

## US Technical Assistance and Private Enterprise Development in Africa: Trends, Lesson and Prospects.

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Abstract: Private enterprise development has become one of the major goals in US foreign assistance to developing and transitioning countries since the end of the cold war. In the early 1990s, for instance, Congress authorized the setting up of several Enterprise Funds to channel public funds to support private enterprise development in several Eastern European countries transitioning from communism to free market economies. Other government agencies such as US Agency for International Development (USAID) and the Overseas Private Investment Corporation (OPIC) have also increased programming support for investment in the private sectors of developing countries. The overall impact has been a significant rise in funding for official programs that support private sector growth overseas by providing credit (equity or debt) to enterprises as well as by helping to develop markets and financial institutions.

However, in many recipient countries, particularly those in sub-Saharan Africa, private sector capacity remains too weak to adequately benefit from US-funded equity investments and other forms of formal interventions in aid of private sector growth. For such countries, assistance programs must also address fundamental problems such as poor business management skills, inadequate markets and hostile legal and regulatory environments that impede enterprise growth. The US, therefore, also funds a variety of Technical Assistance programs designed to address these fundamentals. This paper examines the nature of some of these Technical Assistance programs, particularly those implemented through US-funded NGOs in Africa. It identifies common trends in how they promote private sector growth and examines some of the factors that shape success. The paper concludes with some general observations on how the US can learn from the from the experiences of other donor countries in this area and presents an outline of what recipient countries can also do to ensure that their private entrepreneurs reap maximum benefits from US Technical Assistance programs.