic guidance. The determination of what topics were to be pursued was to result from suggestions emanating from both AID and HIID (and its subcontractors through HIID). Use of core funding requires only the AID Project Officer's approval and does not involve AID's contracts office. This provides the project the flexibility to swiftly approve and undertake activities. However, economists with AID's geographic bureaus and Policy Directorate staff had limited awareness of the availability of CAER core funds.

From the project's outset there do not seem to have been any clear procedures for setting a core agenda or for approving core CAER research activities. During the project's first two years, and while under PPC's direction, CAER's core agenda was predominantly generated by AID and a majority of the activities (56 percent) were undertaken by HIID. In early 1991 a meeting was initiated by HIID, and included AID and project subcontractors, for the purpose of setting a core agenda and eliciting wider consortium participation in executing that agenda. In part, this meeting was also called to address concerns that the core budget was being underspent. The meeting generated suggestions for core funding use, however, shortly thereafter the project experienced management turnover both at HIID and PRE and ideas generated were never enacted. Because there was no core agenda, HIID's subcontractors felt that further pursuit of core research funds would require non-reimbursable efforts that had little guarantee of fruition. Although some of its subcontractors, particularly DAI, have continued ad hoc efforts to secure support within various AID offices to access core research funds the project has never developed a formal process for doing so.

HIID told the evaluation team that they felt themselves to be somewhat in a catch-22 situation with regard to undertaking core research: that is, if an idea didn't involve field research validation then it probably would not be viewed as relevant from a field perspective and if the idea were centrally funded, then missions would be reluctant to endorse it or commit management time to hosting a technical assistance team. And, of course, missions are generally reluctant to fund activities whose scopes extend beyond their mission's programmatic interests.
D.2. Allocation and Use of Funds

Excluding administrative funds, as of April 1993, 24 core activities have been approved by CAER for a total of $930,840. Of these 24 activities, HIID has been involved with nineteen, DAI with five, IMCC with two, Williams College with a single activity, and AIRD not at all. The table below shows the allocations of core funds authorized for each of the consortium members.

Breakdown of Core Activities by Organization (as of 4/6/93)

<table>
<thead>
<tr>
<th>Core Allocations</th>
<th>HIID</th>
<th>AIRD</th>
<th>DAI</th>
<th>IMCC</th>
<th>Williams</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>861,320</td>
<td>0</td>
<td>38,986</td>
<td>941</td>
<td>471</td>
<td>901,718</td>
</tr>
<tr>
<td>Non-Administration</td>
<td>590,026</td>
<td>0</td>
<td>286,407</td>
<td>45,149</td>
<td>9,258</td>
<td>930,840</td>
</tr>
<tr>
<td>Percent</td>
<td>63.4</td>
<td>0</td>
<td>30.8</td>
<td>4.9</td>
<td>1.0</td>
<td>100.</td>
</tr>
<tr>
<td>Totals</td>
<td>1,451,346</td>
<td>0</td>
<td>325,393</td>
<td>46,090</td>
<td>9,729</td>
<td>1,832,558</td>
</tr>
</tbody>
</table>

HIID has used 63 percent of non-administrative core funds followed by DAI's use of 31 percent.

The following table illustrates the relative inactivity of core funds since the project was transferred to PRE. Since that time, only HIID has been allocated any significant amount of core funding under PRE and the level is significantly below what HIID undertook during the project's tenure under PPC.
As the table shows, the number of core activities dropped markedly after the project was transferred to PRE, and average monthly non-administrative core expenditures fell to about one-third of earlier levels.

### E. Project Management: Buy-Ins

CAER's buy-in component enables field missions and Washington bureaus to access project services through the allocation of their own budget funds. This process requires the interested office or mission to submit a PIO/T, including a SOW, to the PRE/CAER Project Officer who screens the request to ensure compliance with project objectives and make sure tangible deliverables are clearly stated. Once PRE is confident that a requested activity can be appropriately undertaken by CAER, the SOW is forwarded to HIID. HIID reviews the SOW and may also work with the submitting mission or office to clarify further the tasks to be undertaken.

Buy-in requests are generated through two different means: 1) HIID responding to unanticipated mission requests, e.g. missions "cold-calling" on CAER to solicit a statement of interest and capability to undertake a proposed SOW\(^2\); and 2) by consortium members "generating/marketing" mission business, e.g. after a consortium member has held informal discussions with a prospective AID client, then uses the CAER contract to access the known expertise of a CAER consortium organization.

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\(^2\) does not include a $14,395 activity conducted by DAI in Benin to address impact of Togolese refugees on economic policy. Although the activity was funded through core, due to necessity for rapid response, the Benin Mission reimbursed CAER through a PIO/T which incrementally replenished expended core funds.

\(^3\) Responses to mission's scopes of work are competed among the consortium's members and missions may also compete the request for services between CAER and other AID contracts, such as the macroeconomic IQC.
When a mission or regional office submits an unanticipated buy-in SOW to CAER, HIID faxes each subcontractor to elicit statements of interest and capability. Usually subcontractor responses come in the form of proposed candidates and indications of their availability. For any given buy-in, one or perhaps all of the subcontractors may respond. HIID's Project Manager then selects the firm and individuals judged most appropriate and forwards resumes for mission approval. In some cases HIID proposes technical assistance teams composed of members from two or more consortium organizations (7 out of 55 buy-ins)  but this has been the exception rather than the rule. Budgets are generally prepared and submitted by the organization undertaking the assignment except in cases of multi-organizational teams, in which case HIID prepares, submits, and negotiates the buy-in budgets.

In cases of a mission using CAER to access a particular firm, the SOWs are also channelled through the AID Project Officer to HIID. Upon receipt of the SOW, HIID will forward the request to the appropriate subcontractor, or execute the work itself, based on prior knowledge as to which firm generated the request or is expected by the mission to implement the work order. Such requests result from a consortium member's marketing efforts or a mission's desire to use CAER as a convenient contracting mechanism to continue ongoing institutional relationships.

If a mission buy-in does not expend its allocated funds, then the money can be deobligated and returned to missions. Concerning Washington bureau buy-ins, funds not expended by the activity completion date are rolled over into the project's core budget. However, in practice, when bureau funds have not been expended by the buy-in completion date the project has often allowed the bureau to continue the activity, or undertake a new activity, by charging costs against whatever was left over and rolled into core. For example, a buy-in from R&D to study environmental policy issues did not begin when expected, the completion date passed, and the money rolled into core so the activity could be continued and completed. PRE's management flexibility on this issue has been appreciated by bureaus because money is not forfeited in the event of technical or administrative delays.

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HIID was involved in four of the seven collaborative efforts. In the other three cases HIID brokered the collaboration of two or more subcontractors but itself did not participate.
E.1. Allocation, Source and Use of Funds

With the exception of Williams College, which has had a relatively small involvement with the project, participation in the execution of buy-in activities has been relatively equitable among CAER’s four main institutions; the range of participation has been HIID with $1.9 million of activity to AIRD with $1.25 million. Williams College’s participation has been substantially less than expected because its original project liaison fell ill and the college has since found it difficult to participate to the extent they had hoped.

The actual and relative involvement of each consortium member is presented in the following table.

Table: Breakdown of Buy-Ins by Organization (as of 4/6/93)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Actual Allocation Amounts</th>
<th>Percent of Actual Allocations</th>
<th>Original Budget Allocations: Amount</th>
<th>Original Budget Allocations: Percent</th>
<th>Difference in Planned versus actual expenditures as percent of total available</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIID</td>
<td>1,906,620</td>
<td>30.6</td>
<td>777,975</td>
<td>24.2</td>
<td>+ 6.4</td>
</tr>
<tr>
<td>AIRD</td>
<td>1,250,642</td>
<td>20.1</td>
<td>468,594</td>
<td>14.6</td>
<td>+ 5.5</td>
</tr>
<tr>
<td>DAI</td>
<td>1,420,725</td>
<td>22.8</td>
<td>1,168,677</td>
<td>36.4</td>
<td>- 13.4</td>
</tr>
<tr>
<td>IMCC</td>
<td>1,498,062</td>
<td>24.1</td>
<td>466,099</td>
<td>14.5</td>
<td>+ 9.6</td>
</tr>
<tr>
<td>WILLIAMS</td>
<td>146,056</td>
<td>2.3</td>
<td>331,664</td>
<td>10.3</td>
<td>- 8.0</td>
</tr>
<tr>
<td>TOTALS</td>
<td>6,222,105</td>
<td>100.</td>
<td>3,213,009</td>
<td>100.</td>
<td></td>
</tr>
</tbody>
</table>

Both AIRD and IMCC received greater shares of buy-in funding than had been projected in the project’s initial three-year budget. DAI has been allocated a smaller proportion of buy-ins than they had expected. They had been projected to undertake about 36 percent of the buy-in work, as per the project’s original three-year budget, but in five years have undertaken only about 23 percent. However, buy-in allocations cannot be guaranteed because contractors must demonstrate superior capability, have teams approved by AID, as well as generate work through their own marketing efforts.

Buy-in funding has come from all of AID’s geographic regions, but about 53 percent has come from Africa, with most of that (31 percent of total buy-in funding) coming from AID/W’s Africa Bureau. Participation from other areas ranged from a low of 9 percent from LAC to 15 percent for Asia. Overall, about 53 percent of buy-ins emanated from field missions with the remainder coming from AID/W offices.

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3 Original budget allocation amounts are based on HIID’s three year budget which included buy-in allocations of up to $3.2 million.
Table: Breakdown of Buy-ins by Region (as of 4/6/93)

<table>
<thead>
<tr>
<th>Region</th>
<th>Mission/ Bureau Funds</th>
<th>Number of Buy-ins</th>
<th>Average Buy-in</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa Bureau</td>
<td>1,936,558</td>
<td>13</td>
<td>148,966</td>
<td>31.1</td>
</tr>
<tr>
<td>Africa Missions</td>
<td>1,353,121</td>
<td>13</td>
<td>104,086</td>
<td>21.8</td>
</tr>
<tr>
<td>AFRICA Total</td>
<td>3,289,679</td>
<td>26</td>
<td>126,526</td>
<td>52.9</td>
</tr>
<tr>
<td>Asia Bureau</td>
<td>124,276</td>
<td>1</td>
<td>124,276</td>
<td>2.0</td>
</tr>
<tr>
<td>Asia Missions</td>
<td>802,375</td>
<td>6</td>
<td>133,729</td>
<td>12.9</td>
</tr>
<tr>
<td>ASIA TOTAL</td>
<td>926,651</td>
<td>7</td>
<td>132,379</td>
<td>14.9</td>
</tr>
<tr>
<td>E. EUROPE</td>
<td>796,629</td>
<td>2</td>
<td>398,315</td>
<td>12.8</td>
</tr>
<tr>
<td>NE Bureau</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NE Missions</td>
<td>623,828</td>
<td>6</td>
<td>103,971</td>
<td>10.0</td>
</tr>
<tr>
<td>NE TOTAL</td>
<td>623,828</td>
<td>6</td>
<td>103,971</td>
<td>10.0</td>
</tr>
<tr>
<td>LAC Bureau</td>
<td>10,000</td>
<td>1</td>
<td>10,000</td>
<td>0.2</td>
</tr>
<tr>
<td>LAC Missions</td>
<td>513,473</td>
<td>9</td>
<td>57,053</td>
<td>8.6</td>
</tr>
<tr>
<td>LAC TOTAL</td>
<td>523,473</td>
<td>10</td>
<td>52,347</td>
<td>8.8</td>
</tr>
<tr>
<td>TOTALS</td>
<td>6,218,855$^6$</td>
<td>51</td>
<td>121,938</td>
<td></td>
</tr>
</tbody>
</table>

In addition to the buy-ins from geographic bureaus, there were two buy-ins from other bureaus: $37,500/Williams College/Development Impact of Local Currency Programming from FVA; and $21,095/HIID/Deforestation Reform Study from S&T. These two buy-ins are presented in the total buy-in cost presented in the above table.

F. Project Administration: Financial Management and Contract Monitoring

HIID maintains all project expenditure reports and submits quarterly financial reports to PRE. These reports enable PRE to monitor overall project expenditures and gauge the implementation status of all project activities. The quarterly financial reports submitted by HIID contain line-item expenditures for each on-going core and buy-in activity, provide aggregate financial data for each subcontractor, and overall project expenditures. In addition, HIID’s financial reporting also documents which consortium member is the lead institution for each activity, the activity’s principal investigator, the start and scheduled completion dates, and funds remaining. Financial reporting is routinely submitted in a timely manner and conveys all the information necessary to track overall and individual project activity.

$^6$ does not include a $3,250 buy-in for SIDIBE London Conference.
Under current management, HIID tracks completion dates and checks in with activity implementation teams a month or so prior to the completion date to see if things are on track and to determine whether or not a request for extension will be necessary. This is a relatively recent innovation by HIID and was implemented to address instances in which HIID had occasionally requested work order extensions after activity completion dates had passed.

The evaluation team was told by AID’s contract office that Harvard’s Office of Sponsored Research has repeatedly delayed buy-in contracting over the past year due to scrutiny of the contract’s basic provisions because of what was perceived as a basic lack of understanding of AID’s contracting process. In the past year there have been three CAER contract managers in HIID’s Office of Sponsored Research and this turnover certainly contributed to the problem. However, during the same period, AID also experienced staff turnover by the CAER contracts officer. The turnover of contracting personnel, both at Harvard and AID, no doubt led to delays in executing several buy-ins over the past year but the problems seem to have been resolved and the evaluation team thinks it unlikely that further problems will result.

The evaluation team also noted with approval the process recently initiated at HIID to follow-up on a semi-annual basis with all missions that have received CAER assistance. Through informal conversations, HIID assesses client satisfaction with CAER services and the longer-term uses of the technical assistance, then documents the conversations for their files. This is a helpful and low-cost method of tracking project effectiveness and monitoring the performance of particular consultants and subcontractors.

G. Overall Management Quality

Through responses to field questionnaires and interviews the evaluation team assessed the degree of client satisfaction with CAER’s management. Much of the data comes from questionnaires returned by missions which have conducted buy-ins. A single mission response often commented on several activities, e.g. Sri Lanka returned a response commenting on seven completed activities and Morocco’s response commented on three separate buy-ins. Summaries of these responses follow.
G.1. AID Management

In responses from field missions, five of six missions characterized the support received from AID's Project Officer as "always helpful and efficient"; one response characterized the assistance as difficult to work with. This one response resulted because the mission was unable to submit a SOW which specified clearly defined deliverables and activities to the extent required by the AID Project Officer.

- "The contracting process was unusually quick and simple thanks to the team work between the AID/W Project Officer and the AID/W Contracting Officer." [Honduras]

- Project Officers in AID's Eastern European Bureau praised the flexibility and helpfulness of both AID and HIID project officers for their assistance in enabling expensive and complicated buy-ins to be executed in an efficient and timely manner. They characterized the assistance as being client-oriented and said it worked as well or better than any contract they had ever worked with.

G.2. HIID Project Management: General Contract Assistance

Of the eight responses received from field missions, five characterized HIID's assistance as always being helpful and efficient and three stated the assistance was generally efficient.

Illustrative comments about HIID's management follow.

- "...the sharpness of the professionals at CAER allowed an excellent iterative process of refining the SOW from the initial ideas through to a contractable activity." [Nepal]

- "The mission is particularly impressed and appreciative of the cooperation and efficiency of CAER project administration at HIID." [Sri Lanka]

In addition, two missions reported unfavorably about their interactions with HIID. The first, Nepal, in reference to a different buy-in than mentioned above, reported difficulty in accessing services because HIID felt the mission's requests were either outside the project's operational mandate or because activities were not clearly defined. What the mission viewed as non-responsiveness HIID considered to be proper management oversight. In the second case, Egypt was disappointed because HIID could not identify consultants with the proper skills. Although it was unfortunate that the ideal consultants could not be identified, USAID's main complaint was that the process was dragged-out over a two month period.
G.3. HIID Project Management: Timeliness of Assignment Completion

Six of eight missions commenting on completed buy-ins stated that field work had been completed in a timely manner. The exceptions were an assignment by AIRD in Morocco and an IMCC assignment in Honduras.7

The evaluation team was also told by the Africa Bureau of a research assignment undertaken by HIID which is months behind schedule. The Africa Bureau had commissioned the study in order to have information available for an economic policy coordination meeting with the World Bank. Since the meeting has already passed, the study’s utility will be limited.

Additional comments on the timely completion of activities appear in the subsequent section on project performance.

G.4. CAER Project Management: Quality of Personnel Fielded

Of eight responses from field missions having conducted buy-ins, five missions rated the quality of personnel as of the highest quality, two of good quality, and one team fielded was of mixed quality. Of the three responses about teams fielded by HIID, all rated the quality of the technical assistance teams as of the highest quality.

Five of seven missions which undertook buy-ins stated that the services provided exceeded the statements of work, and two said the assignments satisfactorily addressed mission requirements. In responses about HIID’s work, all three missions responding stated that the technical assistance team provided by HIID exceeded the SOW.

One mission that stated the work was satisfactorily addressed added the following: "The mission’s requirements were demanding and the contractor performed to our standards. The contractor had the specialized background needed, the flexibility to adapt to unexpected delays in timing, and the ability to make up for lost time." [Senegal]

Illustrative comments about the quality of personnel fielded follow.

- "The quality and preparedness of personnel selected so far have been, without exception, excellent. HIID has responded very well to the mission’s requirements by always proposing several options from which the mission and the host government could select the most appropriate." [Sri Lanka]

- "We needed experts on VAT and they found people who knew it backwards and forwards, and from the correct perspective." [Nepal]

7. The considerable delay in providing written reports showed that IMCC at that time lacked the administrative capacity to conclude in a timely manner what had been excellent field work by its consultants."[Honduras]
"The mission was pleasantly surprised at the high caliber of consultants and at the excellent quality of their work." [Honduras]

"The most important feature was the mission’s ability to access, through CAER, individuals that the mission and the Government felt were uniquely suited to the assignments. Some of the work not only required technical expertise on the part of the consultants, but equally or more importantly, the international status to broker agreements between the highest [government] decision makers, and in some cases, the World Bank and IMF." [Sri Lanka]

H. Conclusions

H.1. Conclusions: Allocations of Funds

The project has generated greater than expected demand from field missions and AID/W bureaus. Buy-ins were originally projected to amount to $5.6 million over five years but $8.4 million will be spent on buy-ins by the project’s end.

Core funds have been underutilized relative to their availability largely due to inactivity of the core component since the project moved to PRE. In fact, the project’s available core funding has been reduced from $3.3 million to $2.1 million. This was partially due to the necessity of having to shift some of the core budget into the project’s buy-in component in order to accommodate high buy-in demand while not exceeding the project’s overall level of effort ceiling. However, mostly core funds were underutilized because there was no obvious and apparent demand for the use of such funds. A related reason is that the higher than anticipated level of buy-in activity left project management at HIID and PRE with little time or justification for developing such an agenda.

There has never been any clear process or mechanism by which subcontractors have been able to access core funds. Likewise, there has never been any transparent agenda for the use of such funds.

By a large margin, AID/Africa has been the project’s biggest user: 53 percent of all buy-ins came from the Africa Bureau and its field missions; 31 percent was from the AID/W Africa Bureau—the project’s largest client—and 22 percent of all buy-in funding was from Africa missions.

Only two out of 53 buy-ins were from the Eastern European Bureau but their average costs were much higher than other regions and totalled 13 percent of all buy-in allocations.
With the exception of Williams College, buy-ins have been fairly evenly undertaken by HIID and each of its subcontractors. The evaluation team found that each firm has been able to generate buy-in activity at levels in accordance with the success of their efforts and did not find any HIID managerial procedures or biases which limited subcontractors in their ability to secure buy-in funding.

H.2. Conclusions: Quality of Project Management

Overall, both AID and HIID project management have been efficient and are well regarded by the project’s clients. Management has been client-oriented and flexible yet is able to enforce project requirements that all SOWs clearly identify activity deliverables. In cases when SOWs have not met PRE standards, the office has been able to work with missions to clarify assignments and this assistance has been appreciated by project clients.

The quality of personnel selected to undertake technical assistance assignments has been, without exception, of high quality. HIID technical assistance teams were consistently rated as being of the highest quality and exceeding mission expectations.

Both task order and buy-in activities have hit recurrent completion delays. (Further examples are presented in Chapter III.) This seems to be primarily due to over-commitments by HIID and its subcontractors. One possible incentive to encourage timely completion of tasks would be for AID to withhold payment until work is delivered and when work is delivered significantly late, the fees to for-profit firms would be forfeited.

The quality of work was consistently rated as very high and the evaluation team is unaware of any assignments done under buy-ins which did not satisfactorily address the missions’ SOWs.

Several months ago the project went through a period where the contracting of buy-ins was inefficiently handled due to staff turnover at Harvard’s Office of Sponsored Research and AID’s contracts office. The evaluation looked into the issue of contracting efficiency but does not consider problems to be endemic to the project. Although delays have occurred, the problems have been given proper attention and are not likely to reoccur, with the exception that AID’s contracts office is not always able to process work orders with the speed that missions would prefer. In fact, the contracting of buy-ins seems to be efficiently and professionally managed by both PRE and HIID.

HIID adequately monitors and reports on financial expenditures and the status of technical assistance activities.
III. PROJECT PERFORMANCE

The evaluation team selected a sampling of projects to review in order to assess the quality of CAER’s technical assistance and to determine client satisfaction. This information was obtained through interviews, document reviews and analysis of responses from field questionnaires. Project performance is analyzed according to the following categories: task orders; buy-ins performed by HIID; and buy-ins performed by subcontractors.

The project activity briefs which follow represent the evaluation team’s sample of projects reviewed. (Project briefs developed from document reviews are found in Annex D.)

A. Task Orders (Core-Funded)

Core funds were used for project administration, dissemination activities, and a range of substantive activities designed to address economic reform issues of wide interest within the development community. Generally, substantive activities undertaken with core funds can be categorized as follows:

1. CAER-hosted workshops on topics of broad interest that relate to economic policy reform.8

2. CAER expert participation in other conferences that examined economic policy reform issues.9

3. Policy-related studies on a wide range of topics.10

4. Activities to conceptualize and support the development of an Eastern Europe and Newly Independent States economic policy reform agenda.

5. Bridge loans to enable the prompt start-up of "emergency" activities, such as providing assistance to the Benin Government to help it develop policies to manage a large and unexpected influx of Togolese refugees. In such cases core

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8CAER workshop topics were: The Political Economy of Economic Policy Reform; The State of the Art on the Economics of Environmental Degradation; Gender Differentials in Labor Markets; and Legal, Regulatory and Judicial (LRJ) Standards and LRJ Reform for Promoting Efficient Resource Allocation.

9These meetings included the 1989 AID Economists Workshop; a conference on Monetary Management in Africa; a USAID/Ghana policy reform conference; and the 1992 US-Japan development policy consultations.

10The following studies were undertaken: a management appraisal of AID’s approach to policy-based assistance; design of policy performance measures and a guidance manual for monitoring policy performance; mechanisms by which stabilization programs affect welfare losses caused by distortions in the economy; a gender analysis of export processing zones in Latin America; economically and politically acceptable industrial restructuring; LRJ reform as part of policy reform; social costs of adjustment; experience with social safety nets during periods of structural adjustment; and integrating environmental concerns into economic policy reforms.
funds are immediately made available but are later replenished by the missions.

The first three categories of activities, largely undertaken while the project was under PPC's management, fall within the core mandate to explore economic reform topics of general interest. These activities, whether workshops, speakers, or studies, served both to expand the knowledge base of economic reform and to disseminate important findings of CAER activities. The latter two categories of activities have provided CAER the flexibility to meet AID's special needs by responding quickly to activities requiring an immediate start-up.

A sampling of core-funded activities are discussed below. Each activity is identified by a short title, implementing institution, activity dates, and total budget.

**Labor Markets Workshop; HIID; 12/89-1/90; $16,104:** This task order on urban labor markets provided for a one-day workshop held at AID/W. Three papers were presented, after which summary proceedings were issued. What made it possible to hold this conference at a relatively low-cost is that the presentations were based on already existing papers. This is a good example of how CAER was able to contribute to AID's capacity by building on their projects. The task order succeeded in meeting the terms laid out in the SOW.

**Social Costs of Adjustment; DAI; 5/91-5/93; $82,904:** This DAI study examines the UNICEF premise that poverty deepened in developing countries due to structural adjustment. This a two part study which examines poverty trends in Latin America and in Africa and associates those trends with the impacts of structural adjustment programs. The study on Latin America was delivered late and the Africa study is nearly two years behind schedule and has yet to be completed.

The Latin American study concluded that poverty did not deepen in Latin America during structural adjustment periods nor did adjusting countries have worse poverty records than non-adjusting ones. The report states these conclusions clearly and supports them convincingly. The evaluation team was told by the Africa Bureau that the report has been helpful in expanding its base of knowledge about the impact of structural adjustment programs and has been integrated into programming decisions.

**Central Europe Seminar; HIID; 1/90-2/90; $17,259:** This task order was approved to sponsor a conference to identify required foreign assistance levels for Poland, Hungary, Czechoslovakia, Bulgaria, and Romania. The thrust of the participants' comments was that aid to Central European countries was premature at best, and that aid levels could not be estimated at that time. In retrospect, meeting planners felt that their expectation that the conference could provide such estimates for these countries was overly ambitious. In spite of this, there was interest in the final document, particularly from the Policy Planning staff at the State Department.
Impact of Export Processing Zones; HIID; 1/91-3/91; $21,758: The study’s SOW posed seven key questions about the social and economic benefits resulting from export processing zones—particularly benefits accruing to women—in Costa Rica, the Dominican Republic and Mexico and whether or not labor codes were existent or enforced. The SOW called for a desk study so funding was unavailable for the team to travel to any of the countries being studied. This limited the team’s ability to collect data and probably contributed to the study’s inability to completely address the SOW. Nevertheless, the evaluation team was told by AID’s WID office, which had commissioned the work, that the study was appreciated and useful because it advanced their knowledge of the proportion of women generally employed in EPZs and because it reported that firms operating in EPZs were not circumventing national labor laws or preventing the formation of unions.

Overall, core-funded activities filled the contract mandate. They addressed activities of broad interest in the forms of studies, workshops, and conference participation. They also served to meet the emerging needs of the Agency, in particular dealing with the new NIS and Eastern Europe agendas. Finally, a few of the activities specifically explored WID issues in economic policy reform, an agenda mentioned in CAER’s SOW.

In general, the work funded by core funds was of excellent quality. In the few cases where the activities did not fully address their statements of work, the output still generated fruitful discussions which moved the dialogue and thinking on policy reform issues forward.

B. Buy-in Activities

Buy-in activities are most easily differentiated by the clientele, and the distinct types of products requested. Buy-ins can be divided into activities funded by USAID missions and those funded by Washington bureaus.

Nearly all AID/W office buy-ins have come from regional bureaus with the largest share coming from the Africa Bureau. Bureau-funded activities typically served both to explore methodological and theoretical policy reform issues and to compare experiences of different countries which have undertaken similar reforms. In only a few instances were bureau buy-ins intended to provide input for future programming.

Forty-four mission buy-ins took place between project start-up and April 1993. In several cases, multiple buy-ins were undertaken in a single reform area to provide support at different stages of the reform process. In addition, several missions used CAER services for multiple reform activities.11

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11 This was particularly true of Honduras, the Philippines, the Gambia, Morocco, and Sri Lanka.
Mission buy-ins can be differentiated by whether the services were designed to assist Mission or host government activities. Generally, activities that supported missions provided input at an early stage in the reform process, either for program design or to enhance the dialogue between the mission and the host government. Activities that supported host governments generally provided input at later stages of the reform process, either supplying preliminary advice on the content of reforms or technical assistance needed for implementation.

B.1. Harvard Buy-Ins

Information was collected on seven buy-ins undertaken solely or principally by HIID. The first three buy-ins reviewed are appropriately viewed as related activities all drawing lessons for Africa from cases of East Asia’s economic success.

Ghana: Lessons from Asia; HIID; 12/91-3/92; $76,033: This buy-in requested the preparation of four papers for presentation at a conference on Ghana’s development that was attended by prominent government officials, business leaders and journalists. This seminar examined economic policies which enabled East Asia’s rapid economic growth and discussed the relevance of such policies to Ghana’s development. The activity was valued by USAID for its success in clearly presenting the policies behind Asian success and enabling Ghanaians and AID strategists to access Asia expertise. The mission reports that by stimulating debate on appropriate economic policies in Ghana, the seminar was extremely effective in making Ghanian policy makers more conversant with a range of policy options. Overall, the seminar initiated a policy dialogue which has continued in the ensuing year. This buy-in exhibits an attractive feature of much of the work done by HIID: the products are useful resources not only for the immediate client but also for others in the development field who are able to read them as discussion papers. The mission praised the CAER team for their expertise in the subject matter and for the seminar’s high quality.

Congressional Conference on Lessons from Asia; HIID; 10/91-10/91; $9,349: As an offshoot of the Ghana conference, this buy-in funded a Congressional briefing to discuss lessons from Asia for Africa. The activity helped to disseminate the results of the Ghana conference and gave Congress and their staffers the opportunity to raise questions and participate in discussion.

Lessons from Africa for Asia; HIID & Williams College; 4/92-7/93; $173,660: This activity funded research and the preparation of ten papers which were presented and discussed at a Harvard conference, which several AID economists attended. The study’s two basic conclusions were that Asia succeeded by following comparative advantage and that growth can be accelerated in any of several different ways. Although this buy-in was funded by the Africa Bureau its resulting conference and publications enabled officials from around AID to learn these lessons. AID officials who attended the Harvard conference found it to be professionally run and worthwhile.
Economic Recovery in the Gambia; HIID; 6/92-9/92; $25,035: This activity funded the preparation of 20 papers which reviewed different aspects of the successful economic recovery program in the Gambia and identified lessons applicable to other sub-Saharan African countries. The Gambia case was viewed by AID as representing a particularly successful reform program and AID officials were anxious to disseminate these results broadly within the region. The activity was able to draw upon the accumulated expertise of HIID, who had been running a multi-year project in the Gambia, to capture substantial expertise for a relatively small investment. With a budget of just over $25,000, this project represents good value for the money although its completion is several months behind schedule.

Nepal’s Tax Reform in the Economic Liberalization Process; HIID; 3/92-4/92; $44,186. USAID/Nepal contracted CAER to provide support to the mission and Government of Nepal to design a value-added tax system. The consultant provided outstanding work in conceptualizing the issues, providing examples from other countries, and understanding how to implement a VAT system in a politically tricky setting. Not only did the activity improve the mission’s credibility with the Government, but more importantly it gave the reformers within the Government increased stature and credibility. In fact, the Government is now looking into a broader reform package. Unfortunately, the intervention’s long-term effectiveness may be limited by the paucity of in-country tax experts available to implement and manage the suggested reforms. However, this constraint was beyond the scope of HIID’s activity and, now identified, can be addressed by future mission interventions.

Philippines Project Planning; HIID; 4/91-5/91; $14,000: A senior HIID advisor visited the Philippines to assess economic conditions and identify high priority economic policy reforms having substantial political support. This activity was undertaken to assist USAID in its continuing formulation of a policy reform agenda. The work appears to have been well-done, and was used by the mission to guide its choice of which program assistance, studies, and technical support to fund.

Support to Industrialization Commission of Sri Lanka; HIID & IMCC; 8/91-6/94; $201,013: The mission contracted to conduct nine short-term studies, eight of which have now been completed, six by HIID and two by IMCC. Without exception, the quality of the personnel has been outstanding and HIID has always been very responsive in proposing multiple candidates for the mission’s choice. The CAER teams worked closely with the Government on all tasks, providing independent expertise that they required on various aspects of policy reform. Overall, the CAER recommendations have been enthusiastically endorsed by the government, however the extent to which they will be implemented is still unknown. The mission chose to contract through the CAER Project because of the internationally recognized stature of the individuals it accesses. The strength of their recommendations improved the ability of the government to conduct discussions with the IMF and World Bank. The only complaints voiced by the mission was the increasing difficulty of getting salary...
limit waivers, which increased their difficulty in administering CAER activities and in accessing the level of expertise required.

B.2. Subcontractor Buy-Ins

In addition, eight buy-ins undertaken by subcontractors were reviewed.

**REDSO/Abidjan Poverty Alleviation Study for AfDB; DAI; 3/92-10/92; $226,746:** A team of four consultants was provided to make recommendations to the African Development Bank on how to reorient its programming to make poverty reduction its central thrust. Overall programmatic efforts and a specific action plan were proposed in great detail. Because of the size of the bank’s lending portfolio, this activity has the potential of making a major difference in AfDB’s ability to effectively address poverty issues. REDSO reported that the CAER team was of the highest quality and that the team’s recommendations were approved by the bank and are currently being incorporated into their operational guidelines.

**Development Impacts of Local Currency Programs; Williams College; 5/90-10/90; $37,500:** In order to develop AID policy guidance, AID/FVA funded a literature review on the generation and programming of local currency counterpart funds. The study surveyed the literature, conducted a general analysis of the issues, and presented a number of brief case studies. The authors concluded that the development impact of counterpart funds may range from quite positive to quite negative depending on economic, institutional, political, and cultural aspects of the society in question. AID officials found the study useful, technically sound, well-written, and well-argued.

**Central American Capital Markets Study; IMCC; $60,000:** The evaluation team looked at a series of Buy-Ins (#12, 13, 14, and 18) on a macroeconomic assessment for a capital markets study in El Salvador, Panama, and Costa Rica, plus an overview paper. Problems arose with this work: long delays in producing the final reports and difficulties in obtaining clear and comprehensible output from the contractor. However, the LAC Bureau considered the final report to have been excellent. It was initially intended that these studies would constitute the first of four stages leading to recommendations on how to design capital markets in Central America. However, no further work is planned at the present time. (See the next vignette for additional information about the Costa Rica case study.)

**Costa Rica Capital Markets Study; IMCC; 2/91-3/91; $20,000:** As one part of the broader Central American Capital Markets Study discussed above, this buy-in represents a case where the mission funded an activity with which it had no operational interest. The study’s statement of work was drafted by the LAC Bureau. In fact, the mission never received the final draft. This indicates the problems of non-users setting a research agenda where no inherent demand is present.
Honduras Financial Sector Assessment; IMCC; 7/91-11/91; $130,857: USAID/Honduras contracted with CAER to work with the mission and the Central Bank to identify needed reforms in exchange rate and fiscal policy. The mission found the CAER contract mechanism unusually quick and simple, largely due to the support of the AID Project Officer. The mission was impressed by the quality of both IMCC’s consultants and their work. While the Government of Honduras was sensitive to criticisms of their exchange rate and fiscal policies, the CAER recommendations were immediately adopted by the Central Bank. The mission’s only criticism was of IMCC’s considerable delay in producing written reports after the field work was completed.

Senegal Banking Sector Monitoring and Evaluation Activity; DAI; 1/93-11/93; $57,404: USAID/Senegal contracted CAER to design a monitoring system for the Government to use in tracking banking sector reforms. According to the mission, the CAER consultants were of very high quality, and brought a knowledge of the West African Monetary Union, French skills, and an understanding of policy reform and implementation issues. Host country personnel worked with the CAER team both in an advisory and review capacity, and the Government appreciated the usefulness of the activity. Unfortunately, delays in implementing the monitoring system have resulted from the inability of the Government to access all of the necessary data from the Central Bank. The only complaint from the mission was of breakdowns in AID management and procurement services during the period that the project was shifted from PPC to PRE Bureau, which shortened the consultants’ field time by a week.

Agricultural Reference Prices in Morocco; AIRD; 5/91-4/93; $68,402: The USAID mission contracted with CAER to work with the Government of Morocco to support the implementation of their agricultural reference price system. The consultant team was of the highest quality and was well versed in Morocco’s economic structure and policy environment. Government officials reviewed the CAER statement of work, worked with the CAER team, and reviewed the team’s final report. A summary of the consultants’ findings was circulated at the highest levels of government to assist in their dialogue with World Bank officials regarding the agricultural sector structural adjustment program. Various recommendations of the team are now under implementation by the Government. The only problem that the mission faced in working with CAER was slowness in the contracting mechanism resulting from turnover of AID project officers which caused implementation to be delayed.

Philippines Foreign Exchange System; IMCC; 3/92-5/93; $249,457: Philippines Improving Access of Small Savers; IMCC; 2/92-6/93; $203,719: USAID/Philippines used the CAER Project to carry out several economic reform tasks. Among them was assisting the mission in its dialogue with the Government on reform of the foreign exchange system, which provided justification for Central Bank reforms. The other activity designed a small savers instrument to mobilize savings and provide cheaper funds to the Government. The mission reported that the IMCC team was highly
professional and responded well to mission comments and suggestions. The effectiveness of the team, however, was limited by their time availability and by the Government's unwillingness to work closely with the team. USAID appreciated the quick contracting time of CAER and the ability to access HIID staff.

B.3. Buy-In Conclusions

Overall, the activities undertaken through buy-ins, whether funded by bureaus or missions, have fit within the scope of activities envisioned by the project contract. More importantly, buy-ins have provided relevant and timely advice to project clients. The breadth of the activities undertaken reflects the ability of the project to respond to the varied needs of clients, and is seen as a strength of the project.

AID/W bureaus' use of buy-ins to conduct studies having broad applications suggests that much of the research output originally expected from core activities has instead been carried out through buy-ins. This has had the positive result of producing research for which there is an explicit demand and has kept technical oversight within the funding bureau, two aspects which enhance the usefulness of the final product and the responsiveness of the consultants to the client. HIID and PRE management should be given credit for shifting management efforts from core to buy-in activities in response to client demand. The evaluation team believes that management's demand responsiveness has increased the relevance of CAER research.

Overall, the quality of work conducted under buy-ins has been consistently rated as excellent. This closely parallels the conclusion that HIID has done an exceptional job of identifying top quality technical assistance teams, including teams drawn from its consortium partners. Without exception, HIID technical assistance teams were rated as "of the highest quality."

C. Evidence of Project Impact

The CAER contract made no provision for tracking the impact of CAER activities. In addition, project management turnover, both at HIID and AID, has resulted in diminished institutional memory of the project. Furthermore, there has been extensive turnover in AID/W bureaus and missions that have purchased CAER services over the past four years, further limiting the ability to get feedback on the project’s impacts. Through interviews in AID/W and cables with field missions, however, it was possible to collect a few narrative accounts on the ways that CAER-generated information has been used, and how it has assisted specific reform efforts.

The evaluation team looked for CAER project impact at the following levels:

1) Enhanced mission or Bureau abilities to design economic policy reform programs;
2) Enhanced quality of dialogue between USAID missions and host governments on economic policy reform issues; and

3) Enhanced abilities of governments to manage economic policy reform agendas.

The evaluation team uncovered evidence of impact at all three aforementioned levels and illustrative examples are provided below. These accounts of CAER’s influence illustrate how the project has provided needed inputs at critical junctures of the reform process.

C.1. **Enhanced mission or bureau abilities to design economic policy reform programs:**

Three examples of the effectiveness of CAER input for program design were uncovered, one regarding AID/W bureau program development, and the other two related to mission activities.

- The survey of economic analysis and management capacity in four African countries provided information needed by the Africa Bureau for the design of the Equity and Growth Through Economic Research (EAGER) Project and the African Capacity Building Initiative.

- The Monetary Management in Sub-Saharan Africa study generated multiple requests for documents from missions and was used by USAID/Madagascar for design of its macroeconomic policy framework.

- USAID/Nepal reported that their CAER tax reform activity improved the mission’s ability to make detailed projections of what was required for tax reform, understand what questions to ask and what options to consider. Given that information, the mission was able to make their strategy more specific and operational.

Overall, only half of reporting USAID missions reported that CAER input was designed to assist the mission in program development. The other half reported that CAER input came at a later stage in the reform process, either to enhance policy discussions with host governments or to provide the governments with direct technical assistance during the pre-implementation stage.

C.2. **Enhanced quality of dialogue between USAID missions and host governments on economic policy reform issues:**

The majority of field missions responding reported that the CAER assistance improved the effectiveness of the mission’s policy dialogue with the host government. Of seven USAID missions queried, four stated CAER has been extremely effective in enhancing mission-Host Government economic policy dialogue and two characterized the assistance as somewhat effective.
Two examples of how CAER interventions supported the mission-Government dialogue are:

- According to USAID/Ghana, the Ghana conference on Development Lessons from Asia resulted in more productive USAID-Government discussions on reform issues by "making policy makers more conversant with policy options."

- In Nepal, the input of CAER experts increased the mission's credibility with the Government of Nepal, which now enables the mission to participate more closely with the Government as the policy reform process continues.

C.3. Enhanced abilities of governments to manage economic policy reform agendas:

Of seven USAID missions responding, three stated CAER had been extremely effective in enhancing government's capability to undertake economic reforms and three stated the assistance had been somewhat effective in doing so.

- According to USAID/Nepal, the tax reform activity provided key information directly to Government reformers which increased their stature and credibility within the Government, and allowed them to move forward with reforms. Not only does the mission think that the CAER activity kept the reform process on track, it maintains that the intervention may have accelerated the process.

- USAID/Honduras noted that reports generated by CAER consultants regarding the financial sector were used by the Government to design and implement comprehensive financial sector policy reforms. It appears that the Central Bank immediately adopted most of the reforms recommended by the CAER team.

In addition to these three forms of impact at the project or program level, one would expect to see some form of impact from activities that were designed to increase the general knowledge base and disseminate important project findings. The effects of the CAER activities are more diffuse and longer-term in nature. Even so, there is some anecdotal evidence of impact, including the following:

- The study on social costs of adjustment prepared by DAI "brought sanity to the discussion" of the impact of structural adjustment on the poor, according to HIID’s Mike Roemer. In addition, an AID economist reported that the study has worked its way into AID’s purview and become quite influential.

- According to an AID economist, the Latin America capital markets study generated important insights into the conditions and obstacles facing Latin America’s capital markets today. This activity was funded through the buy-in mechanisms, however it falls under the core agenda’s mandate of expanding the knowledge base on reform issues.
While illustrative, these stories add up to a judgement that not only were the activities undertaken by CAER consultants well-executed, but in many cases they had real impact in the process of policy reform. It also clearly shows that CAER technical assistance activities have impacts beyond the limited engagement of the activities themselves.

In other activities, effectiveness at the governmental level has been slowed by institutional constraints. In Senegal, for example, consultants designed a monitoring system to track banking reform activities. Implementation of the system, however, was derailed by the Central Bank which thus far has refused to release necessary data, thereby reducing the effectiveness of the CAER activity.

In addition, the evaluation team heard of an example of an activity whose utility was limited because its conceptualization was imposed rather than client generated.

"Perhaps because the project was generated outside the mission, no one here made plans to use the report. The draft attracted no operational interest in the mission." [Costa Rica]

These examples of limited impact highlight important lessons for subsequent CAER work. First, activities should always be demand-driven with a clear client for the work. Second, while outside the direct mandate of the CAER project, consulting teams should continue to consider institutional implementation constraints in the formulation of their recommendations.

D. Dissemination

One of the tasks outlined in the CAER contract is that of disseminating project results. When the contract was written, it was expected that topics of broad interest would be produced and distributed using core funds. However, much of the intellectual work of the project has been undertaken through buy-ins and many of these activities have resulted in products which have been widely disseminated.

Given CAER’s mandate to enhance A.I.D.’s capacity to undertake economic policy analysis, dissemination activities are primarily focused on informing AID policy makers and practitioners. However, the contract specifically includes other audiences as well:

"In addition to enhancing A.I.D. programs, PPC intends to disseminate the information obtained to host country officials, and to the staff of other bilateral assistance agencies, MFIs [multi-lateral financial institutions], and academic and research institutions. The objective of this dissemination is to assist each of these other groups to become more effective in supporting growth-oriented policies." (p.9-10)
As part of this effort, the contract requires that "the Contractor will arrange to disseminate information in publications, reports, and other forms and to organize seminars, symposia, and other meetings, internal or external to A.I.D., in accord with particular Task Orders." (p.12)

D.1. Written Products

Written products are the dominant form of dissemination. HIID initiated two written mechanisms for disseminating project output: the CAER Discussion Paper series and the CAER Briefing Note series. Discussion papers are full-length working papers, while briefing notes are one to four page synopses of reports. Several A.I.D. observers commented favorably on the briefing note series, noting its level of substance given its brevity. One A.I.D. economist described the briefing notes as "very useful and user-friendly, plus it reminds people to think about using CAER as a mechanism."

The HIID Project Manager reads all reports written under CAER and decides which should appear as discussion papers and/or briefing notes. Those chosen meet the criteria of being coherently argued, well written, of general interest, and without political sensitivities. To date, HIID has produced 14 discussion papers and 12 briefing notes. (A list of CAER Discussion Papers and Briefing Notes in attached as Annex G.) In addition, there are seven discussion reports and seven briefing notes now being prepared. Subcontractor reports that meet the above criteria may be published through the CAER series. In addition, subcontractors may publish project reports through their own publication series.

HIID-sponsored CAER publications are routinely sent to 200 AID policy makers and practitioners, both in Washington and in the field missions. They are also announced in the HIID Research Review, which is sent to roughly 1,500 individuals and institutions in the United States and overseas. There are also two international institutions which receive HIID-authored CAER discussion papers: the Asian Development Bank and the joint library for the World Bank and IMF, plus 17 developing country institutions (mainly libraries) that receive a list of these reports quarterly. However, these lists exclude all publications written by CAER subcontractors. Therefore, despite the reach of the HIID publication office, there is no mechanism for systematically distributing all CAER publications to non-AID patrons.

It is useful to note that discussion papers and briefing notes have been written for each of the major CAER-sponsored workshops, and for most projects of broad interest. In addition, work on specific countries has been included where the findings may be relevant to other countries, as in the cases of Niger’s tax system, Honduras’ financial markets, and public debt management in the Philippines.

The majority of written products have been produced by HIID teams. Subcontracting institutions, while having performed 51 percent of total activities, have produced 38 percent of publications. This may stem from the higher proportion of subcontractor activities initiated later in the project, which has led to later dissemination. Indeed, 70 percent of the papers now in the pipeline are being prepared by subcontractors. It may also reflect the lack of
incentives provided to subcontractors to spend time turning final reports into publications or to synthesize cross-country lessons. The evaluation team is unaware of any allocations of core funding to subcontractors to support such activities.

In addition to development papers and briefing notes, four books stemming from CAER activities are in various stages of production. They cover the following topics: Gambian economic development, lessons from Asia for African development; African exchange rate management; and African monetary management.

The team is also pleased to note that the current CAER project officer has given special attention to ensuring that all project documents are properly catalogued in the A.I.D. Document Library, and he has written and submitted abstracts for those documents not yet catalogued. Ensuring that these documents are entered into the library collection will enable wide access to CAER project reports by AID and its contractors.

**D.2. Workshops, Meetings, Seminars**

Project findings have also been disseminated through a variety of meetings, both within and outside of A.I.D. Presentations of CAER results within A.I.D. have taken two forms: brown bag seminars and participation of HIID’s CAER Project Manager in three annual A.I.D. Economists’ Conferences. Presentations have also been made elsewhere in government, such as HIID’s presentation of lessons from Asia for Africa to a Congressional hearing. Within the U.S. academic community, CAER findings have been disseminated through presentations from their CAER work. In addition, dissemination has taken place through several meetings attended by developing country officials. For example, CAER consultants attended meetings for African central bank officers, Ghanaian development planners, and Asian finance ministry officials.

**D.3 User Suggestions on Dissemination**

The team was told that additional dissemination activities within A.I.D. would be helpful. One such request, for more in-house seminars, was made both by a regional economist (who wished to be kept up to date on findings from other regions as well as his own) and by those working in related projects (in particular, R&D Bureau’s IPC Project). A second request was for a periodic project newsletter to inform people of completed, current, and upcoming project activities and to provide briefs on lessons learned with references to available project publications. This request dovetails with a separate suggestion of an annual mailing within A.I.D. to remind personnel about the availability and uses of the CAER contract.
D.4 Dissemination Conclusions

HIID has done an outstanding job of developing a useful publication series for disseminating project products, including both the CAER Discussion Paper series and the CAER Briefing Note series. In addition to publications, presentations—including brown-bag lunch discussions—have been useful to convey lessons-learned to interested AID staff, although the number of such events has been limited.

To date, subcontractor products have not been widely disseminated due to most subcontractor activity being undertaken late in the project and because subcontractors have not been provided, nor have they requested, funds to put together lessons-learned synthesis reports.

There has been little attention given to disseminating CAER written publications beyond the U.S. academic and A.I.D. audience, particularly to host country officials and bilateral and multilateral development institutions.
IV. CAER’s ROLE WITHIN AID

A. Importance of Economic Policy Reform to AID

This evaluation has been conducted during a period of leadership transition within the Agency and the new administration’s agenda has yet to be completely defined. However, the new administration has made clear its commitment to pursuing economic policy reform and has stated technical assistance towards this end will continue to be made available. And, in a June 17, 1993 Washington Post editorial, AID Administrator Brian Atwood listed economic growth as one of just four Agency strategic objectives. Additional insights on the expected continuing relevance of economic policy reform come from field missions, both from CAER evaluation questionnaire responses and from data generated through CDIE’s PRISM exercise, through which missions identify their strategic objectives.

According to the evaluation team’s questionnaire, seven of eight missions responding cited economic policy reform as "critically important" to the overall success of their country programs. Likewise, seven of eight missions stated that their level of economic reform activity has increased since the CAER project has been underway. Thus it appears that demand for CAER-type assistance is substantial and probably increasing. To verify this assessment the team examined 1992 CDIE data collected from 55 field missions. The data show that 51 missions (93 percent) have strategic objectives in the economic development theme and all seem to overlap with CAER’s mandate. These strategic objectives are grouped in three clusters within the economic development theme: increasing production or productivity (28 missions); increasing international trade (19 missions); and improving the economic policy environment (19 missions). While the last cluster directly overlaps with CAER’s purpose, the first two clusters also include policy reform issues that influence these areas, such as macro-economic policies, financial market reform, fiscal and monetary policy reform, and regulatory reform.

B. Relationship Between CAER and other AID Projects

Even given the continued relevance of economic policy reform activities to the agency, a second question is whether CAER provides a unique set of services within AID, or whether CAER duplicates other AID projects. What follows is an examination of six other AID projects having economic policy reform agendas plus interviews with users of those projects. A brief synopsis of each project and its area of complementarity or duplication with CAER is provided below.

Institute for Policy Reform (IPR): The Institute for Policy Reform was established in 1989 to support outstanding development policy academicians to undertake research related to AID’s policy reform initiatives. IPR Fellows produce publications and present conferences and workshops, which should establish needed communication linkages between AID practitioners and the academic community. IPR research, characterized as "the search for
creative ideas", is intended to expose AID personnel to new ideas about economic reform, eventually impacting on the content and structure of AID’s programs and priorities. It is not intended to have direct or short-term operational applications.

While some observers see an overlap between IPR and CAER’s core research agenda, there are three notable distinctions. First, to date CAER’s core agenda has been set by AID policy makers or practitioners rather than by researchers, while the IPR agenda is largely set by the Fellows. Second, CAER research has focused on applied analytics, while IPR has produced conceptual work. Finally, CAER research is intended to have a short- to medium-term impact on design and implementation of economic policy projects, while IPR research is designed to influence AID’s agenda and approach over the long-term.

**Macroeconomic Indefinite Quantity Contract (Macro IQC):** On the other end of the scale, the Macro IQC provides short-term technical assistance to AID and cooperating host governments through its four components: to undertake research and studies, to work in policy dialogue, to assist in the preparation of AID documents such as country development strategy statements, project identification documents, and project papers, and to work on evaluations or other areas requiring special analysis. Work under the IQC may not exceed 120 days.

CAER services overlap with the Macro IQC through its buy-in mechanism which supports short-term technical assistance for economic policy program design, implementation, and monitoring. However, CAER’s short-term consulting services have several important distinctions. First and perhaps most importantly, while the Macro IQC limits activities to a 120 day period, the CAER project allows activities to continue up to a year or more, permitting a technical assistance team to provide episodic support over a longer period of time. This flexibility allows project teams to participate at multiple key junctures of a given process. Second, CAER provides the expertise of HIID and subcontractor in-house staff, a pool of highly trained and experienced professionals who typically cannot be accessed though low-overhead IQCs.

**Implementing Policy Change (IPC):** The IPC Project was initiated in 1990 as a response to management and organizational failures that hindered the implementation of policy reform agendas in developing countries. Managed out of the Bureau for Research and Development, its goal is to improve the process and level of implementation of policy reform initiatives by host country leaders through the use of collaborative, broad-based management strategies. In general, IPC focuses on the process rather than the content of policy reform, concentrating on helping developing country managers to prioritize, plan, and implement their reform agendas. The project makes both short- and long-term technical assistance available.

Clearly, CAER teams that deal with the substance of reform will also look at the viability of implementation, while IPC teams dealing with implementation also become involved in the substance of the reform package. Thus, there is a natural complementarity and operational overlap between the IPC and CAER projects, while the types of expertise provided remain
distinct. What is needed is more interaction between IPC and CAER to share perspectives, and when possible, to work collaboratively. At the present time, their location in different bureaus has hindered such efforts.

**Equity and Growth Through Economic Research (EAGER):** The forthcoming EAGER Project, developed by the Africa Bureau, combines the themes of both the IPC Project and CAER, focusing on both the substance and process of economic policy reform. The purpose of the project is to increase the use of both economic and social research and analysis by decision makers in African countries through an agenda of research, capacity-building and dissemination of findings.

While the EAGER Project has similar purposes and methods as the CAER Project, it is targeted on a focused number of African countries, providing more depth of support with narrower geographic coverage. In addition, since EAGER has no contracting mechanism of its own, it will use the CAER buy-in facility to carry out its various tasks.

**Institutional Reform and the Informal Sector (IRIS):** The IRIS Project, also managed by the PRE Bureau, is designed to support institutional reforms that enhance competitive markets. It specifically strives to promote improved laws, regulations, organizational structures, and decision-making processes; to build increased international awareness of the importance of institutional structure and reform; and to examine new approaches to institutional reform through research.

While the institutional reform theme of the IRIS Project is also present within the broad definition of economic policy reform under CAER, IRIS gives more focused attention on the institutional aspects of reform. In addition, IRIS provides a broader range of services within that area, including capacity-building activities through training and collaboration with local institutions. Given their complementarity and narrow band of overlap, it is clear that lessons learned in one project can benefit the other.

**International Center for Economic Growth (ICEG):** The ICEG Project, also managed by the PRE Bureau, was founded to strengthen local institutions engaged in economic policy reform initiatives in over 100 developing and post-socialist countries. It undertakes this task through sponsoring policy research, publications, training seminars, conferences, and special programs. In addition, ICEG serves as an information clearinghouse for its member institutions worldwide.

There is a clear complementarity between the mandates of CAER and ICEG, where ICEG also strives to develop expertise in economic policy reform in developing countries. By focusing on building local capacity and linkages between host country institutions, the ICEG mandate builds a domestic constituency for the types of economic policy reform advocated by CAER consultants. In addition, with its broad network within developing countries, ICEG provides a natural audience for CAER project findings. CAER has recently begun to
disseminate a few key books through the ICEG network, however the collaborative potential remains largely untapped.

C. Conclusion

Available information points to an ongoing commitment to economic policy reform within AID. This also suggests there will be a continuing and increasing need for economic policy reform assistance, as is provided by CAER.

CAER has defined and filled an important niche, both for applied analytical work to AID/W bureaus and for advisory services to field missions. While there is some overlap between aspects of the CAER project and other policy-oriented projects (particularly the Macro IQC), this overlap appears minimal and provides clients with greater choice in terms of contract mechanisms, level of service, quality of expertise, as well as access to a greater number of institutions. More importantly, there are clear areas of complementarity between these projects and CAER which argues for increased communication between them.
V. CONCLUSIONS AND RECOMMENDATIONS

The evaluation team has been impressed by CAER’s management, by both PRE and HIID, and with the quality of the work completed to date. The project has met with substantial success in achieving its objective of enhancing AID’s capacity to provide economic policy assistance to developing nations. This has been undertaken in an environment where economic policy reform has become increasingly important to the achievement of AID program objectives worldwide.

The CAER project has proven itself a valuable resource for AID field missions and Washington bureaus, and it is strongly recommended that a follow-on project be designed. This recommendation is drawn from the following major conclusions: CAER has done an excellent job of enhancing AID’s ability to undertake economic policy reform activities; the project has generated higher than anticipated demand for services from field missions and AID Washington bureaus; and, the level of economic policy reform activity undertaken by AID field missions has increased substantially over the past several years.

Project Performance and Management: Conclusions

1. The quality of the work conducted under CAER has been consistently rated as excellent. This closely parallels the conclusion that HIID has done an exceptional job of identifying top quality technical assistance teams, including teams drawn from its consortium partners. Without exception, HIID’s technical assistance teams were rated as "of the highest quality and exceeded mission expectations."

2. The project has been well managed by both AID/PRE and HIID. Both organizations were repeatedly praised for running the project in a client-oriented and professional manner. Efforts by both PRE and HIID to clarify statements of work and ensure that buy-in contracts were efficiently and timely processed have been useful and appreciated.

3. HIID has developed and uses appropriate systems to adequately monitor technical assistance activities and financial expenditures.

4. HIID has spread buy-in work relatively equitably among its subcontractors. This has allowed the project to draw upon a large pool of talent in order to identify the most appropriate individuals. In several instances HIID has composed teams with individuals from two or more consortium partners in order to get the best mix of skills required.
5. The CAER project has had recurrent difficulties completing reports on time. Numerous examples exist and the problem seems to be primarily due to over commitments by HIID and subcontractor technical assistance personnel.

6. HIID has done an outstanding job of developing a useful publication series for disseminating project products, including both the CAER Discussion Paper series and the CAER Briefing Note series. In addition to publications, presentations have been useful to convey lessons-learned to interested AID staff, although the number of such events has been limited.

7. To date, subcontractor products have not been widely disseminated due to most subcontractor activity being undertaken late in the project and because subcontractors have not been provided funds to put together lessons-learned synthesis reports (nor have subcontractors requested such funds).

8. There has been little attention given to disseminating CAER written publications beyond the U.S. academic and A.I.D. audience, particularly to host country officials and bilateral development institutions.

Project Performance and Management: Recommendations

1. No significant changes in the management of the CAER contract are recommended with the exception of putting into place a system to more rigorously encourage work to be completed on schedule.

2. CAER should develop and distribute a publications list and distribution should include non-A.I.D. institutions, such as selected host country government offices and bilateral and multilateral development institutions. USAID missions may be helpful in identifying host government offices and non-governmental institutions for inclusion.

3. Core funds should be available for all contracting institutions to fund written and oral dissemination activities. In particular, funds should be used to encourage project subcontractors to develop and present synthesis papers which compare findings from studies undertaken in various countries and regions. For example, core funds could be made available to IMCC to compile their lessons-learned on financial market development since work on this issue has been conducted in Latin America, South Asia and Eastern Europe. Additional attention should be given to disseminating project findings through easily accessible channels within A.I.D., such as through half-day or lunch-time seminars or through regular newsletters.
Project Structure: Conclusions

1. The project has generated high demand and has proved to be a flexible and useful mechanism for missions to access high-quality economic policy reform assistance. There is no obvious benefit to structuring the project in a standard logical framework design format.

2. The project’s structure and placement in the agency have enabled it to be successful in providing technical assistance to Washington bureaus and field missions and in conducting economic policy research of broad interest to development planners. The project has not been used to the degree possible for providing guidance to inform or support overall agency economic reform policy. This has been somewhat due to its placement in an office which lacks a mandate to develop agency policy, partly because during PRE’s tenure the agency’s leadership was in flux, and also because the project’s success in attracting buy-in funding has left AID management little time or incentive for broadening the content and reach of CAER’s core activities.

3. Under PRE, the project’s core agenda was relatively inactive as compared to when it was managed by PPC. The evaluation team is not critical of the lower-than-planned level of core activity undertaken by PRE, rather project management should be given credit for allocating its efforts in accordance with actual demand for services. The project’s demand responsiveness has given it a higher level of utility than otherwise could have been expected.

4. Buy-ins from AID/W bureaus have been used to undertake economic policy studies of broad interest to AID—the types of activities which were envisioned to be supported through the use of core funds. This has had the positive result of ensuring that the research agenda has been demand driven, and thus is more likely to be used, and has kept technical oversight within the funding bureau. This has enhanced the quality and usefulness of final products and increased the responsiveness of the consultants to the client.

5. One of the project’s strengths has been its ability to be a quick-response economic assistance mechanism to deliver clearly defined products through short-term technical assistance. The evaluation team, despite attentiveness to the issue, was unable to identify any demand for CAER to field long-term resident advisors.

6. The project has made several exceptions to its self-imposed guidance of limiting buy-in activities to $230,000 and a one year completion time frame. The original cap on buy-ins was designed to avoid concentrating a fixed level of buy-in resources on assistance to a limited number of missions. However, AID’s current contracting regulations (Q contracts) do not set a ceiling on the overall level of buy-ins a project is permitted so resource concentration concerns will not be an issue in a follow-on project.
Project Structure: Recommendations

1. The CAER project does not require, nor would its effectiveness and utility benefit from, any significant design modifications.

2. CAER could—and perhaps should—be given a more direct role in helping to inform and support the Agency’s overall economic policy reform agenda. Independent confirmation of the importance of AID’s economic reform agenda, particularly by an institution having Harvard’s stature, could be used as a mechanism to influence or confirm economic reform policy choices and lend additional credibility to Agency operations.

3. Some level of non-administrative core funding should remain in CAER II. However, the level and uses of funding should be dependent on where within AID the project is managed.

   If CAER is to continue to be managed by PRE/SMIE, or a similar office with a limited sectoral mandate, then a modest level of non-administrative core funding should continue to be available but at a significantly reduced level than is now the case. Retaining some level of core funding will enable the project to retain its flexibility and undertake a limited set of research activities. Under such a scenario, major research efforts would continue to be largely demand driven and would be funded through buy-ins from AID/W bureaus.

   If CAER II were to be managed by an office having a broad strategic planning mandate, such as PPC had, then the level of non-administrative funding should remain substantial in order to undertake activities at the direction of the managing office. If this were to be the case, CAER would probably require additional management resources as the project’s current staffing pattern is likely to be inadequate for managing an expanded range of tasks.

4. Regardless of which AID office manages CAER II, non-administrative core funding should be made more easily available to all consortium members to enable them to germinate ideas in collaboration with AID/W offices. For example, consortium partners could be given easier access to limited funding in order to develop concept papers and present those ideas to Agency planners for rejection, approval, or refinement. The funding of the research activities would then result from a buy-in. This process would allow for a more prolific profusion of ideas but would keep the research agenda demand-driven. Significant research would not be undertaken until the idea had a clearly identified client—as evidenced by the client’s willingness to pay.
5. The ceiling for individual buy-ins should be raised from the present level of $250,000, perhaps up to $600,000. Increasing the ceiling on individual buy-ins will be especially important to permit what is expected to be a continuing demand for large buy-ins for NIS and Eastern Europe.

6. Because so many of CAER's activities have taken over a year to complete--primarily due to the iterative and complex nature of the economic reform process--the performance period for technical assistance activities should be increased, perhaps to the 18 to 24 month range. This will enable CAER to be responsive to the larger buy-ins expected to be generated from NIS and Eastern Europe--regions that have large economic policy reform agendas.

**Relationship with other AID Projects: Conclusions**

1. CAER has defined and filled an important niche, both for applied analytical work to AID/W bureaus and for advisory services to field missions. There is no significant redundancy between CAER and other AID projects, and for many of the activities funded through CAER it has been the only logical contracting mechanism available.

2. IPC and EAGER complement CAER and could benefit from insights developed under the CAER project, while input from those projects would enhance CAER capacity. The ICEG project offers additional avenues for dissemination of CAER findings.

**Relationship with other AID Projects: Recommendations**

1. The project provides a unique and important service to AID that should continue to be available.

2. Greater avenues should be explored for collaboration between related projects. Exchange of publications and cross-participation in selected conferences and or workshops could be beneficial for enhancing the effectiveness of AID-supported economic policy reform technical assistance.
ANNEXES
EVALUATION OF THE CONSULTING ASSISTANCE ON ECONOMIC REFORM (CAER) PROJECT

BACKGROUND

A.I.D.'s Consulting Assistance on Economic Reform (CAER) project aims to help developing nations design, implement, monitor and evaluate economic policy reforms. The project gives A.I.D.'s missions and Washington offices access to economists and other social scientists with extensive practical experience who are highly regarded within their professional disciplines. Both core-funded and buy-in activities are authorized. Recent illustrative activities include:

- a buy-in to identify lessons for Africa development from Asia's industrialization experience;
- a task order to examine how environmental concerns can be integrated into economic policy reform programs; and
- a buy-in to analyze the constraints to expanding non-traditional exports in Sub-Saharan Africa.

To date, the project has implemented 27 task orders through the core account, 48 buy-ins under the buy-in authority, and has produced 11 Discussion Papers, 8 Briefing Notes, and several other reports called for under the terms of the task orders and buy-ins.

CAER is implemented by the Harvard Institute for International Development and its four subcontractors: Williams College, Development Alternatives, Inc.; Associates for International Resources and Development; and Interamerican Management Consulting Corporation. It is supervised by the Office of Small, Micro and Informal Enterprise Consulting Corporation of A.I.D.'s Bureau for Private Enterprise (PRE/SMIE). Before the A.I.D. re-organization in October 1991, the project was managed by the Office of Economic Analysis of A.I.D.'s Bureau for Program and Policy Coordination.

A.I.D. approved CAER in June 1989 for three years, with an option to extend the project an additional two years. The initial project budget of $5.2 million (7/15/89-7/14/92) included fixed core funding of $1.9 million and a buy-in authority of up to $3.2 million. In response to the continuing demand for project services, the Agency extended CAER for the additional two years in March 1992. Total funding through
6/25/94 is $8.9 million, including core funding of $3.3 million and a buy-in ceiling of $5.6 million. As of September 15, 1992, remaining core funding totaled $1.5 million compared to a remaining buy-in authority of about $350,000. Given the continuing high level of buy-ins, about $1 million may be shifted from the core account to permit more buy-in activity. PRE/SMIE will design a follow-on project in 1993 that will overlap with the current project and continue the type services offered under the CAER project.

With less than two years remaining in the project, an evaluation is needed to assess progress, make recommendation on implementation during the remaining two years of the project, and suggest ways in which a follow-on project might be strengthened, based on the lessons learned from the current project.

ARTICLE I - TITLE


Number: 940-0001

ARTICLE II- OBJECTIVE

To produce an evaluation report that assesses the performance, effectiveness and management of the CAER project to date; to make recommendations on project implementation during the remaining two years of the contract; and to suggest how a follow-on project might be designed to enhance the quality, effectiveness, and management of services delivered.

ARTICLE III - STATEMENT OF WORK

To carry out the evaluation, the Contractor will:

(1) interview PRE/SMIE and other A.I.D. personnel currently or previously associated with the project, current and past CAER contractor and subcontractors staff, and selected USAID mission and AID/W bureau buy-in clients.

(2) review project documents (CAER contract and amendments, mission and AID/W statements of work, CAER monthly and quarterly reports, etc.)
and products (CAER discussion papers, briefing notes, and other reports produced under CAER task orders and buy-ins); and

(3) cable USAID missions that have contracted CAER services, and follow-up selected cable responses with telephone calls, as appropriate.

The evaluation will assess the following areas:

(1) **Achievement of Project Objective**

Assess the extent to which the project is achieving its purpose, namely:

"...to enhance A.I.D.'s capacity to assist developing nations to introduce and to maintain appropriate economic policies at the macro, sectoral, and project levels."

This "summary" assessment should be based largely on the conclusions of the effectiveness of core agenda and buy-in activities called for below. To facilitate analysis, it may be useful, both here and in the following two areas of review, to cluster the activities in categories such as privatization, financial sector reform, fiscal and monetary policy reform, trade reform, sector reform, etc.

(2) **Project Performance and Effectiveness: Core Agenda**

Assess the appropriateness of the activities undertaken in the project core, the quality and effectiveness of the work done under the core, and the contributions of the core work to the project objective.

(3) **Project Performance and Effectiveness: Buy-Ins**

Assess the quality and effectiveness of the work performed under buy-ins, client satisfaction, and the contributions of the buy-ins to the project objective.
(4) **Dissemination Efforts**

Assess dissemination efforts, including the distribution of publications to host country policy makers and technical staff, USAID staff, the development community, the academic community, and others; the effectiveness of workshops; and the value of CAER participation in conferences and seminars.

(5) **Project Management**

Assess adequacy of the core staff and funding levels for tasks required; quality of the professional personnel tasked to satisfy client requests; procedures for reviewing, approving, processing, and monitoring requests for assistance; relationships between the prime and subcontractors; management of activities by the prime contractor and the subcontractors; and management of the contract by PRE/SMIE.

Determine if CAER contract requirements are being met, such as those pertaining to accounting, reporting, and the provision and compensation of personnel.

(6) **The Future**

Recommend changes in direction, activities, or management that may be needed during the remaining years of the project, and suggest ways in which the follow-on project can be designed to enhance the quality, effectiveness, and management of services delivered.

The Contractor will address the following issues:

(1) **Importance of Project to A.I.D. Objectives**

Economic policy reform comprised a key component of Agency development strategies and programs when A.I.D. approved the CAER project in 1989. Does economic policy reform continue to play as prominent a role in contributing to the achievement of A.I.D.'s development mission? Has the CAER project been an important instrument in promoting economic policy reform and achieving A.I.D.'s
development objectives? Should a follow-on project continue to play such a role in the future?

(2) Support of Private Sector Development

With the recent A.I.D. reorganization, the CAER project was transferred from the former Policy and Program Coordination Bureau to the Private Enterprise Bureau (PRE). PRE's development mission is to "make markets work." Has the CAER project been supportive in achieving PRE's mission? In what ways, if any, might the current or follow-on project be changed to be more supportive of privatization and the PRE mission?

(3) Structure of Project Design

The project was designed to offer broad flexibility in the variety of economic policy reform activities that could be supported. At the same time, the project is not structured in the more rigorous logical framework matrix mode that is characteristic of most A.I.D. projects. Should a follow-on project be structured in a more rigorous format? What factors would argue for and against a more structured design?

(4) Mix of Core and Buy-in Activities

The project allows for both core-funded and buy-in activities. Has the mix of these type activities been appropriate and effective to date in achieving the project purpose? Should the mix be changed in a follow-on project?

(5) Need for Short-term and Long-Term Technical Assistance

The project provides only short-term technical assistance lasting not more than one year. Has the unavailability of longer term technical assistance been a constraint in meeting AID/W and USAID mission demands for technical assistance? Could a follow-on project be more effective in supporting economic policy reform initiatives if longer term technical assistance is offered?
(6) Relationship to other A.I.D. Projects

A.I.D. offers other projects that support economic policy reform initiatives. To what extent, if any, does the CAER project complement or duplicate these other projects? How might a follow-on project be designed to maximize its complementarily?

ARTICLE IV - REPORTS

A. Work Plan

The Contractor will submit 5 copies of a 3-5 page work plan to Mr. Forest Duncan, PRE/SMIE, and 2 copies to Ms. Jeanne North, R&D/EID, within 15 calendar days after the Delivery Order is signed. The work plan will include a description of the methodological approach the Contractor will use to evaluate the project; an outline of the steps that the Contractor will take to produce the report; an implementation schedule with target dates for accomplishing each step; lists of documents to be reviewed, persons to be interviewed, missions to be cabled, and a topical outline of the report.

The work plan should be sent to the following addresses:

Forest Duncan
Office of Small, Micro and Informal Enterprise
Bureau for Private Enterprise
Agency for International Development
Room 309, SA-2
Washington, D.C. 20523-0230
Telephone: (202) 663-2338
Telefax: (202) 663-2149

Jeanne North
Office of Economic and Institutional Development
Bureau for Research and Development
Agency for International Development
Room 608, SA-18
Washington, D.C. 20523-1814
Telephone: (703) 875-4587
Telefax: (202) 875-4949
Mr. Duncan will circulate the work plan among PRE and other A.I.D. offices, as appropriate, for comment. Mr. Duncan will submit A.I.D. comments within 7-10 calendar days after receipt of the workplan. Mr. Duncan and Ms. North will approve the final workplan.

B. Draft Report

The Contractor will submit 5 copies of the draft report to Mr. Forest Duncan, PRE/SMIE, and 2 copies to Ms. Jeanne North, R&D/EID, within 45-60 calendar days after A.I.D. approves the workplan. The draft report shall include:

- an executive summary of not more than 2-3 pages that clearly states the major findings and recommendations of the evaluation;
- an introduction that discusses the objectives of the evaluation and the evaluation approach, noting any limitations of the data and information presented;
- presentation of findings supported by data and discussions that address the areas and issues presented in ARTICLE I above;
- conclusions and recommendations based on the findings that will guide PRE/SMIE in implementing the remaining two years of the project and designing the follow-on project;
- appendices including the statement of work, list of persons contacted, missions consulted, and documents reviewed.

Mr. Duncan will circulate the draft report among PRE, CAER and other interested parties, as appropriate, for comment. The Contractor will make an oral presentation within one week after circulation for PRE, CAER and other interested parties to discuss the draft.

Following the review of the draft, the A.I.D. project officer will submit written comments to the Contractor within 7-10 calendar days, describing the revisions needed and indicating whether a second draft is required.
C. **Final Report**

The Contractor will make revisions in the final review draft and submit 25 copies of the final paper to Mr. Forest Duncan, PRE/SMIE, and 2 copies to Ms. Jeanne North, R&D/EID, within 10 calendar days after receiving comments on the draft report. The final report should be 25 single-spaced pages in length, excluding the executive summary and annexes. The paper must be well written, particularly the executive summary, and should be professionally edited, if necessary.

**ARTICLE V - RELATIONSHIPS AND RESPONSIBILITIES**

The labor categories required to meet the needs of this Delivery Order include a senior economist, mid-level economist, and a project management specialist.

The senior economist should have a Ph.D. degree in economics with at least five years experience; published research; and experience in working in developing countries. Familiarity with A.I.D. development policies and programs is desirable.

The mid-level economist should have at least an MA in economics with five years or more experience; a distinguished undergraduate and graduate record or published research; and demonstrated competence in analyzing economic policy issues in developing countries. Familiarity with A.I.D. development policies and programs is desirable.

The project management specialist should have an advanced degree in management, public administration or a related subject, with five years or more experience. S/He should be knowledgeable and experienced in project management structures and systems, team management, accounting, logistics, reporting, record keeping, monitoring, information dissemination, etc. Familiarity in managing A.I.D. development projects is desirable.

The Contractor will advise Mr. Duncan weekly on progress being made under the work plan.

In addition to providing these consultants, the Contractor will provide all administrative, logistical and secretarial support required for the evaluation.
ARTICLE VI - PERFORMANCE PERIOD

Work under this contract will begin about January 11, 1993 and will end about May 10, 1993—or begin as soon as A.I.D.'s Office of Procurement can negotiate the Delivery Order and end within a 120-day period.

ARTICLE VII - WORK DAYS ORDERED

<table>
<thead>
<tr>
<th>Position</th>
<th>Work Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Economist</td>
<td>28</td>
</tr>
<tr>
<td>Mid-Level Economist</td>
<td>25</td>
</tr>
<tr>
<td>Management Specialist</td>
<td>25</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>12</td>
</tr>
</tbody>
</table>

ARTICLE VIII - AID ILLUSTRATIVE BUDGET

See Attachment B.
ANNEX B: Persons Interviewed

Agency for International Development/PRE

Farbman, Michael - Director, PRE/SMIE
Duncan, Forest - CAER Project Officer

Agency for International Development/Others

Ariza-Nino, Edgar, R&D/WID, AID/W
Batchelder, Alan, USAID/Costa Rica
Crosswell, Michael POL/SP
Davis, Paul EUR/PDP, AID/W
Davis, Peter ASIA/FPM
Dodd, David EUR/PDP, AID/W
Isman, Pat, R&D/EID, AID/W
Morfit, Michael, POL/SP
North, Jeanne, R&D/EID, AID/W
Olson, Tom, NE/DR, AID/W
Ross, Lee Ann, AFR/ARTS, AID/W
Siegel, Robert, POL/PAR, AID/W
Sillers, Donald, POL/PAR, AID/W
Smith, Jay, AFR/ARTS, AID/W
Stephens, Tom, FA/OP, AID/W
Warshaw, Gail, FA/OP, AID/W
Wolgin, Jerry, AFR/ARTS, AID/W
Zuvekas, Clarence, LAC/DPP

Associates in International Resources and Development

Salinger, Lynn
Shaw, Christopher
Stryker, Dirck

Development Alternatives, Inc.

Berg, Elliot
Hunter, Graeme
Simons, Scott
Harvard Institute of International Development

Giometti, Patricia, Ass. Director for Finance, HIID
Gray, Clive, HIID economist
Kumins, Rosanne, Assistant Dir. for Contract Administration
Montgomery, Faith, CAER Project Administrator
Pagett, Richard, Executive Director, HIID
Perkins, Dwight, Director, HIID
Roemer, Michael, CAER Project Manager
Soukup, Nancy, HIID Publications
Wemholm, Sally, Accountant, HIID
Yukani, Magubane, Senior Editor, HIID Publications

InterAmerican Management Consulting Corporation

Vogel, Robert

Williams College

Bruton, Henry
ANNEX C - CABLE QUESTIONNAIRE AND PROFILE OF RESPONSES

CAER Mission Buy-Ins:

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>13</td>
<td>1,353,121</td>
</tr>
<tr>
<td>Asia</td>
<td>6</td>
<td>802,375</td>
</tr>
<tr>
<td>Near East</td>
<td>6</td>
<td>623,828</td>
</tr>
<tr>
<td>LAC</td>
<td>11</td>
<td>505,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>$3,284,797</strong></td>
</tr>
</tbody>
</table>

Questionnaire Responses from Buy-ins:

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>4</td>
<td>390,271</td>
</tr>
<tr>
<td>Asia</td>
<td>4</td>
<td>698,375</td>
</tr>
<tr>
<td>Near East</td>
<td>5</td>
<td>504,274</td>
</tr>
<tr>
<td>LAC</td>
<td>2</td>
<td>145,857</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>$1,738,777</strong></td>
</tr>
</tbody>
</table>

Responses to questionnaires represent 42 percent of all mission buy-ins and 53 percent of total buy-in funding.
1. INTRODUCTION

(A) PRE/SMIE CONTRACTED MANAGEMENT SYSTEMS INTERNATIONAL (MSI) AND ABT ASSOCIATES TO EVALUATE THE CONSULTING ASSISTANCE ON ECONOMIC REFORM (CAER) PROJECT TO DETERMINE HOW WELL THE PROJECT HAS MET ITS OBJECTIVES, AND, MORE IMPORTANTLY, HOW A FOLLOW-ON PROJECT MIGHT BE BETTER DESIGNED TO MEET MISSIONS' CURRENT AND EMERGING NEEDS. THE EVALUATION WILL EXAMINE:

-- HOW WELL THE CONTRACTOR DELIVERED SERVICES;

-- HOW WELL AID/W INTERMEDIATED THE DELIVERY OF SERVICES;

-- THE VALUE OF THE PROJECT TO CLIENTS AS DESIGNED; AND
WAYS IN WHICH A FOLLOW-ON PROJECT SHOULD BE CHANGED OR REMAIN THE SAME.

(B) THE EVALUATION TEAM WOULD APPRECIATE YOUR INPUT BY COMPLETING THE QUESTIONNAIRE BELOW FOR THE CAER BUY-IN ACTIVITY CONTRACTED BY YOUR MISSION. IF YOUR STAFF INCLUDES OFFICERS WHO MANAGED CAER BUY-INS IN A PREVIOUS POST, WE WOULD WELCOME THEIR RESPONSES TO THOSE EXPERIENCES AS WELL.

(C) FOR THOSE MISSIONS WITH MULTIPLE BUY-INS SUPPORTING ONE ACTIVITY, PLEASE FEEL FREE TO COMPLETE SEPARATE ANSWERS FOR EACH BUY-IN IF YOU FEEL THE TASKS WERE DIFFERENTIATED ENOUGH TO JUSTIFY SEPARATE EVALUATION. SIMILARLY, IN THOSE FEW MISSIONS WITH SEVERAL ACTIVITIES FUNDED UNDER A SINGLE BUY-IN, YOU MAY WISH TO ANSWER SEPARately FOR EACH ACTIVITY.

(D) FOR QUESTIONS WITH MULTIPLE CHOICE ANSWERS, PLEASE TICK YOUR RESPONSE ON THE QUESTIONNAIRE. FOR THOSE QUESTIONS REQUIRING A NARRATIVE RESPONSE, PLEASE ATTACH YOUR ANSWERS ON SEPARATE PAGES AND REFERENCE THE NUMBER OF THE QUESTION TO WHICH YOU ARE RESPONDING. THESE PAGES MAY ALSO BE USED TO EXPAND UPON THE TICKED ANSWERS, OR TO ADDRESS ISSUES NOT COVERED IN THE QUESTIONNAIRE.

(E) PLEASE FAX THE COMPLETED QUESTIONNAIRE TO THE A.I.D. CAER PROJECT OFFICER IN PRE/SMIE, MR. FOREST DUNCAN, AT (202) 663-2708, AND A SECOND COPY TO MANAGEMENT SYSTEMS INTERNATIONAL, ATTN: DAVID CALLIHAN, THE EVALUATION TEAM COORDINATOR, AT (202) 488-0754. THE QUESTIONNAIRE IS ALSO BEING SENT BY E-MAIL TO MISSIONS WITH E-MAIL CAPABILITY. MISSIONS WISHING TO RESPOND BY E-MAIL SHOULD ATTACH THE COMPLETED QUESTIONNAIRE AS A WORDPERFECT OR WANG FILE TO TRANSMITTAL MESSAGES TO FOREST DUNCAN AND TO THE "MSI MAILBOX" (MSI"AT"AFR.DP"AT"AIDW). PLEASE NOTE IN THE E-MAIL TRANSMITTAL MESSAGE TO MSI THAT THE MESSAGE IS FOR DAVID CALLIHAN.

(F) THE EVALUATION TEAM WOULD APPRECIATE YOUR RESPONSE BY FRIDAY, MAY 7, 1993. IF YOU CANNOT REPLY TO THIS QUESTIONNAIRE, E.G., THERE IS NO MISSION MEMORY OF USING CAER, A NEGATIVE RESPONSE TO THAT EFFECT WOULD BE APPRECIATED. IF YOU HAVE QUESTIONS, PLEASE CONTACT MR. FOREST DUNCAN, PRE/SMIE, AT (202) 663-2338, OR MR. DAVID CALLIHAN, MSI, AT (202) 484-7170.

2. TEXT OF QUESTIONNAIRE Follows
SECTION I. BASIC INFORMATION

A. NAME OF COUNTRY:

B. QUESTIONNAIRE COMPLETED BY:

C. CONTACT PERSON FOR FOLLOW-UP:

D. CONTACT TELEPHONE NO.:

E. CONTACT FACSIMILE NO.:

F. CAER BUY-IN ACTIVITY NAME:

G. WHO ACTUALLY PERFORMED THE WORK OF THE BUY-IN?
   1. ( ) HIID
   2. ( ) DAI
   3. ( ) AIRD
   4. ( ) IMCC
   5. ( ) WILLIAMS COLLEGE

H. HAS ACTIVITY BEEN COMPLETED?
   1. ( ) YES
   2. ( ) NO

SECTION II. INFORMATION ON MISSION PORTFOLIO

A. HOW IMPORTANT IS THE MISSION'S ECONOMIC POLICY REFORM AGENDA TO THE SUCCESS OF ITS COUNTRY PROGRAM?
   1. ( ) CRITICALLY IMPORTANT
   2. ( ) SOMEWHAT IMPORTANT
   3. ( ) USEFUL BUT NOT IMPORTANT
   4. ( ) OF MINIMUM IMPORTANCE

B. COMPARED TO FOUR YEARS AGO WHEN THE CAER PROJECT WAS INITIATED, HOW HAS THE MISSION'S LEVEL OF ECONOMIC POLICY REFORM ACTIVITY (INCLUDING ATTENDANT STAFF) CHANGED?
   1. ( ) LEVEL OF ACTIVITY HAS INCREASED SUBSTANTIALLY
   2. ( ) LEVEL OF ACTIVITY HAS INCREASED SOMEWHAT
   3. ( ) LEVEL OF ACTIVITY HAS REMAINED ABOUT THE SAME
SECTION III. MANAGEMENT OF THE CONTRACTING PROCESS

A. IN ARRANGING ASSISTANCE FROM CAER, DID THE MISSION DEAL PRINCIPALLY WITH:

1. ( ) AID/WASHINGTON
2. ( ) DIRECTLY WITH HIID OR ONE OF ITS SUBCONTRACTORS
3. ( ) EQUALLY WITH BOTH OF THE ABOVE

B. HOW WOULD YOU CHARACTERIZE YOUR DEALINGS REGARDING CAER WITH THE A.I.D. PROJECT OFFICER?

1. ( ) ALWAYS HELPFUL AND EFFICIENT
2. ( ) GENERALLY EFFICIENT AND PROFESSIONAL
3. ( ) DIFFICULT TO WORK WITH
4. ( ) OTHER

C. HOW WOULD YOU CHARACTERIZE YOUR DEALINGS REGARDING CAER WITH THE A.I.D. OFFICE OF PROCUREMENT?

1. ( ) ALWAYS HELPFUL AND EFFICIENT
2. ( ) GENERALLY EFFICIENT AND PROFESSIONAL
3. ( ) DIFFICULT TO WORK WITH
4. ( ) OTHER

D. HOW WOULD YOU CHARACTERIZE YOUR DEALINGS REGARDING CAER WITH HIID OR ITS SUBCONTRACTORS?

1. ( ) ALWAYS HELPFUL AND EFFICIENT
2. ( ) GENERALLY EFFICIENT AND PROFESSIONAL
3. ( ) DIFFICULT TO WORK WITH
4. ( ) OTHER

E. PLEASE GIVE ANY ADDITIONAL COMMENTS ON OR SUGGESTIONS FOR IMPROVING THE CAER CONTRACTING PROCESS.

SECTION IV. DELIVERY OF SERVICES

A. RATE THE OVERALL QUALITY OF THE PERSONNEL SELECTED FOR THE TECHNICAL ASSISTANCE TEAM FIELDED:
1. ( ) TEAM WAS OF THE HIGHEST QUALITY AND EXCEEDED MISSION REQUIREMENTS
2. ( ) TEAM WAS OF GOOD QUALITY AND MET MISSION REQUIREMENTS
3. ( ) THE TEAM'S SKILLS WERE MIXED, BUT GENERALLY ADEQUATE TO ADDRESS THE ASSIGNMENT TASKS
4. ( ) THE TEAM PROVED TO BE UNQUALIFIED TO ADEQUATELY ADDRESS THE ASSIGNMENT TASKS

B. PLEASE GIVE ANY ADDITIONAL COMMENTS ON THE COMPOSITION, QUALITY, AND PREPAREDNESS OF THE PERSONNEL SELECTED FOR THE TECHNICAL ASSISTANCE TEAM.

C. PLEASE RATE THE EFFECTIVENESS OF THE CAER ACTIVITY IN EACH OF THE THREE AREAS BELOW.

1. INCREASED THE MISSION'S ABILITY TO SELECT/DESIGN A POLICY REFORM AGENDA
   A) ( ) EXTREMELY EFFECTIVE
   B) ( ) SOMEWHAT EFFECTIVE
   C) ( ) NOT AT ALL EFFECTIVE
   D) ( ) NOT RELEVANT

   PLEASE EXPLAIN WHAT YOUR ANSWER IS BASED ON.

2. INCREASED THE MISSION'S ABILITY TO WORK WITH THE HOST GOVERNMENT TO PURSUE AND OR IMPLEMENT SPECIFIC POLICY REFORMS ADDRESSED BY THE CAER ACTIVITY
   A) ( ) EXTREMELY EFFECTIVE
   B) ( ) SOMEWHAT EFFECTIVE
   C) ( ) NOT AT ALL EFFECTIVE
   D) ( ) NOT RELEVANT

   PLEASE EXPLAIN WHAT YOUR ANSWER IS BASED ON.

3. IN GENERAL, INCREASED THE HOST GOVERNMENT'S CAPABILITY TO MANAGE AN ECONOMIC POLICY REFORM Agenda
   A) ( ) EXTREMELY EFFECTIVE
   B) ( ) SOMEWHAT EFFECTIVE
   C) ( ) NOT AT ALL EFFECTIVE
   D) ( ) NOT RELEVANT

   PLEASE EXPLAIN WHAT YOUR ANSWER IS BASED ON.
D. RATE THE DEGREE TO WHICH THE TECHNICAL ASSISTANCE INTERVENTION FULFILLED THE MISSION'S STATEMENT OF WORK:

1. ( ) EXCEEDED STATEMENT OF WORK
2. ( ) SATISFACTORILY ADDRESSED STATEMENT OF WORK
3. ( ) MET MINIMUM STANDARDS OF THE STATEMENT OF WORK
4. ( ) WAS UNSATISFACTORY IN MEETING STATEMENT OF WORK

E. PLEASE GIVE ANY ADDITIONAL COMMENTS ON THE CONTENT, QUALITY OR USEFULNESS OF THE CAER TECHNICAL ASSISTANCE ACTIVITY.

SECTION V. RECOMMENDATIONS/RESULTS OF ACTIVITY (SKIP THIS SECTION IF THE ASSIGNMENT HAS NOT YET BEEN COMPLETED)

A. WAS THE ASSIGNMENT COMPLETED IN A TIMELY MANNER?

1. ( ) YES
2. ( ) NO

B. DID THE CAER TEAM RECOMMEND A SPECIFIC SET OF ACTIONS TO BE UNDERTAKEN BY USAID OR THE HOST GOVERNMENT?

1. ( ) YES
2. ( ) NO

C. IF YES, RATE THE APPROPRIATENESS OR PRACTICALITY OF THE PROPOSED RECOMMENDATIONS:

1. ( ) RECOMMENDATIONS WERE COMPLETELY APPROPRIATE
2. ( ) THE MISSION AGREED WITH THE MAJORITY OF THE RECOMMENDATIONS
3. ( ) THE RECOMMENDATIONS WERE OF MIXED VALUE
4. ( ) THE RECOMMENDATIONS WERE IMPRACTICAL

D. PLEASE INDICATE THE EXTENT TO WHICH THE RECOMMENDATIONS HAVE BEEN ACTED UPON, AND BY WHOM.

E. PLEASE GIVE EXAMPLES OF THE CONTRIBUTIONS THE CAER PROJECT HAS MADE TO THE SUCCESSFUL IMPLEMENTATION OF POLICY REFORM.

F. WHAT, IF ANYTHING, LIMITED THE CAER PROJECT SERVICES' EFFECTIVENESS?
SECTION VI. ROLE OF HOST GOVERNMENT IN CAER ACTIVITY

A. WAS THE STATEMENT OF WORK REVIEWED BY THE HOST GOVERNMENT PRIOR TO ITS SUBMISSION TO CAER?

1. ( ) YES
2. ( ) NO

B. DID HOST COUNTRY NATIONALS WORK WITH OR ON THE CAER TEAM?

1. ( ) YES
2. ( ) NO

C. IF YES, IN WHAT CAPACITY?

D. WAS THE HOST GOVERNMENT GIVEN AN OPPORTUNITY TO REVIEW AND COMMENT ON THE TEAM'S FINAL REPORT OR RECOMMENDATIONS?

1. ( ) YES
2. ( ) NO

E. IF YES, HOW WOULD YOU INTERPRET THE HOST GOVERNMENT'S OPINION OF THE WORK:

1. ( ) RECOMMENDATIONS WERE ENTHUSIASTICALLY ENDORSED
2. ( ) RECOMMENDATIONS RECEIVED A MIXED REVIEW BY THE HOST GOVERNMENT, BUT MOSTLY POSITIVE
3. ( ) RECOMMENDATIONS RECEIVED A MIXED REVIEW BY THE HOST GOVERNMENT, BUT MOSTLY NEGATIVE
4. ( ) HOST GOVERNMENT DID NOT FIND THE RECOMMENDATIONS TO BE USEFUL/APPROPRIATE

IF HOST GOVERNMENT DID NOT FIND THE RECOMMENDATIONS TO BE USEFUL/APPROPRIATE PLEASE EXPLAIN WHY.

F. ARE HOST GOVERNMENT COMMENTS AVAILABLE FROM THE MISSION?

1. ( ) YES
2. ( ) NO

SECTION VII. PROJECT STRUCTURE

UNCLASSIFIED
A. WHAT ARE THE KEY FEATURES THAT LED THE MISSION TO REQUEST ADVISORY SERVICES THROUGH THE CAER PROJECT?

B. WHAT, IF ANYTHING, HAS RESTRICTED YOUR USE OF THE CAER BUY-IN MECHANISM?

C. DO YOU HAVE ANY SUGGESTIONS AS TO HOW THE CAER PROJECT COULD BE REDESIGNED TO BETTER SERVE YOUR NEEDS?

D. WHAT TYPES OF SUPPORT DO YOU ANTICIPATE THE MISSION REQUESTING FROM A CAER-TYPE PROJECT IN THE FUTURE?

E. WHAT TYPES OF ISSUES REGARDING ECONOMIC REFORM WOULD YOU LIKE A CAER-TYPE PROJECT TO EXPLORE IN A NON-COUNTRY-SPECIFIC CONTEXT?

END OF QUESTIONNAIRE

3. THANK YOU FOR YOUR ASSISTANCE. PLEASE SEND YOUR RESPONSES TO:

BY FACSIMILE: MR. FOREST DUNCAN, PRE/SIME, (202) 663-2708
BY FACSIMILE: MR. DAVID CALLIHAN, MSI, (202) 488-0754

BY E-MAIL: MR. FOREST DUNCAN, PRE/SIME
BY E-MAIL: MSI MAILBOX (MSI"AT"AFR.DP"AT"AIDW), ATTENTION, MR. DAVID CALLIHAN

DRAFTING OFFICER: PRE/SIME, FOREST DUNCAN
AUTHORIZING OFFICER: PRE/SIME, MICHAEL FARBMAN

ADDITIONAL CLEARANCES: PRE/DP, RVANRAALTE
R&D/EID, PISMAN
ANNEX D: Document Review Briefs

I. Task Orders

Task Order #6 - Urban Labor Markets - Velenchik

This is a contract in the amount of $16,104 with WID for a one-day workshop to be held at AID on policies affecting gender in urban labor markets. The objectives of the workshop were (i) to provide a conceptual foundation for framing economic policies and institutions affecting urban labor market efficiency, (ii) to map gender-disaggregated labor market trends, and (iii) to identify priority research areas.

The workshop was held on January 8, 1990 as scheduled. In the morning session, three papers were presented: "Labor Force Participation: World Trends" by T. Paul Schultz of Yale University; "Country Differentials, Wage Differentials, and Occupational Segregation" by Katherine Terrell of the University of Pittsburgh, and "Labor Market Operations in Developing Countries" by Robinson Hollister of Swarthmore College. In the afternoon session, workshop participants formed working groups to discuss research priorities. These discussion groups covered "Structural Adjustment and the Longer-Term Policy Environment" (coordinated by Ann Velenchik of Wellesley College), "Human Capital" (coordinated by Mari Clark of AID/WID), and "Informal Sector" (coordinated by Pauline Peters of HIID). The proceedings were summarized in HIID Development Discussion Paper No. 329 (April, 1990) and in HIID Economic Policy Briefing Note No. 2.

The reason that it was possible to conduct the workshop, prepare the summary report, and disseminate the results for the relatively modest sum of $16,000 is that the speakers presented already-existing issues papers, so only three person-days were required per paper. Piggybacking on existing research in this way is a cost-effective way of developing analytical capacity. The proceedings report produced is also useful as a way of enabling others who were unable to attend the conference to learn the lessons discussed.

Task Order #7 - Estimating Economic Assistance Requirements for Central Europe - Gordon

This contract, issued on January 3, 1990, provided $17,259 for a one-day seminar to be held at Harvard on February 10, 1990. As provided in the scope of work, the seminar was taped and a detailed summary prepared and delivered shortly after the seminar, which was issued as HIID Development Discussion Paper No. 337.

The purpose of the seminar was to "recommend practical ways of estimating the size, content, and duration of an economic aid program that will permit Central Europe to move quickly to implement economic policy improvements that will produce sustained economic growth." A reading of the seminar proceedings reveals a large number of expert statements and judgments about appropriate development strategies for Poland, Hungary, Czechoslovakia, Bulgaria, and Romania and evidence of a lively and engaged discussion. However, the central purpose of
the seminar -- estimating the size, content, and duration of an economic aid program" -- was not achieved. To illustrate, near the end of the seminar (p. 51 of the transcript), Professor Svejnar was asked explicitly to comment on Czechoslovakia's aid requirements. Svejnar reported that despite Czechoslovakia's official position is that no aid is needed, it would nonetheless be useful to teach English and managerial know-how, help develop financial institutions, open Western markets to Czech goods, and address ecological disasters. No recommendations were made on the size, content, and duration of the aid program or on methodologies for estimating such needs. The same is true for the other countries as well.

In retrospect, the planners of the conference agreed that the goals of the conference were overly optimistic and that the participants did what was possible. Despite the fact that the scope of work was not filled, there was subsequent interest in the seminar proceedings, particularly within the State Department.

Task Order #13 - Impact of Employment in Export Processing Zones on Women and Men in Latin America - Robbins

This task order was issued on January 31, 1991 in the amount of $21,758. The scope of work specified that "the AID LAC Bureau, the PPC/EA and PPC/WID offices need assistance in developing guidelines for policy dialog regarding key gender considerations in host governments' creation, operation, and expansion of EPZs [export processing zones] and alternative export incentive systems." Seven key questions were posed, including patterns of employment, proportions of women employed in EPZs versus outside, wages and benefits of women employed in EPZs compared with outside, comparative skill acquisition of males and females in the EPZs, the effect of EPZ employment on life opportunities of women, the impact of EPZ employment on the children of workers, and needs for additional research or pilot studies.

Two in-depth case studies were to be conducted. Originally, the EPZs in Costa Rica and the Dominican Republic were selected for study, but the authors found so little information on Costa Rican EPZs that they substituted maquiladoras in Mexico instead. (Although Mexican maquiladoras are not strictly export processing zones, so much of their product is exported that they in effect serve the same purpose.)

A draft final report addressing these issues was to be delivered to AID by March 25, 1991. The contractor was to submit a final report two weeks after receiving comments from AID. The evaluation team found that a report had not been delivered until December, 1992. Apparently, the long delay occurred because the author was involved in other projects.

Section I of the report explains the legal and regulatory frameworks in the countries' EPZs and labor markets. Section II reviews the literature on the labor markets in the Dominican EPZ and the Mexican maquilidora. Section III discusses policy and Section IV the need for further study.

ANNEX D: Document Review Briefs
Generally speaking, the report was unsuccessful in answering the questions asked. A limited number of findings were obtained, among them: women constitute the great majority of EPZ workers in both countries, Dominican women workers are older and have greater family responsibilities than do Mexican women workers, employers prefer to hire better-educated women in preference to less-educated ones, and that firms are attracted to the EPZs by the availability of cheap labor and the ability to avoid tariff and non-tariff import barriers. However, these findings constitute relatively few pages in an otherwise lengthy report, and go only a small way toward answering the questions posed in the scope of work, such as whether employment in the EPZs raises women's life opportunities, improves the health and nutrition outcomes for their children, or could be redesigned to contribute more to economic development than they now do.

This report contains findings that the WID Bureau found useful. However, the fact that the report contains only nuggets of information but few hard lessons may explain why it was so long in being issued and why it has not been incorporated into the CAER discussion paper series.

Task Order #14 - Social Impact of Adjustment - Berg and Hunter

This contract was signed in May, 1991 to provide answers to two central questions: (i) What do we know about how the poor in developing regions fared during the 1980’s; and (ii) Have the poor in countries that have adopted structural adjustment or broad policy reform programs done worse than their counterparts in "non-reforming" economies? Separate studies were to be prepared for Latin America and Africa. A provisional version of the Latin America study was issued in February, 1992. The Africa study is still in preparation.

The motivation for this study comes from claims by UNICEF that (i) the poor got poorer in developing countries and that (ii) structural adjustment was responsible. This report, by Berg and Hunter, reach different conclusions, at least for Latin America. On (i), they find, contrary to UNICEF, that while it is true that the poor did get poorer in some Latin American countries, this was not universally the case. Furthermore, various measures of living standards such as child mortality, access to education, incidence of malnutrition, and the like show improvements in standards of living in many of the same countries in which per capita consumption was falling. On (ii), they also find a conclusion contrary to UNICEF’s: adjusting countries did at least as well, if not better, than did non-adjusting countries. The authors conclude that the empirical evidence simply does not support the "deepening poverty" idea.

Berg and Hunter cite a very broad range of empirical studies, many of them unpublished, including the latest that had been done up to that time. They exhibit appropriate sensitivity to methodological issues including the importance of the counterfactual. They use data soundly, relying on direct measures of poverty such as headcount ratios as well as indirect...
measures of poverty as gauged by such social indicators as calorie availability, child mortality, vaccination coverage, and school enrollment rates.

The conclusions drawn from the available data are these: that "the evidence does not support the view that economic stabilization and policy reform efforts have hit the poor harder than other groups"; and that "the general results . . . reveal so little overall or worldwide evidence for the proposition that the poor suffered general deterioration in social conditions in the 1980s, and for the proposition that the poor in adjusting countries suffered especially badly." In short, the poor did not suffer more than others nor did they suffer more in adjusting than in non-adjusting countries.

These findings are of critical importance for development policy-makers. For if indeed structural adjustment did hurt the poor, as is sometimes claimed, or if it hurt the poor disproportionately, as is also sometimes claimed, then policy-makers and those that advise them have good reason to be worried about whether the social costs of adjustment are worth it and whether these reforms are really changes for the better. The report by Berg and Hunter is not the first to cast doubt on the "deepening poverty" conclusions but it is certainly one of the most carefully- and comprehensively-researched statements on the issue.

One as-yet-unresolved issue is a paradox which this report discusses at some length, namely, the finding that many social indicators improved despite declining inputs into the social sectors. Berg and Hunter consider five possible explanations -- that the outcome indicators are wrong, that the outcome measures are correct but lagged, that some outcome measures reflect success of low-cost interventions, that the public expenditure measures are incomplete, and that efficiency and equity of expenditures were improved. They conclude that although in Chile, "the role of the government in the social sectors was effectively reoriented towards meeting the needs of those who could not afford privately supplied services," the more general conclusion is that "there is no evidence of systematic improvement in the efficiency or equity of health and education expenditures by the adjusting countries." This illustrates the care that they take not to overinterpret the available evidence.

One negative aspect of this project is that it has extended well beyond the specified delivery dates. The Latin America paper was delivered five months late. The final state of the art paper, due in December, 1991, still has not been delivered. This is regrettable because of the importance of the issue.

**Task Order #27 - Honolulu V Consultation - Yotopoulos**

This was a contract for $7,870 to provide an after-dinner speaker for a meeting in Honolulu between AID officials and representatives of the Japanese government. As a favor to the policy directorate, CAER helped identify a speaker and arranged for his participation in the Honolulu seminar.
The speaker was required to attend a planning meeting in Washington to discuss his proposed speech with AID officials and then to travel to Honolulu to deliver the speech itself. The speaker was not expected to attend any other sessions of the joint AID-Japan government workshop.

The person nominated to deliver this speech was Professor Pan Yotopoulos of Stanford University. Professor Yotopoulos traveled to Washington for the planning meeting and to Honolulu to deliver the speech. Professor Yotopoulos submitted a one-page list of "talking points" for the speech. The speech itself was not required to be written up and was not.

The AID officer responsible for the Honolulu meeting felt that it had been worthwhile. She stated that Professor Yotopoulos had been an excellent person for the job that needed doing and hoped that experts of similar stature and skill could be gotten in the future to address this group. Furthermore, CAER's contracting mechanism made it easy to identify and contract an appropriate speaker. This contract enabled AID to do something that it may have had a lot of trouble doing otherwise.
II. Buy-Ins

Buy-In #8 - Development Impact of Counterpart Funds - Williams College

This contract, for $37,500, provided for a study of the actual and conceptual basis for future AID policy guidance regarding local currency programming or, equivalently, "counterpart funds." These are defined as "the local currency generated by the sale of commodity aid, including food aid, or cash aid in foreign exchange, over whose use the donor has some control."

Catharine B. Hill and Henry J. Bruton of Williams College were the co-investigators on this study. Their report was scheduled for delivery on or about October 31, 1990. A revised report appeared as a CAER Discussion Paper in January, 1991.

The report surveyed the literature, conducted a general analysis of the issues, and presented ten brief case studies of how counterpart funds were used. The authors conclude that the effectiveness of counterpart funds depends on a wide variety of economic, institutional, political, and cultural aspects of the society in question. Under some circumstances, counterpart funds offer "numerous opportunities for making aid much more effective than it would otherwise be." Yet in other circumstances, "the counterpart fund approach associated with commodity and cash aid serves no useful purpose and can indeed create significant costs for both donor and recipient." The operational implication is that "the USAID people in the country [must] have a thorough knowledge not only of the way the aid-receiving economy works but also of the institutional, political, and cultural aspects of the society in order to identify any ways in which counterpart funds could be exploited."

These are thoughtful and qualified conclusions, well-argued technically and well-illustrated by the country case studies. The LAC Bureau stated that this study was well written and was useful for getting issues clarified and disseminated.

This contract was limited to paper preparation. However, it led to useful follow-up activities. Early in 1992, Bruton and Hill presented their paper at a conference on the impact of counterpart funds and the design of policies with respect to those funds, with particular reference to food aid. This conference, held at the University of Sussex, was attended by officials from AID, the British Overseas Development Administration, the World Bank, the IMF, and the United Nations. Then, earlier this year, the paper was presented and discussed in Washington with officials from AID and other international agencies. As a result of these activities, the World Bank and the IMF are now reconsidering their opposition to food aid.
Buy-In #12, 13, 14, & 18 - Macroeconomic Assessment for Capital Markets Study - IMCC

This was a series of contracts issued by three AID missions -- $12,000 from the El Salvador mission, $20,000 from the Panama mission, and $20,000 from the Costa Rica mission -- plus $8,000 from the LAC Regional Office for an overview study. These contracts were co-financed with the World Bank. Their purpose was to assess macroeconomic conditions in each of the three countries in order to provide essential background relevant to capital markets development. Subsequent work was planned in three stages: analysis of the legal, regulatory and institutional environments of the countries, examination of existing and potential instruments for developing capital markets in the countries and in the region, and development of specific recommendations for the promotion of capital markets in the region.

The delivery schedule under the three country-specific contracts was for first drafts to be submitted by March 10, 1991 and final drafts by March 30, 1991. Final drafts were submitted much later: October, 1991 in the case of Costa Rica; December, 1991 in the case of Panama; and May, 1992 in the case of El Salvador. As for the overview study, nine days of consultants' services were provided for in a contract dated March 25, 1991, yet the study was not issued until May, 1992.

Problems arose with this work including delays in producing the final reports and difficulties in coordinating with the World Bank. However, the LAC Bureau considered the final report to have been excellent. It was initially intended that these studies would constitute the first of four stages leading to recommendations on how to design capital markets in Central America. However, no further work is planned at the present time.

Buy-In #20 - Philippine Government’s Needs for Policy Reform - Gray

This task order was issued on April 26, 1991 in the amount of $14,000. It provided for a fourteen-day visit to the Philippines by Dr. Clive Gray to report on the Government of the Philippines' (GOP) objectives and progress in macroeconomic management and structural adjustment, to survey GOP analysis and analytical capacity in these areas, and to identify technical assistance requirements in each area.

Gray had already departed for the Philippines in anticipation of the task order being signed. On May 2, 1991, he submitted a report to the GOP listing some 20 topics that had been suggested for further work. On May 10, 1991, he submitted to Ms. Nin Rejante at NEDA that list along with another 10 items. On that same date, he submitted a separate report to USAID/Manila listing and discussing seven items which, in his view, had the highest intrinsic priority and/or a serious commitment from the proposing agency. These topics were: monitoring and evaluating reform programs carried out under structural adjustment and related loans, studying domestic public borrowing, identifying strategic industries for Philippine development and policies for promoting them, updating data on tariff and non-tariff barriers.
to trade, preparing algorithms for forecasting tax revenues, analyzing the political economy of policy reform, and forecasting the impact of exchange rate variations on Philippine agriculture.

The USAID mission in Manila told the evaluation team that Dr. Gray’s report helped them develop and implement their current policy, economic research, and technical support agenda. The prioritization of the topics reflected those aspects of Philippine government policy that were of greatest concern and interest to the mission: structural adjustment, public debt, trade and investment regime liberalization, tax effort improvement, foreign exchange market reform, and the political economy of policy reform. The mission has funded program assistance, studies and technical support to selected agencies in all these areas, based in part on the articulation of the topics provided by Dr. Gray. To date, four mission activities have made use of available expertise from CAER in these areas.

**Buy-In #31 - Lessons for Ghana from Asian Development - Goldman et al.**

This contract for $76,033, signed on December 3, 1991, consisted of a buy-in by USAID/Ghana for HIID to conduct a two-day workshop for approximately 50 public and private sector individuals. The contractor was to provide suggestions on ways to accelerate Ghana’s economic growth rate from its present 4-5% to a desired 8-10% -- a goal which had been established in a May, 1991 meeting of the consultative group in Paris.

Four papers were to be provided: the macroeconomics of rapid growth; the role of the agricultural sector; the relative role of domestic and foreign investment; and the role of the public and private sector. These papers were designed to present the experiences of the fast-growing Asian and/or Latin American nations so that Ghanaian planners could learn the lessons from countries which had successfully developed.

Six items were specified in the scope of work. Here is what happened with each:

1. The workshop, scheduled for December 10-11, 1991, proceeded as scheduled. It was attended by about 60 officials of the ministry of finance, ministry of industries, central bank, diplomatic corps, journalists, and businessmen.

2. Four professional team members traveled to Ghana and delivered speeches. These speeches were then finalized into papers. These papers were issued together as CAER Discussion Paper #11 (March, 1992). While three of these papers were on the topics provided for in the scope of work, a fourth (on human capital formation and utilization) was different in coverage from what was specified in the scope of work (the role of the private and public sector). These papers drew out lessons from Asia but not Latin America, which was acceptable given that the scope of work had specified that either would be sufficient.
3. The contractor handled the required workshop arrangements.

4. Seminar conclusions were compiled, and these too were included in CAER Discussion Paper #11.

5 and 6. The team leader was to follow the seminar by designing a study tour and preparing a program of visits for Ghanaian officials in selected Asian and/or Latin American countries. On January 3, 1992, Michael Roemer wrote a detailed letter outlining such a study tour. As of March 31, 1993, a buy-in for $8,000 for a Ghanaian study tour was pending AID approval, but for bureaucratic reasons, the Ghanaians have so far not signed on to this buy-in. Although that particular follow-up activity did not occur, others have taken place. They are discussed further below.

Critical to the evaluation is the quality of the advice disseminated which, on the whole, appears to be quite sound. The HIID team did a solid job of summing up the lessons from Asia on these four topics. Here are their main conclusions:

---Roemer’s paper stresses the importance for macroeconomic growth of a high rate of investment and a high rate of increase in productivity, and he offers lessons from Asia along five dimensions: natural resource endowments, macroeconomic management and stabilization, the appropriate mix between government and markets, the needed structural adjustments, and the impact of structural adjustment on poverty and inequality.

---Goldman draws four lessons from Asian economic development for agriculture in Ghana: rapidly-growing agricultural sectors accompany rapid economic growth; strategic investments are needed for agricultural growth; agriculture responds to improved incentives; and macroeconomic stability is indispensable.

---Wells finds that foreign investment is stimulated if foreign firms are permitted to remit profits and if there is a quick and predictable approval process for investors. He also suggests four "don’ts": do not waste money and time preparing pre-feasibility studies; do not rely on foreign service personnel to promote foreign investment; do not promote too early; do not try to stimulate foreign investment by sitting in an office.

---Snodgrass discusses the dual issues of human capital formation and human capital utilization in East and Southeast Asia and concludes that full employment of a literate and numerate labor force is best achieved by a strong demand from manufacturing and by appropriate credit policies for those who cannot find modern sector jobs. These are not new lessons, but because they are now part of the new conventional wisdom does not make them any less true.
The papers prepared under Buy-In #31 were intended for utilization by the Ministry of Finance and Economic Planning to help develop an accelerated growth strategy paper for Ghana. Michael Roemer reports that the Ministry requested many copies of the report, and infers from this that the product was useful in helping the government develop its accelerated growth strategy.

Buy-In #31 led to further activity on comparative lessons. Discussions of these follow.

**Buy-In #26 - Congressional Briefing**

This "follow-up" activity, actually held in the Fall of 1991 before Buy-In #31 was completed, was a Congressional briefing at which lessons from East and Southeast Asia for African economies were presented and discussed. This $9,349 contract brought three senior economists to Washington for two days. The participants were not expected to draft major new work but rather to present the benefit of their experience to the assembled audience and discuss the issues with them. This briefing was carried out as scheduled.

**Buy-In #39 - Asia’s Legacy for African Development**

Another follow-up activity is an ongoing project, contracted in April, 1992, entitled "What Can Africa Learn from Asian Development?". Under this activity nine papers on specific topics plus a summary paper have been prepared. First drafts were presented and discussed at a working conference in February, 1993 at Harvard attended by some 30 persons including paper authors, AID officials, and others. The lessons were then presented at a conference sponsored by the International Center for Economic Growth in Abidjan in April, 1993. The papers are scheduled for revision and completion in the Summer of 1993.

A participant from AID’s policy directorate reported that this workshop was well-run, was a useful process, and had well developed conclusions. The evaluation team reviewed the synthesis chapter and concurs. The lessons for Africa have been summarized cogently and coherently. Two basic conclusions stand out. One is that the rapidly-growing economies of East and Southeast Asia were successful because they followed the dictates of comparative advantage. The other is that growth can be accelerated in a number of different ways: by a strong market orientation as in Hong Kong and Singapore; by pro-market intervention as in Korea; and by mixed systems, as in Southeast Asia. Six policy approaches contributed to the Asian successes, in the view of the project: sound macroeconomic policies including an appropriately valued exchange rate, modest budget deficits, and moderate growth of the money supply; flexible factor markets, especially labor markets but also credit markets; development of export and food crop agriculture; nontraditional export production; credible policy reforms; and political stability (except in Thailand).
This is a contract in the amount of $226,746 with AID/REDSO. It was issued in March, 1992 to a cover a team of four consultants to study the problem of poverty alleviation in Africa and make recommendations to the African Development Bank as to how the AfDB should tackle this problem. The report was issued in a timely fashion in July, 1992.

The project was mounted to reform past practices of the Bank Group (which consists of the African Development Bank, the African Development Fund, and the Nigerian Trust Fund). Previously, the Group provided project and program loans and grants aimed at increasing output in the belief that such growth would contribute to the alleviation of poverty by trickling down to the poor. However, African policy-makers came to view growth and poverty reduction as not being linked together one-to-one. This was because some African countries have more serious problems of poverty than exist in some other countries with poorer GNP performance, and also because over-emphasis on mass welfare without paying adequate attention to economic growth cannot be sustainable.

The ADF-VI Lending Policy Statement committed the Bank to make poverty alleviation the main aim of Fund development activities in borrowing countries. This reorientation of aims called for a major reorientation in the AfDB’s management. It was this reorientation that this activity was intended to support.

Three activities were called for in the scope of work: i) study the problem of poverty alleviation in Africa, ii) define indicators for measuring operational performance vis-à-vis key elements in the Bank Group’s poverty alleviation strategy; and iii) elaborate and propose an operational strategy for an Action Programme for Poverty Alleviation.

The report prepared by a team of DAI consultants fulfilled the scope of work admirably. The chapter on “Characteristics of Poverty in Africa” identifies several causes of poverty: persistence in following inappropriate development models, overemphasis on public sector interventions, failure to recognize the informal sector as a legitimate engine of economic growth, and other policy failures. The next chapter, on “Current Bank Group Efforts in Poverty Alleviation,” notes that various operational, financial, human resource, and institutional constraints have impeded the Bank’s activities to date in incorporating poverty concerns into its operational guidelines. In particular, the report calls for developing interdisciplinary poverty assessments and poverty-sensitive Economic Prospects and Country Programming Documents and for establishing clear guidelines to assist staff members in designing operations focused on poverty alleviation. Indeed, this report itself makes a valuable step in that direction. The next chapter, "A Bank Group Strategy for Poverty Alleviation," identifies five key elements of an integrated antipoverty strategy: integration of macro, sector, and project interventions; multisectoral interventions; interdisciplinary analysis; divisional coordination within the AfDB; and donor coordination under AfDB Group leadership.
The report then turns to "Poverty Reduction Indicators and Their Uses" and recommends both process and outcome indicators. This chapter could have been more focused. Some of the recommended indicators such as exchange rate distortion, inflation, consumer price controls, and real per capita GDP growth rate seem far removed from poverty reduction to be useful. It would have been better to have restricted attention to such direct poverty indicators as the percentage of the urban and rural populations below the absolute poverty line, the fraction lacking access to potable water, urban and child malnutrition, and the like. The more focused approach would have given more guidance to Bank staff on what to do and, by implication, what not to do.

The next chapter specifies a "Bank Group Action Programme." This offers detailed recommendations on what specifically the Bank should do to reorient its country programming exercises and project cycle activities toward antipoverty activities. This is followed by a chapter on "Manpower and Financial Requirements" covering such topics as Bank staffing, training requirements, and areas needing additional financing. The report ends with a chapter on "Conclusions and Recommendations."

Development organizations commonly lack the capacity to do poverty-focused lending. This blueprint for strategy and action helps develop that capacity, and as such fulfills a very valuable role in enabling AfDB to reform its program. This is one of the largest projects under CAER and, because of its potential impact on AfDB lending, one with large potential impact. According to REDSO, the team's recommendations are now being incorporated into AfDB's guidelines.

**Buy-In #43 - Economic Recovery in the Gambia - McPherson and Radelet**

AID's Africa Bureau contracted with HIID for the preparation of a collection of 20 short papers on economic recovery in the Gambia. These papers were to describe in about 10 pages each how the economic recovery had been brought about by policy changes in areas ranging from macroeconomic policy to sectoral policy to tax reform to debt management. A concluding chapter was to draw out lessons from the Gambian experience for sub-Saharan Africa.

The budget of $25,098 provided for just 50 professional days of services, plus fringe benefits, other direct costs, and overhead for these 20 papers. The authors included of more than a dozen members of the HIID team that had been working with the Gambia Government since 1983, who drew primarily upon their previous experience, providing high-quality papers with little time input.

The volume they produced offers numerous practical lessons. Of particular interest is the summary statement on pages 24 and 25 of Chapter 2. However, the draft volume (September, 1992) was missing one key chapter: "Lessons from the Economic Recovery Program for Sub-Saharan Africa." A draft of the missing chapter dated November, 1992 was provided to the evaluation team, which is an excellent piece of work. Here is what the authors concluded:
The experience under [the Gambia’s Economic Recovery Program] points out a possible path for aid donors seeking to improve the productivity of their resources in Africa: select a few secure governments with dedicated leadership and well designed reform programs; support them with generous amounts of financial and technical assistance; then depend more on the integrity of the country's own program than on donors' proclivities for frequent policy intervention. Massive donor support for the groundnut subsidy also suggests the potential advantages of aid targeted on poverty groups during reform shocks.

This is wonderfully appropriate advice, worthy of dissemination throughout Africa and beyond.

This project has yielded a very substantial piece of work for quite modest cost. It exemplifies how CAER has been able to piggy-back on established expertise to obtain substantial output in a cost-effective manner. The Africa Bureau cites this project particularly favorably. The primary research was the result of years of efforts undertaken by HIID and USAID/Gambia. For a small additional investment, the bureau was able to get a book documenting the success of the Gambia's macroeconomic policy reform and stabilization efforts and identifying lessons for wider applicability.
ANNEX E: History of CAER Management

Jun 1989  Contract signed for three years, with an option to extend the project for an additional two years.

Budget of $5.2 million as follows:

Core: $1.9 million  
Buy-in: $3.2 million


HIID Project Manager: Lester Gordon  
HIID Project Administrator: Lisa Helminiak  
A.I.D. Project Officer: Alan Batchelder

Mar 1991  Michael Roemer appointed HIID Project Manager.


Oct 1991  Project transferred from PPC to PRE as result of A.I.D. reorganization.

Ken Repp hired as administrative assistant to HIID Project Administrator Faith Montgomery.

Bob Young assigned as temporary A.I.D. Project Officer.

Nov 1991  Raghav Dwivedy assigned as A.I.D. Project Officer.

Mar 1992  Contract extended an additional two years in response to continuing demand for services.

Budget of $8.9 million as follows:

Core: $3.3 million  
Buy-in: $5.6 million

Bob Young assigned as temporary A.I.D. Project Officer.

Apr 1992  Forest Duncan assigned as A.I.D. Project Officer.

Apr 1993  Contract in process of being amended to increase total funding by $1.6 million and reallocate 2,000 person days of level of effort from core to buy-in authority.

Budget of $10.5 million as follows:

Core: $2.1 million  
Buy-in: $8.4 million

Apr 1993  CAER evaluation.
## ANNEX F: CAER PROJECT ACTIVITIES AND EXPENDITURES

### TASK ORDERS:

<table>
<thead>
<tr>
<th>PROJECT TITLE</th>
<th>SCHEDULED START DATE</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>AUTHORIZED CONTRACT AMOUNT</th>
<th>BUY-INS</th>
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<tr>
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**SUBTOTALS FOR TASK ORDERS**

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Financial information is as of 4/6/93.
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financial information is as of 4/6/93
## Annex F: CAER Project Activities and Expenditures

### Project Title

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<th>Completion Date</th>
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<th>AIRD</th>
<th>DAI</th>
<th>IMCC</th>
<th>WILLIAMS</th>
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### Total Authorized Buy-Ins

| Total Authorized Buy-Ins | 1,906,620 | 1,250,642 | 1,420,725 | 1,499,062 | 146,056 | 6,222,105 |

### Subtotals for Task Orders

| Task Order Administrative Allocations | 1,451,346 | 0 | 325,393 | 46,090 | 9,729 | 1,832,558 |

### Task Orders Minus Administrative

| Task Orders Minus Administrative | 861,320 | 0 | 38,986 | 491 | 471 | 901,718 |

### Total Authorized Amount

| Total Authorized Amount | 3,357,966 | 1,250,642 | 1,746,118 | 1,544,152 | 155,785 | 8,054,663 |

### Percent of Task Order Funding Minus Admin.

| Percent of Task Order Funding Minus Admin. | 63.4% | 0.0% | 30.8% | 4.9% | 1.0% | 100.0% |

### Percent of Total Buy-Ins

| Percent of Total Buy-Ins | 30.6% | 20.1% | 22.8% | 24.1% | 2.3% | 100.0% |

### Percent of Authorized Total

| Percent of Authorized Total | 41.7% | 15.5% | 21.7% | 19.2% | 1.9% | 100.0% |

T = Task Orders (Core Funding)  
B = Buy-Ins (Mission and Bureau Funding)

Financial information is as of 4/6/93
Annex G

CAER Discussion Papers


CAER Briefing Notes


